UNCONSOLIDATED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **SHIFA INTERNATIONAL HOSPITALS LIMITED** for the year ended June 30, 2024 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2024.

ISLAMABAD

DATED: 19 SEP 2024
UDIN : CR202410060YcJoGMC7v

CHARTERED ACCOUNTANTS
Engagement Partner: Atif Riaz

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHIFA INTERNATIONAL HOSPITALS LIMITED

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **SHIFA INTERNATIONAL HOSPITALS LIMITED** (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2024, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of material accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows, together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2024 and of the profit and comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

Key Audit Matters are those matters that, in our professional Judgement, were of most significance in our audit of unconsolidated financial statements of the current period. These matters are addressed in the context of our audit of the unconsolidated financial statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Sr. No.	Key audit matters	How the matter was addressed in our audit
1.	**Revenue Recognition** (Refer note 27 to the financial statement) Revenue consists of inpatient revenue, outpatient revenue, pharmacy, cafeteria, rent of building and other services. During the year ended June 30, 2024, the Company recognised aggregate revenue of Rs. 23,563.840 million from rendering of services to inpatients, outpatients, external pharmacy outlets, cafeteria sales, operating leases to related parties/ other parties and corporate services to subsidiaries/ associate respectively. We identified recognition of revenue as an area of higher risk as it includes large number of revenue transactions with a large number of customers in various geographical locations and revenue being one of the key performance indicators of the Company. Accordingly, it was considered as a key audit matter.	Our procedures in relation to revenue recognition, amongst others, included: • Understood and evaluated management controls over revenue and checked their validations; • Performed test of controls and evaluation of Information Technology General Controls (ITGC) with the assistance of our IT expert to assess the operating effectiveness of controls related to the automation of revenue recognition; • Checked that revenue has been recognised in accordance with the Company's accounting policy and the applicable reporting framework; • Performed verification of sample of revenue transactions with underlying documentation including invoices, agreements, charge-sheets and other relevant underlying documents; • Checked cash receipts from customers on sample basis against the revenue booked during the year; • Performed cut-off procedures on sample basis to ensure revenue has been recognised in the correct period; • Tested journal entries relating to revenue recognised during the year based on identified risk criteria; and • Assessed the appropriateness of disclosures made in the financial statements related to revenue as required under the applicable reporting framework.

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Sr. No.	Key audit matters	How the matter was addressed in our audit
2.	**Expected credit loss allowance on trade debts** (Refer note 21 to the financial statement) The Company has recognised balance of an expected credit loss allowance of Rs. 241.147 million on gross amount of trade debts of Rs. 1,587.336 million as at June 30, 2024. Under IFRS 9, the Company is required to recognise expected credit loss allowance for financial assets using Expected Credit Loss (ECL) model. Determination of ECL provision for trade debts requires significant judgment and assumptions including consideration of factors such as historical credit loss experience, time value of money and forward-looking macroeconomic information etc. We have considered the expected credit loss assessment as a key audit matter due to the significance of estimates and judgments involved.	Our audit procedures in relation to expected credit loss assessment of trade debts, amongst others, included the following: • Understood the management's process for estimating the ECL in relation to trade debts. Assessed and evaluated the assumptions used by the management in determining impairment loss under the ECL model; • Checked appropriateness of ageing, on sample basis, by comparing individual balances with underlying documentation; • Reviewed the appropriateness of assumptions used for ECL computation from relevant external and internal sources; • Circularized balance confirmation for trade debtors on sample basis and evaluated responses received; • Checked subsequent clearance of balances due as of June 30, 2024 on sample basis; and • Assessed the appropriateness of disclosures related to impairment assessment of trade debts as required under the applicable reporting framework.

Information Other than the Unconsolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the unconsolidated financial statements and our auditors' report thereon.

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Atif Riaz.

ISLAMABAD

DATED: 19 SEP 2024
UDIN : AR202410060LDvHastSg

BDO EBRAHIM & CO
CHARTERED ACCOUNTANTS

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2024

	Note	2024	2023
		(Rupees in '000')	
SHARE CAPITAL AND RESERVES			
Authorised share capital			
100,000,000 (2023: 100,000,000) ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid up capital	5	632,144	632,144
Capital reserves			
Share premium	6	2,738,888	2,738,888
Surplus on revaluation of property, plant and equipment	7	920,827	936,615
Revenue reserves			
Unappropriated profits		7,624,157	6,511,963
		11,916,016	10,819,610
NON - CURRENT LIABILITIES			
Long term financing - secured	8	579,756	868,611
Deferred liabilities	9	389,394	423,143
Lease liabilities	10	526,907	459,047
		1,496,057	1,750,801
CURRENT LIABILITIES			
Trade and other payables	11	4,044,057	4,644,160
Unclaimed dividend		44,730	36,955
Markup accrued	12	23,858	70,874
Current portion of long term financing - secured	8	495,195	871,798
Current portion of lease liabilities	10	266,739	268,595
		4,874,579	5,892,382
		18,286,652	18,462,793
CONTINGENCIES AND COMMITMENTS	13		

The annexed notes from 1 to 48 form an integral part of these unconsolidated financial statements.

CHAIRMAN

CHIEF EXECUTIVE

	Note	2024	2023
		(Rupees in '000')	
NON - CURRENT ASSETS			
Property, plant and equipment	14	6,837,904	7,017,740
Intangible assets	15	40,780	41,834
Investment property - at cost	16	720,292	748,450
Long term investments - at cost	17	5,060,970	4,714,217
Long term deposits	18	113,937	91,616
		12,773,883	12,613,857
CURRENT ASSETS			
Stores, spare parts and loose tools	19	220,034	251,698
Stock in trade	20	1,041,866	982,498
Trade debts	21	1,346,189	1,366,122
Loans and advances	22	157,457	145,230
Deposits, prepayments and other receivables	23	185,398	289,284
Markup accrued		4,102	2,077
Other financial assets	24	202,566	307,919
Tax refunds due from the government (net of provision)	25	225,780	287,675
Cash and bank balances	26	2,129,377	2,216,433
		5,512,769	5,848,936
		18,286,652	18,462,793

CHIEF FINANCIAL OFFICER

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
		(Rupees in '000')	
Revenue - net	27	23,563,840	19,721,425
Other income	28	190,123	617,015
Operating costs	29	(20,944,954)	(17,872,504)
Finance costs	30	(441,054)	(462,630)
Expected credit losses	23.3 & 41.1.3	(111,778)	(57,105)
Profit before levies and income tax		2,256,177	1,946,201
Levies	31.2	(7,288)	(9,096)
Profit before income tax		2,248,889	1,937,105
Income tax expense	31	(886,815)	(755,699)
Profit for the year		1,362,074	1,181,406
Earnings per share - basic and diluted (Rupees)	32	21.55	18.69

The annexed notes from 1 to 48 form an integral part of these unconsolidated financial statements.

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
		(Rupees in '000')	
Profit for the year		1,362,074	1,181,406
Other comprehensive income:			
Items that will not be subsequently reclassified to the unconsolidated statement of profit or loss:			
Loss on remeasurement of staff gratuity fund benefit plan (net of tax)	11.5.4	(76,024)	(16,399)
Surplus on revaluation of land		-	99,454
		(76,024)	83,055
Total comprehensive income for the year		1,286,050	1,264,461

The annexed notes from 1 to 48 form an integral part of these unconsolidated financial statements.

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2024

	Share capital	Share premium	Surplus on revaluation of property, plant and equipment	Un-appropriated profits	Total
			(Rupees in '000')		
Balance as at July 01, 2022	632,144	2,738,888	867,283	5,411,656	9,649,971
Total comprehensive income					
Profit for the year	-	-	-	1,181,406	1,181,406
Other comprehensive income / (loss) - net of tax	-	-	99,454	(16,399)	83,055
	-	-	99,454	1,165,007	1,264,461
Realisation of revaluation surplus on disposal of assets	-	-	(19,463)	19,463	-
Transfer of revaluation surplus on property, plant and equipment in respect of incremental depreciation / amortisation	-	-	(10,659)	10,659	-
Distribution to owners					
Dividend - Final 2022 @ Rs. 1.5 per share	-	-	-	(94,822)	(94,822)
Balance as at June 30, 2023	632,144	2,738,888	936,615	6,511,963	10,819,610
Total comprehensive income					
Profit for the year	-	-	-	1,362,074	1,362,074
Other comprehensive loss - net of tax	-	-	-	(76,024)	(76,024)
	-	-	-	1,286,050	1,286,050
Realisation of revaluation surplus on disposal of assets	-	-	(4,284)	4,284	-
Transfer of revaluation surplus on property, plant and equipment in respect of incremental depreciation / amortisation	-	-	(11,504)	11,504	-
Distribution to owners					
Dividend - Final 2023 @ Rs. 1.5 per share	-	-	-	(94,822)	(94,822)
Dividend - Interim 2024 @ Rs. 1.5 per share	-	-	-	(94,822)	(94,822)
Balance as at June 30, 2024	632,144	2,738,888	920,827	7,624,157	11,916,016

The annexed notes from 1 to 48 form an integral part of these unconsolidated financial statements.

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

UNCONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
		(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before levies and income tax		2,256,177	1,946,201
Adjustment of non-cash income and expense	40	2,070,835	1,361,397
Operating cash flows before changes in working capital		4,327,012	3,307,598
Changes in working capital:			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		33,556	(39,452)
Stock-in-trade		(59,368)	(270,530)
Trade debts		(73,340)	(458,458)
Loans and advances		(12,227)	90,584
Deposits, prepayments and other receivables		85,381	(9,322)
(Decrease) / increase in current liabilities:			
Trade and other payables		(779,810)	959,281
		(805,808)	272,103
Cash generated from operations		3,521,204	3,579,701
Finance costs paid		(395,644)	(334,925)
Income tax paid		(827,215)	(538,198)
Payment to SIHL Employees' Gratuity Fund Trust		(242,112)	(141,271)
Compensated absences paid		(72,684)	(58,095)
Payment to defined contribution plan		(84,300)	(97,999)
Net cash generated from operating activities		1,899,249	2,409,213
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to property, plant and equipment (PPE)		(616,043)	(1,264,001)
Outlay against long term investments		(425,000)	(795,599)
Encashment of other financial assets - net		155,377	269,492
Proceeds from disposal of PPE		4,662	97,663
Proceeds on derecognition of investment		2,265	-
Proceeds from disposal of investment property		26,000	-
Markup received		64,889	44,578
Dividend received		16,975	28,858
Increase in long term deposits		(23,801)	(6,191)
Net cash used in investing activities		(794,676)	(1,625,200)

UNCONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
		(Rupees in '000')	
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing - repayments		(881,581)	(1,353,678)
Proceeds from long term financing		216,122	470,534
Deferred grant received		-	15,918
Payment of lease liabilities		(317,832)	(294,847)
Dividend paid		(181,869)	(98,645)
Net cash used in financing activities		(1,165,160)	(1,260,718)
Net decrease in cash and cash equivalents		(60,587)	(476,705)
Cash and cash equivalents at beginning of the year		2,219,433	2,320,432
Effect of exchange rate changes on cash and cash equivalents		(26,469)	375,706
Cash and cash equivalents at end of the year	38	2,132,377	2,219,433

The annexed notes from 1 to 48 form an integral part of these unconsolidated financial statements.

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

1 STATUS AND NATURE OF BUSINESS

Shifa International Hospitals Limited (the Company/SIHL) was incorporated in Pakistan on September 29, 1987 as a private limited company under the Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017 on May 30, 2017) 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.

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, lab collection points and pharmacies in different cities of Pakistan.

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

H-8 Hospital, Pitras Bukhari Road, Sector H-8/4, Islamabad

G-10 Hospital, G-10 Markaz, Islamabad

Shifa Medical Center, Gulberg Greens, Islamabad

Faisalabad Hospital, Main Jaranwala Road, Faisalabad

Shifa Medical Center, Iskandarabad, Mianwali

Shifa Pharmacy, Telephone Industries of Pakistan, Haripur

Shifa Pharmacy, Ring Road, Peshawar

	2024	2023
Percentage share of total revenue given in note 27.		
Islamabad	97%	97%
Faisalabad	3%	3%
	100%	100%

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Basis of measurement

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

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

2.3 Functional and presentation currency

These unconsolidated financial statements are presented in Pak Rupees, which is the Company's functional currency.

2.4 Use of estimates and judgments

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

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

The areas where various assumptions and estimates are significant to the Company's unconsolidated financial statements or where judgment was exercised in application of accounting policies are as follows:

i) Estimate of fair value of financial liabilities at initial recognition - notes 4.3, 4.4, 4.17.4 and 8.
ii) Provision for taxation - notes 4.5, 4.6, 9 and 31
iii) Right of use asset and corresponding lease liability - notes 4.7, 10 and 14
iv) Employee benefits - notes 4.9, 11.4 and 11.5
v) Provisions and contingencies - notes 4.10, 4.11 and 13
vi) Estimate of useful life of property, plant and equipment - notes 4.12 and 14
vii) Estimate of useful life of intangible assets - notes 4.13 and 15

viii) Impairment of non-financial assets - note 4.15

ix) Estimate of recoverable amount of investment in subsidiaries and associated companies - notes 4.16 and 17

x) Expected credit loss allowance - notes 4.17.2, 23.3 and 41.1.3

xi) Provision for slow moving stores, spares and loose tools - notes 4.18, 4.19 and 19

3 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2024

The following standards, amendments and interpretations are effective for the year ended June 30, 2024. These standards, amendments and interpretations are either not relevant to the Company's operations or did not have significant impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 Making Materiality Judgements-Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 01, 2023

The Company adopted the narrow-scope amendments to the International Accounting Standard (IAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after January 01, 2023. Although the amendments did not result in any changes to accounting policy themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of ‘material’ rather than ‘significant’ accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting the Company to provide useful entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and updates to the information disclosed in note 4 Material accounting policies (2023: Significant accounting policies) in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025
IFRS 17 Insurance Contracts	January 01, 2026

IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 18 'Presentation and Disclosures in Financial Statements' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.

IFRS 19 'Subsidiaries without Public Accountability: Disclosures' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2026.

The Company expects that the adoption of the above standards will have no material effect on the Company's financial statements, in the period of initial application.

4 MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below have been applied consistently to all periods presented in these unconsolidated financial statements, expect for changes as are disclosed in relevant notes.

4.1 Change in accounting policy

During the year, the Institute of Chartered Accountants of Pakistan (ICAP) have withdrawn the Technical Release 27 "IAS 12, Income Taxes (Revised 2012)" and issued guidance - "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes". The said guidance requires certain amounts of tax paid under minimum tax (which is not adjustable against future income tax liability) and final tax regime to be shown separately as a levy instead of showing it in current tax.

The management believes that the new policy provides reliable and more relevant information to the users of the financial statements. Accordingly, the impact has been incorporated in these financial statements retrospectively in accordance with the requirement of International Accounting Standard (IAS 8) 'Accounting Policies, Change in Accounting Estimates and Errors'. There has been no effect on the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and Earnings Per Share as a result of this change.

Effect on unconsolidated statement of profit or loss	Had there been no change in accounting policy	Impact of change in accounting policy	After incorporating changes in accounting policy
		(Rupees in '000')	
June 30, 2024:			
Levies	-	7,288	7,288
Profit before levies and income tax	2,256,177	(7,288)	2,248,889
Income tax expense	894,103	(7,288)	886,815
June 30, 2023:			
Levies	-	9,096	9,096
Profit before levies and income tax	1,946,201	(9,096)	1,937,105
Income tax expense	764,795	(9,096)	755,699

4.2 Share capital and dividend

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

4.3 Financing and finance cost

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

4.4 Government grants

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

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

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

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

4.5 Taxation

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

Current

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

Deferred

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

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

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

4.6 Levies

Minimum tax, final tax and super-tax not based on taxable profits are recognised as a levy in the unconsolidated statement of profit or loss. The amount calculated on taxable income using the notified tax rate is recognized as current income tax expense for the year in statement of profit or loss under the scope of IAS 12. Any excess of expected income tax paid or payable for the year under the Income Tax Ordinance, 2001 over the amount designated as current income tax for the year, is then recognised as a levy falling under the scope of IFRIC 21 / IAS 37.

4.7 Leases

4.7.1 Right of use assets (ROUs)

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

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

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

4.7.2 Lease liability

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

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

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

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

4.8 Trade and other payable

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

4.9 Employee benefits

Defined benefit plan

The Company operates approved funded gratuity scheme for all its non management employees who have completed the minimum qualifying period of service as defined in the scheme. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation and is charged to the unconsolidated statement of profit or loss. The actuarial gain or loss at each evaluation date is charged to unconsolidated statement of comprehensive income.

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

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

Defined contribution plan

A defined contribution plan is a post-employment benefit plan where monthly contribution equal to 1/12th of eligible salary is made by the Company in employees' pension fund account maintained with designated asset management company and recognised as expense in the unconsolidated statement of profit or loss as and when they become due. Employees will be eligible for pension fund on the completion of minimum qualifying period. On fulfilment of criteria accumulated contribution against qualifying period of services from the date of joining classified as deferred liability and will be transferred to employees' pension fund account.

Compensated absences

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

4.10 Provisions

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

4.11 Contingencies

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

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

4.12 Property, plant and equipment

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

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

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

All other repair and maintenance costs that do not meet the recognition criteria are charged to the unconsolidated statement of profit or loss as and when incurred.

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

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

Assets are derecognised when disposed off or when no future economic benefits are expected to flow from its use. Gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised on net basis in the unconsolidated statement of profit or loss.

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

4.13 Intangible assets

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

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

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

4.14 Investment property - at cost

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 loss, 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 labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs, if any.

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 recognised as income or expense in the unconsolidated statement of profit or loss.

4.15 Impairment of non - financial assets

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

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

4.16 Investments

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

4.16.1 Investment in subsidary

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

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

4.16.2 Investment in associate

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

4.17 Financial assets

Initial measurement

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

The Company classifies its financial assets into following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- amortised cost.

Subsequent measurement

i) Debt instrument at FVOCI

These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gain or loss and impairment are recognised in the unconsolidated statement of profit or loss. Other net gain or loss is recognised in the unconsolidated statement of comprehensive income. On derecognition, gain or loss accumulated in the unconsolidated statement of comprehensive income is reclassified to the unconsolidated statement of profit or loss.

ii) Equity instrument at FVOCI

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

iii) Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gain or loss, including any interest / markup and dividend income, is recognised in the unconsolidated statement of profit or loss.

iv) Financial assets at amortised cost

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

4.17.1 Other financial assets

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

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

4.17.2 Impairment of financial assets

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

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

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

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

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

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

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

4.17.3 Derecognition

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

4.17.4 Financial liabilities

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

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gain or loss is recognised in the unconsolidated statement of profit or loss. Any gain or loss on derecognition is also recognised in the unconsolidated statement of profit or loss.

Financial liabilities are derecognised when the contractual obligations are discharged or cancelled or have expired or when the financial liabilities cash flows have been substantially modified.

4.17.5 Off-setting financial assets and financial liabilities

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

4.18 Stores, spare parts and loose tools

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

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

4.19 Stock in trade

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

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

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

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

4.21 Cash and cash equivalents

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

4.22 Foreign currencies

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

4.23 Operating segments

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

4.24 Revenue recognition

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

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

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

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

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

Scrap sales and miscellaneous receipts are recognised on realised amounts.

4.25 Earnings per share

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

4.26 Fair value measurement

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

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

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

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

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

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

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

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

5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2024	2023		2024	2023
Number			(Rupees in '000')	
61,974,886	61,974,886	Ordinary shares of Rs.10 each issued for cash	619,749	619,749
1,239,497	1,239,497	Ordinary shares of Rs.10 each issued as fully paid bonus shares	12,395	12,395
63,214,383	63,214,383		632,144	632,144

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

5.2 7,585,725 ordinary shares representing 12% shareholding in the Company are owned by International Finance Corporation (IFC). IFC has the right to nominate one director at the board of directors of the Company as long as IFC holds ordinary shares representing 5% of total issued share capital of the Company. Further, the Company if intends to amend or repeal the memorandum and articles, effects the rights of IFC on its shares issuance of preference shares ranking seniors to the equity securities held by IFC, incur any financial debt to any shareholder, change the nature of the business of the Company etc. shall seek consent of IFC.

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

5.4 Capital management

The Company’s objectives when managing capital are to ensure the Company’s ability not only to continue as a going concern but also to meet its requirements for expansion and enhancement of its business, maximise return of shareholders and optimise benefits for other stakeholders to maintain an optimal capital structure and to reduce the cost of capital. There were no changes to the Company’s approach to capital management during the year.

	2024	2023
Equity (Rupees in '000')	11,916,016	10,819,610
Debt including impact of lease liabilities (Rupees in '000')	1,868,597	2,468,051
Debt to equity ratio	0.14	0.19

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

6 SHARE PREMIUM

This comprises of share premium of Rs. 5, Rs. 250 and Rs. 229.29 per share received on issue of 8,000,000, 4,024,100 and 7,436,986 ordinary shares of Rs. 10 each in the years 1994, 2016 and 2020, respectively. Out of the above, the Company during the year ended June 30, 2022 has issued bonus shares at the rate of 2 % (total 1,239,497 bonus shares having face value of Rs. 10 each) as approved in Annual General Meeting held on October 28, 2021. The balance reserve cannot be utilised except for the purposes mentioned in section 81 of the Companies Act, 2017.

		2024	2023
		(Rupees in '000')	
7	**SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT**		
	Balance at beginning of the year	936,615	867,283
	Revaluation surplus during the year	-	99,454
	Realisation of revaluation surplus on disposal of assets	(4,284)	(19,463)
	Transferred to unappropriated profits in respect of incremental depreciation / amortisation charged during the year	(11,504)	(10,659)
	Balance at end of the year	920,827	936,615

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

		Note	2024	2023
			(Rupees in '000')	
8	**LONG TERM FINANCING - SECURED**			
	From banking companies and non banking financial institution:			
	Syndicated Islamic Finance Facility	8.1	142,857	713,818
	Diminishing Musharakah Facility-1	8.2	78,250	72,176
	Diminishing Musharakah Facility-2	8.3	83,333	250,000
	Diminishing Musharakah Facility-3	8.4	577,390	407,196
	Refinance Facility to Combat COVID-19 (RFCC)	8.5	78,486	111,419
	Deferred income - Government grant		13,329	27,830
			91,815	139,249
	Islamic Refinance Facility to Combat COVID -19 (IRFCC)	8.6	69,647	107,798
	Deferred income - Government grant		5,341	13,313
			74,988	121,111
	Islamic Refinance Facility to Combat COVID-19 (IRFCC)	8.7	22,245	29,412
	Deferred income - Government grant		4,073	7,447
			26,318	36,859
			1,074,951	1,740,409
	Less: current portion		495,195	871,798
			579,756	868,611

8.1 This represents syndicated Islamic finance facility, arranged and lead by Meezan Bank Limited, obtained on profit rate basis at 3 months KIBOR plus 0.85% (2023: 3 months KIBOR plus 0.85%) per annum, repayable in 14 equal quarterly instalments. The Company has availed the loan facility up to 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 H-8/4 Islamabad.

8.2 This includes outstanding balance of Rs. 1.6 million (2023: Rs. 19.6 million) against the long term Islamic finance facility obtained from Al Baraka Bank (Pakistan) Limited of Rs. 449.5 million (2023: Rs. 449.5 million). Principal amount is repayable in 36 equal monthly instalments carrying profit rate at 3 months KIBOR plus 0.80% (2023: 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 nil (2023: Rs. 20.7 million). This also includes an outstanding balance of Rs. 76.6 million (2023: Rs. 52.6 million) against long term Islamic finance facility obtained under Diminishing Musharakah basis from First Habib Modaraba of Rs. 119.1 million (2023: Rs. 83.2 million). Principal amount is repayable in 60 equal monthly instalments carrying profit rate at 3 months KIBOR plus 0.70% (2023: 3 months KIBOR plus 0.70%) per annum. The unavailed limit of this facility is nil (2023: nil).

8.3 This represents outstanding balance of long term Islamic finance facility obtained from Meezan Bank Limited of Rs. 500 million (2023: Rs. 500 million). Principal amount shall be repaid by October 01, 2024 in 12 equal quarterly instalments carrying profit rate at 3 months KIBOR plus 0.85% (2023: 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.

8.4 This represents long term Islamic finance facility obtained from Bank Alfalah Limited of Rs. 577.4 million (2023: Rs. 407.2 million). Principal amount is repayable in 12 equal quarterly instalments carrying profit rate at 3 months KIBOR plus 0.70% (2023: 3 months KIBOR plus 0.70%) per annum. The financing is initially secured by ranking charge of Rs. 800 million, then followed by a first exclusive charge of Rs. 451.3 million against the plant and machinery being financed under DM facility to be installed / placed at hospital located at H-8/4, Islamabad. Additionally, the remaining charge of Rs. 348.7 million against the plant and machinery being financed under the DM facility will be upgraded to the first exclusive charge in order to vacate the ranking charge. The unavailed limit of this facility is nil (2023: Rs. 179.9 million).

8.5 This represents the outstanding balance of long term finance facility obtained from United Bank Limited of Rs. 185.2 million (2023: Rs. 185.2 million). Principal amount shall be repaid by September 14, 2026 in 18 equal quarterly instalments 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 nil (2023: nil). Since the financing under SBP refinance scheme carries the markup rate below the market rate, the loan has been recognised at present value using the Company's effective profit rate along with the recognition of government grant.

	2024	2023
	(Rupees in '000')	
Balance at beginning of the year	27,830	29,483
Received during the year	-	12,013
Amortisation during the year	(14,501)	(13,666)
Balance at end of the year	13,329	27,830

8.6 This represents the outstanding balance of long term Islamic finance facility obtained from Meezan Bank Limited of Rs. 200 million (2023: Rs. 200 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 instalments with no profit rate. The financing is secured by first pari passu hypothecation charge of Rs. 267 million on all present and future fixed assets of the Company (excluding land and building). The unavailed limit of this facility is nil (2023: nil). Since the financing under SBP refinance scheme carries no profit rate, the loan has been recognised at present value using the Company's effective profit rate along with the recognition of government grant.

	2024	2023
	(Rupees in '000')	
Balance at beginning of the year	13,313	20,014
Received during the year	-	3,905
Amortisation during the year	(7,972)	(10,606)
Balance at end of the year	5,341	13,313

8.7 This represents the outstanding balance of long term Islamic finance facility obtained from Al Baraka Bank (Pakistan) Limited of Rs. 45.9 million (2023: 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 instalments with profit rate of 1% per annum. The facility is secured by exclusive 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 recognised at present value using the Company's effective profit rate along with the recognition of government grant.

		Note	2024	2023
			(Rupees in '000')	
	Balance at beginning of the year		7,447	11,775
	Amortisation during the year		(3,374)	(4,328)
	Balance at end of the year		4,073	7,447
9	**DEFERRED LIABILITIES**			
	Deferred taxation	9.1	354,960	398,573
	Defined contribution plan		34,434	24,570
			389,394	423,143
9.1	Deferred tax liability	9.1.1	604,045	642,947
	Deferred tax asset	9.1.2	(249,085)	(244,374)
	Net deferred tax liability		354,960	398,573

		2024	2023
		(Rupees in '000')	
9.1.1	**Deferred tax liability on taxable temporary differences:**		
	Accelerated depreciation / amortisation allowance	604,045	642,947
9.1.2	**Deferred tax asset on deductible temporary differences:**		
	Right of use assets net of lease liabilities	(66,580)	(59,669)
	Specific provisions	(130,739)	(118,572)
	Retirement benefit obligation	(51,766)	(66,133)
		(249,085)	(244,374)

9.1.3 **Breakup and movement of deferred tax balances is as follows:**

Deferred tax liabilities / (assets)	Opening balance	Statement of profit or loss	Other comprehensive income	Closing balance
	(Rupees in '000')			
2024				
Effect of taxable temporary differences				
Accelerated depreciation / amortisation allowance	642,947	(38,902)	-	604,045
Effect of deductible temporary differences				
Right of use assets net of lease liabilities	(59,669)	(6,911)	-	(66,580)
Specific provisions	(118,572)	(12,167)	-	(130,739)
Retirement benefit obligation	(66,133)	62,972	(48,605)	(51,766)
	398,573	4,992	(48,605)	354,960
2023				
Effect of taxable temporary differences				
Accelerated depreciation / amortisation allowance	525,157	117,790	-	642,947
Effect of deductible temporary differences				
Right of use assets net of lease liabilities	(34,728)	(24,941)	-	(59,669)
Specific provisions	(83,762)	(34,810)	-	(118,572)
Retirement benefit obligation	(63,839)	8,191	(10,485)	(66,133)
	342,828	66,230	(10,485)	398,573

9.1.4 Deferred tax assets and liabilities on temporary differences are measured at the rate of 39% (2023: 39%).

		Note	2024	2023
			(Rupees in '000')	
10	**LEASE LIABILITIES**			
	Balance at beginning of the year		727,642	947,737
	Addition during the year		291,807	59,045
	Interest expense during the year	30	92,428	92,489
	Termination / modification during the year		(399)	(76,782)
	Payment during the year		(317,832)	(294,847)
	Balance at end of the year	10.1	793,646	727,642
	Less: current portion		266,739	268,595
			526,907	459,047

10.1 Lease liabilities are payable as follows:

	Minimum lease payments	Interest	Present value of minimum lease payments
	(Rupees in '000')		
2024			
Less than one year	303,062	36,323	266,739
Between one and five years	585,023	189,059	395,964
More than five years	250,177	119,234	130,943
	1,138,262	344,616	793,646
2023			
Less than one year	300,974	32,379	268,595
Between one and five years	463,071	150,791	312,280
More than five years	250,177	103,410	146,767
	1,014,222	286,580	727,642

		Note	2024	2023
			(Rupees in '000')	
10.2	**Amounts recognised in the unconsolidated statement of profit or loss**			
	Interest expense on lease liabilities	30	92,428	92,489
	Expense relating to short term lease / low value lease	29	15,754	15,235
			108,182	107,724

10.3 The year-end balance of lease liabilities includes a balance of Rs. 163.4 million (2023: Rs. 268.6 million) in respect of building obtained under a lease arrangement from Shifa Neuro Sciences Institute Islamabad (Private) Limited for period of six years. Related amounts include interest expense of Rs. 20.1 million (2023: Rs. 28.5 million) and lease payments of Rs. 117.4 million (2023: Rs. 106.7 million).

		Note	2024	2023
			(Rupees in '000')	
11	**TRADE AND OTHER PAYABLES**			
	Creditors	11.1	2,097,474	2,555,090
	Accrued liabilities		616,962	707,198
	Advances from customers - contract liability	11.2	384,383	276,239
	Medical consultants' charges		476,006	651,675
	Security deposits	11.3	132,451	124,847
	Compensated absences	11.4	175,903	145,524
	Defined contribution plan		16,185	1,322
	Retention money		11,959	12,692
	Shifa International Hospitals Limited (SIHL) Employees' Gratuity Fund Trust (the Fund)	11.5	132,734	169,573
			4,044,057	4,644,160
11.1	**This includes payable to related parties (unsecured) as detailed below:**			
	Tameer - e - Millat Foundation (TMF)		7,285	12,803
	Shifa Tameer - e - Millat University (STMU)		31,566	12,009
			38,851	24,812
11.2	**Advances from customers - contract liability**			
	Balance at beginning of the year		276,239	293,743
	Revenue recognised during the year		(88,650)	(279,795)
	Advance received during the year		196,794	262,291
	Balance at end of the year		384,383	276,239

11.3 This includes security deposits retained from employees of Rs. 47,530 thousand (2023: Rs. 41,380 thousand) held in separate bank account and balances obtained from customers of Rs. 84,921 thousand (2023: Rs. 83,467 thousand) that are utilisable for the purpose of the business in accordance with agreement with customers.

		Note	2024	2023
			(Rupees in '000')	
11.4	**Compensated absences**			
	Balance at beginning of the year		145,524	131,211
	Provision made for the year		103,063	72,408
			248,587	203,619
	Payments made during the year		(72,684)	(58,095)
	Balance at end of the year	11.4.1	175,903	145,524

11.4.1 Actuarial valuation of un-availed leaves has not been carried out since management believes that the effect of actuarial valuation would not be material.

		Note	2024	2023
			(Rupees in '000')	
11.5	**The amount recognised in the unconsolidated statement of financial position:**			
	Present value of defined benefit obligation	11.5.1	556,506	387,539
	Fair value of plan assets	11.5.2	(423,772)	(217,966)
			132,734	169,573
11.5.1	**Movement in the present value of defined benefit obligation:**			
	Balance at beginning of the year		387,539	398,711
	Interest cost		56,442	43,315
	Current service cost		72,974	74,387
	Benefits paid		(78,839)	(142,049)
	Benefits payable		(2,635)	(2,304)
	Remeasurement loss on defined benefit obligation		121,025	15,479
	Balance at end of the year		556,506	387,539
11.5.2	**Movement in the fair value of plan assets:**			
	Balance at beginning of the year		217,966	205,258
	Expected return on plan assets		48,772	27,195
	Contributions		242,112	141,271
	Benefits paid		(78,839)	(142,049)
	Benefits payable		(2,635)	(2,304)
	Remeasurement loss on plan assets		(3,604)	(11,405)
	Balance at end of the year		423,772	217,966

		Note	2024	2023
			(Rupees in '000')	
11.5.3	**Charge for the year:**			
	Current service cost		72,974	74,387
	Interest cost		56,442	43,315
	Expected return on plan assets		(48,772)	(27,195)
			80,644	90,507
11.5.4	**Remeasurements recognised in the unconsolidated statement of comprehensive income (OCI):**			
	Remeasurement loss on defined benefit obligation		121,025	15,479
	Remeasurement loss on plan assets		3,604	11,405
	Remeasurement loss recognised in OCI		124,629	26,884
	Deferred tax relating to remeasurement of staff gratuity fund benefit plan		(48,605)	(10,485)
			76,024	16,399
11.5.5	**Movement in liability recognised in unconsolidated statement of financial position:**			
	Balance at beginning of the year		169,573	193,453
	Charge for the year		80,644	90,507
	Remeasurement recognised in OCI during the year		124,629	26,884
	Contributions during the year		(242,112)	(141,271)
	Balance at end of the year		132,734	169,573
11.5.6	**Plan assets comprise of:**			
	Term Deposit Receipts		306,190	133,162
	Ordinary shares of SIHL	11.5.6.1	11,503	9,611
	Cash and bank balances		122,328	88,806
	Payable to outgoing members		(16,249)	(13,613)
			423,772	217,966

11.5.6.1 Number of ordinary shares held by the Fund at year end were 78,461 shares (2023: 78,461 shares) with market value of Rs. 146.61 (2023: Rs. 122.49) per share.

11.5.7 Latest actuarial valuation was carried out by an independent actuary on June 30, 2024 using the Projected Unit Credit Method.

		2024	2023
11.5.8	**Principal actuarial assumptions used in the actuarial valuation:**		
	Discount rate used for interest cost in profit or loss	16.25%	13.25%
	Discount rate used for year end obligation	14.75%	16.25%
	Expected rate of salary growth		
	- Salary increase FY 2024	N/A	9.25%
	- Salary increase FY 2025-2026	13.75%	14.25%
	- Salary increase FY 2027 onward	13.75%	-
	Mortality rate	SLIC 2001-2005 set back 1 year	SLIC 2001-2005 set back 1 year
	Withdrawal rates	Age based	Age based
	Retirement assumption	Age 60	Age 60

11.5.9 Sensitivity analysis

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

	2024		2023	
	Defined benefit obligation		Defined benefit obligation	
	Effect of 1% increase	**Effect of 1% decrease**	Effect of 1% increase	Effect of 1% decrease
	(Rupees in '000')			
Discount rate	519,684	598,872	363,941	414,544
Future salary increase	598,872	519,075	415,076	363,112

11.5.10 The average duration of the defined benefit obligation as at June 30, 2024 is 7 years (2023: 7 years).

11.5.11 The expected expense for the next year is amounting to Rs. 106,301 thousand.

11.5.12 Risks associated with the scheme

Final salary risk

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

Demographic risks

a) Mortality risk

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

b) Withdrawal risk

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

c) Investment risk

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

		2024	2023
		(Rupees in '000')	
12	**MARKUP ACCRUED**		
	Long term financing	23,858	70,874

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

13.1.1 The guarantees issued by bank in favour of Sui Northern Gas Pipelines Limited (SNGPL) of aggregate sum of Rs. 33.1 million (2023: Rs. 33.1 million) on behalf of the Company in its ordinary course of business.

13.1.2 The Company is facing claims and penalties totalling Rs. 22.25 million. Out of these the Company has paid penalties of Rs. 1.4 million under protest. The Company has also issued bank guarantees of Rs. 1.5 million as per the direction of Islamabad High Court. These claims and penalties arose from legal actions and complaints and are being contested before the MoNHSRC Islamabad, the Peshawar, Islamabad, and Lahore High Courts as well as the Supreme Court of Pakistan. The Company’s management, as per advice of the legal counsel, is confident that a favourable outcome will be achieved.

13.1.3 On June 06, 2012, the Competition Commission of Pakistan (CCP) imposed a penalty of Rs. 20 million against each Gulf Cooperation Council's (GCC) Approved Medical Center (GAMC), including SIHL. This penalty was imposed due to allegations of engaging in non-competitive practices involving territorial division and equal allocation of customers among GAMCs. The Company's management, in conjunction with other GAMCs, is collaboratively contesting this issue which is presently pending before the Supreme Court of Pakistan. The Company's management, as per advice of the legal counsel, is confident that a favourable outcome for the GAMCs, including SIHL, will be achieved.

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

13.1.4.1 The tax authorities have amended the assessments for the tax years 2012, 2013, 2014, 2015, 2016, and 2019 under section 122(5A)/124 of the Income Tax Ordinance, 2001 (the Ordinance). They have raised tax demands of Rs. 1.3 million, Rs. 67 million, Rs. 85.5 million, Rs. 26.1 million, Rs. 79.77 million, and Rs. 37 million respectively. The Company, feeling aggrieved, appealed these assessments before the Commissioner Inland Revenue (Appeals) [CIR(A)]. The CIR(A) partly confirmed the assessments and partly provided relief to the Company. However, the assessment for the tax year 2015 was confirmed. The Company, still aggrieved, filed appeals against the appellate orders before the Appellate Tribunal Inland Revenue [ATIR] on various dates from September 2018 to November 2021, and these appeals are currently pending adjudication.

13.1.4.2 The tax authorities imposed taxes 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 the tax years 2016, 2014, 2013, and 2012 respectively, based on alleged non-deduction of tax on payments. The Company, feeling aggrieved, appealed these assessments before the CIR(A). Regarding the tax year 2012, the CIR(A) deleted the assessment, while for the tax years 2013 and 2016, the assessment was set aside, and for the tax year 2014, the assessment was confirmed. The Company, still aggrieved, filed appeals for the tax years 2013, 2014, and 2016 before the ATIR. The appeals for the tax years 2013 and 2016 were filed on November 26, 2019, and June 06, 2023 respectively, and they are currently pending adjudication. Additionally, the ATIR has set aside the assessment for the tax year 2014 for denovo consideration.

13.1.4.3 The tax authorities amended the assessments for the tax years 2012, 2013, and from 2015 to 2017 under section 122(5) of the Ordinance. They raised an aggregate tax demand of Rs. 1,350.9 million. Feeling aggrieved, the Company appealed these assessments before the CIR(A). The CIR(A) annulled all the assessment orders, resulting in the deletion of the tax demand. Dissatisfied with the CIR(A)'s decision, the tax department filed an appeal before the ATIR on November 15, 2018, and these appeals are currently pending adjudication.

13.1.4.4 The tax authorities amended the assessments for the tax years 2014 and 2015 under section 221 of the Ordinance, resulting in an aggregate tax demand of Rs. 11.8 million. The Company, feeling aggrieved, filed appeals before the CIR (A). The CIR (A) remanded the assessments back to the ACIR. Both the Company and the tax department filed cross-appeals before the ATIR in January 2018, and these appeals are currently pending adjudication.

13.1.4.5 The tax authorities amended the assessment for the tax year 2014 and 2018 under section 177 of the Ordinance, resulting in a tax demand of Rs. 1,143.8 million and 42.36 million. Feeling aggrieved, for the Tax Year 2014 the Company appealed the assessment before the CIR (A). The CIR (A) annulled the assessment order, resulting in the deletion of the tax demand. The tax department filed an appeal before the ATIR on November 27, 2019, against the decision of the CIR (A), which is currently pending adjudication. For the Tax Year 2018, the Company appealed the assessment before the ATIR on 24 July 2024.

13.1.4.6 The tax authorities imposed sales tax demands 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. These demands were based on alleged non-payment of sales tax on sales of scrap, fixed assets, and cafeteria for the tax years 2016 to 2020 respectively. Regarding the Company's appeals for the tax years 2016, 2018, and 2020, the ATIR deleted the sales tax charged on cafeteria and fixed assets, while confirming the sales tax on scrap. Furthermore, for the tax years 2017 and 2019, the CIR(A) deleted the sales tax on cafeteria sales, while confirming the sales tax on sales of scrap and fixed assets. The Company has filed appeals before the ATIR against the confirmation of sales tax on scrap and fixed assets, and these appeals are currently pending adjudication.

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

		2024	2023
		(Rupees in '000')	
13.2	**Commitments**		
13.2.1	Capital expenditure contracted	294,233	104,711
13.2.2	Letter of credit	521,187	-

14 PROPERTY, PLANT AND EQUIPMENT

Particulars	Owned assets													Right of use assets		
	Freehold land	Leasehold land	Building on freehold land	Building on leasehold land	Leasehold improvements	Biomedical equipment	Air conditioning equipment and machinery	Electrical and other equipment	Furniture and fittings	Construction equipment	Computer installations	Vehicles	Capital work in progress (note 14.7)	Office premises	Electrical equipment	Total
	(Rupees in '000')															
Cost/Revalued amount																
Balance as at July 01, 2022	421,278	1,009,761	58,898	2,616,071	84,196	4,621,170	508,118	768,759	232,982	3,011	631,568	141,571	743,435	1,451,913	57,000	13,349,731
Additions	1,931	-	-	-	-	425,851	61,011	105,344	20,737	152	63,343	29,000	556,632	75,384	-	1,339,385
Reclassified as investment property	(382,553)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(382,553)
Disposals	-	-	-	-	-	-	-	-	-	-	(1,575)	(3,381)	-	-	-	(4,956)
Termination / modification of lease	-	-	-	-	-	-	-	-	-	-	-	-	-	(164,620)	-	(164,620)
Write offs	-	-	-	-	-	(142,083)	(854)	(2,208)	(188)	-	(2,205)	-	-	-	-	(147,538)
Transfers	-	-	-	62,492	313,085	285,709	-	-	2,030	-	-	-	(663,316)	-	-	-
Balance as at June 30, 2023	40,656	1,009,761	58,898	2,678,563	397,281	5,190,647	568,275	871,895	255,561	3,163	691,131	167,190	636,751	1,362,677	57,000	13,989,449
Balance as at July 01, 2023	40,656	1,009,761	58,898	2,678,563	397,281	5,190,647	568,275	871,895	255,561	3,163	691,131	167,190	636,751	1,362,677	57,000	13,989,449
Additions	-	-	-	-	-	252,903	3,623	68,274	16,845	607	161,665	66,369	45,757	293,287	-	909,330
Disposals	-	-	-	-	-	-	-	-	-	-	(1,303)	(7,421)	-	-	-	(8,724)
Termination / modification of lease	-	-	-	-	-	-	-	-	-	-	-	-	-	(324)	-	(324)
Write offs	-	-	-	-	-	(58,243)	(2,048)	(10,025)	(456)	(122)	(5,260)	-	-	-	-	(76,154)
Transfers	-	-	-	41,844	120,026	125,162	-	-	-	-	58,887	-	(345,919)	-	-	-
Balance as at June 30, 2024	40,656	1,009,761	58,898	2,720,407	517,307	5,510,469	569,850	930,144	271,950	3,648	905,120	226,138	336,589	1,655,640	57,000	14,813,577
Depreciation/amortisation																
Balance as at July 01, 2022	-	113,793	6,871	861,754	52,805	2,818,624	351,779	573,853	159,304	2,161	504,741	103,463	-	617,327	49,084	6,215,559
Charge for the year	-	14,323	2,945	75,282	44,178	369,671	52,221	64,410	16,969	278	66,092	14,482	-	263,248	7,916	992,015
On disposals	-	-	-	-	-	-	-	-	-	-	(1,256)	(2,751)	-	-	-	(4,007)
Termination / modification of lease	-	-	-	-	-	-	-	-	-	-	-	-	-	(92,542)	-	(92,542)
On write offs	-	-	-	-	-	(134,328)	(854)	(1,815)	(125)	-	(2,194)	-	-	-	-	(139,316)
Balance as at June 30, 2023	-	128,116	9,816	937,036	96,983	3,053,967	403,146	636,448	176,148	2,439	567,383	115,194	-	788,033	57,000	6,971,709
Balance as at July 01, 2023	-	128,116	9,816	937,036	96,983	3,053,967	403,146	636,448	176,148	2,439	567,383	115,194	-	788,033	57,000	6,971,709
Charge for the year	-	14,254	2,945	75,818	86,488	405,567	54,266	69,163	16,795	337	84,761	24,605	-	244,703	-	1,079,702
On disposals	-	-	-	-	-	-	-	-	-	-	(1,176)	(5,551)	-	-	-	(6,726)
Termination / modification of lease	-	-	-	-	-	-	-	-	-	-	-	-	-	(25)	-	(25)
On write offs	-	-	-	-	-	(52,427)	(2,048)	(8,800)	(395)	(122)	(5,194)	-	-	-	-	(68,986)
Balance as at June 30, 2024	-	142,370	12,761	1,012,854	183,471	3,407,107	455,364	696,811	192,548	2,654	645,774	134,248	-	1,032,711	57,000	7,975,673
Carrying value as at June 30, 2023	40,656	881,645	49,082	1,741,527	300,298	2,136,680	165,129	235,447	79,413	724	123,748	51,996	636,751	574,644	-	7,017,740
Carrying value as at June 30, 2024	40,656	867,391	46,137	1,707,553	333,836	2,103,362	114,486	233,333	79,402	994	259,346	91,890	336,589	622,929	-	6,837,904
Annual rate of depreciation (%)	-	1.01-3.03	5	2.5-10	20	10	10-15	10-20	10	10-20	25	20	-	6.15-33	33.3	

14.1 The Company had its leasehold land revalued in 1999, 2004, 2009, 2014, 2018, 2019, 2020, 2021 and 2022 while freehold lands in 2009, 2014, 2018, 2019, 2020, 2021, 2022 and 2023 by independent valuer, using fair market value basis. Total unamortised surplus against the revaluation of freehold and leasehold land as at June 30, 2024 stood at Rs. 1,083,147 thousand (2023: Rs. 1,087,431 thousand).

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

	Cost	Accumulated amortisation	Carrying value
		(Rupees in '000')	
Freehold land			
June 30, 2024	14,483	-	14,483
June 30, 2023	14,483	-	14,483
Leasehold land			
June 30, 2024	197,646	13,805	183,841
June 30, 2023	197,646	10,936	186,710

14.3 Particulars of Company's freehold and leasehold land are as follow:

		2024	2023
Location	**Nature**	**Area**	
Shifa Cooperative Housing Society, Islamabad Expressway - Sq. Yds	Freehold land	1003	1003
H-8/4, Islamabad - Kanal	Leasehold land*	87.8	87.8

*The covered area include multi-storey buildings.

14.4 Property, plant and equipment include items with aggregate cost of Rs. 3,165,681 thousand (2023: Rs. 2,635,621 thousand) representing fully depreciated assets that are still in use of the Company.

14.5 Property, plant and equipment of the Company are encumbered under an aggregate charge of Rs. 8,116.8 million (2023: Rs. 7,665.6 million) in favor of lenders under various financing arrangements as disclosed in note 8.

14.6 The forced sale value (FSV) of the revalued leasehold and freehold land have been assessed at Rs. 716,774 thousand and Rs. 32,525 thousand respectively.

		Note	2024	2023
			(Rupees in '000')	
14.7	**Capital work in progress**			
	Construction work in progress	14.7.1	243,714	347,130
	Installation of equipment in progress		92,875	289,621
			336,589	636,751

14.7.1 This includes Rs. 235,228 thousand (2023: Rs. 235,228 thousand) paid to Shifa Development Services (Private) Limited on account of design and building work under two separate agreements with the Company.

		Note	2024	2023
			(Rupees in '000')	
15	**INTANGIBLE ASSETS**			
	Softwares in use	15.1	1,405	2,459
	Software under development	15.2	39,375	39,375
			40,780	41,834
15.1	**Softwares in use**			
	Cost			
	Balance at beginning of the year		109,400	109,400
	Addition during the year		-	-
	Balance at end of the year		109,400	109,400
	Accumulated amortisation			
	Balance at beginning of the year		106,941	95,410
	Charged during the year		1,054	11,531
	Balance at end of the year		107,995	106,941
	Carrying value		1,405	2,459

15.2 This represented the amount paid to Shifa CARE (Private) Limited for provision of Hospital Supply Chain Management system (HSCM). Out of total scope, integration and testing with existing Hospital Information Management System (HIMS) and Oracle EBS alongwith user acceptance testing is in progress.

15.3 Amortisation of softwares in use has been recorded at rate of 25 % (2023: 25%) per annum.

		Note	2024	2023
			(Rupees in '000')	
16	**INVESTMENT PROPERTY - AT COST**			
	Balance at beginning of the year		748,450	-
	Reclassified during the year		-	748,450
	Disposed off during the year		(28,158)	-
	Balance at end of the year	16.1	720,292	748,450

16.1 This represents freehold land comprising of 11 plots at Shifa Cooperative Housing Society, Islamabad Expressway (SCHS), 48K-3M-182 Sqft at Chak No. 4, near Sargodha Road, Faisalabad of which 20K-14M-181 Sqft are subject to possession proceedings and 141.72 kanals at Motorway, Mouza Noon, Islamabad. The fair value and forced sale value of the land located at SCHS, Sargodha Road Faisalabad and Motorway, Mouza Noon, Islamabad are Rs. 360,120 thousand, Rs. 136,888 thousand, Rs. 425,018 thousand, Rs. 288,096 thousand, Rs. 109,510 thousand, Rs. 340,015 thousand respectively.

During the current year, the Company was informed by its former property dealer about the sale of 49 kanals of land located at Mouza Noon, Islamabad; however, the Company was provided with the sale proceeds of only 10.83 kanals. The Company had implemented measures to prevent any further transfer of its land holdings to third parties by writing an application to land revenue authorities. Further, the Company commissioned an independent verification of its land title against the official record, which confirmed that the Company is the registered owner of 118.6 kanals as certified by the land revenue authorities, out of which 6.5 kanals are currently under review. The Company, based on the verification findings, is pursuing the matter with the concerned land authorities regarding the way forward.

		Note	2024	2023
			(Rupees in '000')	
17	**LONG TERM INVESTMENTS - AT COST**			
	In subsidiary companies (unquoted):			
	Shifa Development Services (Private) Limited (SDSPL)	17.2	9,966	9,966
	Shifa Neuro Sciences Institute Islamabad (Private) Limited (SNS Islamabad)	17.3	1,697,521	1,697,521
	Shifa National Hospital Faisalabad (Private) Limited (SNH Faisalabad)	17.4	1,582,279	1,582,279
	Shifa Medical Centre Islamabad (Private) Limited (SMC Islamabad)	17.5	1,356,170	1,356,170
	Shifa International DWC-LLC (SIDL)	17.6	-	23,280

	Note	2024	2023
		(Rupees in '000')	
In associated companies (unquoted):			
Shifa CARE (Private) Limited (SCPL)	17.7	45,001	45,001
SIHT (Private) Limited (SIHT)	17.8	425,000	-
		5,115,937	4,714,217
Less: Impairment loss			
Shifa Development Services (Private) Limited (SDSPL)		9,966	-
Shifa CARE (Private) Limited (SCPL)		45,001	-
		54,967	-
		5,060,970	4,714,217

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

	2024	2023
	(Rupees)	
Shifa Development Services (Private) Limited (SDSPL)	(9.90)	20.86
Shifa Neuro Sciences Institute Islamabad (Private) Limited (SNS Islamabad)	10.54	10.28
Shifa National Hospital Faisalabad (Private) Limited (SNH Faisalabad)	11.06	11.06
Shifa Medical Centre Islamabad (Private) Limited (SMC Islamabad)	12.90	12.86
Shifa International DWC-LLC (SIDL)	-	(0.37)
Shifa CARE (Private) Limited (SCPL)	9.23	10.02
SIHT (Private) Limited	54.34	-

17.2 This represents investment in 1,650,000 (2023: 1,650,000) fully paid ordinary shares of Rs. 10 each of SDSPL. The above investment in ordinary shares represents 55% (2023: 55%) shareholding in SDSPL held by the Company. During the year, impairment loss of Rs. 9,966 thousand has been recorded in view of on going financial difficulties faced by SDSPL due to which it may not be able to continue its business.

17.3 This represents investment in 169,752,100 (2023: 169,752,100) fully paid ordinary shares of Rs. 10 each of SNS Islamabad. The above investment in ordinary shares represents 100% (2023: 100%) shareholding in SNS Islamabad held by the Company.

17.4 This represents investment in 158,227,912 (2023: 158,227,912) fully paid ordinary shares of Rs. 10 each of SNH Faisalabad. The above investment in ordinary shares represents 61% (2023: 61%) shareholding in SNH Faisalabad held by the Company. During the year, the board of directors of the Company decided to invest an additional Rs. 1.606 billion in the paid-up capital of SNH Faisalabad. This decision was approved at the Extraordinary General Meeting held on June 15, 2024.

Subsequent to year end, both the sponsors of SNH Faisalabad have injected the further equity investment amounting to Rs. 940,838 thousand, based on their respective ownership stake in the project.

17.5 This represents investment in 135,617,001 (2023: 135,617,001) fully paid ordinary shares of Rs. 10 each of SMC Islamabad. The above investment in ordinary shares represents 56% (2023: 56%) shareholding in SMC Islamabad held by the Company. The board of directors of the Company had previously decided to divest the Company's entire shareholding in its subsidiary, "SMC Islamabad." However, due to the significant downturn in the real estate market caused by current economic conditions, the sale has become less viable. As a result, in a meeting held on August 07, 2024, the board of directors of "SMC Islamabad" instructed its management to explore various feasible options other than the sale.

17.6 The decision to wind up SIDL was approved in both the board meetings of SIHL and its wholly owned subsidiary SIDL, through respective board resolutions. Subsequent to that the management of the SIDL has initiated the process of winding up its affairs and distributing its assets to stakeholders. Further, on February 07, 2024, SIDL received a deregistration certificate from Dubai Aviation City Corporation. Resultantly, the SIHL recognized a loss of Rs. 21,015 thousand in operating costs on derecognition of investment.

17.7 This represents investment in 4,500,050 (2023: 4,500,050) fully paid ordinary shares of Rs. 10 each of SCPL. The above investment in ordinary shares represents 50% (2023: 50%) shareholding in SCPL held by the Company. During the year, impairment loss of Rs. 45,001 thousand has been recorded in view of on going financial difficulties faced by SCPL due to which it may not be able to continue its business.

Summary of results of SCPL are as under:

	2024	2023
	(Rupees in '000')	
Summarised statement of financial position		
Non–current assets	86,072	75,191
Current assets	720	35,362
Current liabilities	(3,737)	(20,396)
Net assets	83,055	90,157

	2024	2023
	(Rupees in '000')	
Reconciliation to carrying amounts:		
Opening net assets	90,157	65,724
Total comprehensive (loss) / income for the year	(7,102)	24,433
Closing net assets	83,055	90,157
Company's share in carrying value of net assets	41,528	45,079
Company's share in total comprehensive (loss) / income	(3,551)	12,217
Summarised statement of profit or loss and comprehensive income		
Revenue for the year – gross	-	39,375
Depreciation and amortisation	(4,008)	(4,085)
Finance cost	(256)	(741)
Provision for taxation	-	(5,004)
(Loss) / profit for the year	(7,102)	24,433
Total comprehensive (loss) / income for the year	(7,102)	24,433

17.7.1 The above information is based on initialed financial statements of SCPL.

17.8 In line with the decision of board of directors of the Company in its meeting held on April 12, 2023, on September 23, 2023, the Company entered into a tripartite Shares Purchase Agreement (SPA) with Shifa Foundation and its wholly owned subsidiary SIHT (Private) Limited (SIHT) for acquiring 50% shareholding in SIHT from Shifa Foundation.

The SPA provides that the paid up share capital of SIHT shall be increased from Rs. 100,100,000 to Rs. 500,100,000 representing 5,001,000 ordinary shares of Rs. 100 each over the arrangement period. The SPA further provides that the referred acquisition of equity interest in SIHT to be made in nine quarterly instalments shall be completed by September 30, 2025. Accordingly, by the end of the current year a sum of Rs. 425,000 thousand has been paid to Shifa Foundation to acquire 1,328,397 shares, representing 29.5% percent shareholding.

Summary of results of SIHT are as under:

	2024	2023
	(Rupees in '000')	
Summarised statement of financial position		
Non–current assets	179,734	239,066
Current assets	287,166	44,537
Non-current liabilities	(100,482)	(133,742)
Current liabilities	(121,844)	(234,304)
Net assets	244,574	(84,443)
Reconciliation to carrying amounts:		
Opening net assets	(84,443)	12,487
Total comprehensive loss for the year	(20,983)	(96,930)
Equity	350,000	-
Closing net assets	244,574	(84,443)
Company's share in carrying value of net assets	42,073	-
Company's share in total comprehensive loss	(955)	-
Summarised statement of profit or loss and comprehensive income		
Revenue for the year – gross	597,996	411,974
Depreciation and amortisation	(45,827)	(47,989)
Finance cost	(17,398)	(17,715)
Provision for taxation	(10,065)	(5,015)
Loss for the year	(20,983)	(96,930)
Total comprehensive loss for the year	(20,983)	(96,930)

17.8.1 The above information is based on initialed financial statements of SIHT.

18 LONG TERM DEPOSITS

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

		Note	2024	2023
			(Rupees in '000')	
19	**STORES, SPARE PARTS AND LOOSE TOOLS**			
	Stores		228,613	256,038
	Spare parts		7,806	7,430
	Loose tools		1,380	7,887
			237,799	271,355
	Less: provision for slow moving items	19.1	17,765	19,657
			220,034	251,698
19.1	**Movement of provision for slow moving items**			
	Balance at beginning of the year		19,657	26,555
	Reversal during the year		(1,892)	(6,898)
	Balance at end of the year		17,765	19,657

20 STOCK IN TRADE

This represents medicines being carried at moving average cost.

		Note	2024	2023
			(Rupees in '000')	
21	**TRADE DEBTS**			
	Unsecured - considered good			
	Related party - Shifa Foundation	21.1	7,137	15,686
	Others		1,580,199	1,576,999
			1,587,336	1,592,685
	Less: allowance for expected credit losses (ECL)	41.1.3	241,147	226,563
			1,346,189	1,366,122

21.1 Maximum amount due from Shifa Foundation at the end of any month during the year was Rs. 15,802 thousand (2023: Rs. 15,686 thousand).

		Note	2024	2023
			(Rupees in '000')	
22	**LOANS AND ADVANCES**			
	Secured - considered good			
	Executives		10,641	9,328
	Other employees		23,239	15,887
		22.1	33,880	25,215
	Unsecured - consultants		13,870	4,792
	Unsecured - Suppliers / contractors		109,707	115,223
			123,577	120,015
			157,457	145,230

22.1 These advances are secured against employee terminal benefits.

		Note	2024	2023
			(Rupees in '000')	
23	**DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**			
	Unsecured - considered good			
	Short term prepayments		48,561	33,674
	Security deposit	23.1	20,278	20,278
	Other receivables	23.2	192,876	293,144
			261,715	347,096
	Less: allowance for expected credit losses against other receivables	23.3	76,317	57,812
			185,398	289,284

23.1 This represents security deposit given to SNS Islamabad in accordance with the terms of lease arrangement of the property.

23.2 This includes Rs. 30,329 thousand (2023: Rs. 87,473 thousand) due from SIHT (Private) Limited. Maximum amount due from SIHT (Private) Limited at the end of any month during the year was Rs. 133,797 thousand (2023: Rs. 113,524 thousand).

		Note	2024	2023
			(Rupees in '000')	
23.3	**Allowance for expected credit losses against other receivables (unrelated parties)**			
	Balance at beginning of the year		57,812	57,812
	Charged during the year	23.3.1	18,505	-
	Balance at end of the year		76,317	57,812

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

		Note	2024	2023
			(Rupees in '000')	
24	**OTHER FINANCIAL ASSETS**			
	Investment in Term Deposit Receipt - at amortised cost	24.1	3,000	3,000
	Investment in Mutual Fund - at fair value through profit or loss	24.2	199,566	304,919
			202,566	307,919

24.1 This represents term deposit receipt (TDR) having face value of Rs. 3 million (2023: 3 million) with three months maturity. Profit payable on monthly basis at the weighted average rate of 18.98% (2023: 15.06%).

24.2 This represents investment in 1,973,327 (2023: 3,020,724) units of UBL Al-Ameen Islamic Cash Fund. Fair value of the investment was determined using quoted repurchase price at year end.

		Note	2024	2023
			(Rupees in '000')	
25	**TAX REFUNDS DUE FROM THE GOVERNMENT (NET OF PROVISION)**			
	Balance at beginning of the year		287,675	448,042
	Income tax paid / deducted at source during the year		827,215	538,198
			1,114,890	986,240
	Income tax expense / levies	31	(889,110)	(698,565)
	Balance at end of the year		225,780	287,675

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

		Note	2024	2023
			(Rupees in '000')	
26	**CASH AND BANK BALANCES**			
	Cash at bank in:			
	Current accounts:			
	Local currency		396,855	245,338
	Foreign currency		913,410	939,799
			1,310,265	1,185,137
	Saving accounts:			
	Local currency		792,779	999,149
	Foreign currency		278	286
		26.1	793,057	999,435
		26.2	2,103,322	2,184,572
	Cash in hand		26,055	31,861
			2,129,377	2,216,433

26.1 Balances with saving accounts earned profit / mark-up at weighted average rate of 16.52% per annum (2023: 14.20% per annum).

26.2 Balances with banks includes Rs. 132,451 thousand (2023: Rs. 124,847 thousand) in respect of security deposits (note 11.3).

		Note	2024	2023
			(Rupees in '000')	
27	**REVENUE - NET**			
	Inpatients		14,796,234	11,803,983
	Outpatients		8,221,503	6,770,623
	Other services	27.1	773,422	1,376,032
			23,791,159	19,950,638
	Less: discount		144,094	156,745
	Less: sales tax		83,225	72,468
			227,319	229,213
			23,563,840	19,721,425

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

27.2 The revenue-net is excluding of physician share of Rs. 1,930,070 thousand (2023: Rs. 1,802,988 thousand).

		Note	2024	2023
			(Rupees in '000')	
28	**OTHER INCOME**			
	Income from financial assets:			
	Profit on bank deposits		66,914	44,526
	Dividend income from mutual fund - investments at fair value through profit or loss		35,844	43,282
	Un-realised gain on investments at fair value through profit or loss		14,180	20,894
	Dividend income from subsidiary	28.1	16,975	28,858
			133,913	137,560
	Income from other than financial assets:			
	Gain on disposal of tangible assets		2,664	42,202
	Exchange gain on foreign currency translation		-	375,706
	Sale of scrap - net of sales tax		23,222	19,026
	Miscellaneous		30,324	42,521
			56,210	479,455
			190,123	617,015

28.1 This represents the dividend at the rate of Re. 0.10 (2023: Re. 0.12 and Re. 0.05) per share received from SNS Islamabad.

		Note	2024	2023
			(Rupees in '000')	
29	**OPERATING COSTS**			
	Salaries, wages and benefits	29.1	7,800,352	6,670,502
	Medicines consumed		6,083,422	5,373,920
	Supplies consumed		2,429,431	2,025,240
	Utilities		1,327,372	1,070,951
	Depreciation / amortisation on tangible assets	14	1,079,702	992,015
	Repairs and maintenance		1,123,554	851,493
	Printing and stationery		223,406	219,471
	Cleaning and washing		271,911	190,434
	Fee, subscription and membership		141,466	108,270
	Advertising and sales promotion		50,956	84,722
	Communication		70,189	50,720
	Travelling and conveyance		47,785	37,481
	Legal and professional		32,400	19,658
	Rent		15,754	15,235
	Rates and taxes		23,832	19,395
	Insurance		20,704	14,702
	Amortisation on intangible assets	15	1,054	11,531
	Property, plant and equipment written off		7,168	8,222
	Auditors' remuneration	29.2	4,218	5,350
	Reversal of provision for slow moving stores		(1,892)	(5,923)
	Loss on disposal of investment property		2,708	-
	Impairment loss on long term investments- at cost		54,967	-
	Loss on derecognition of investment		21,015	-
	Loss on disposal of slow moving stores		-	3,866
	Exchange loss on foreign currency translation		26,469	-
	Miscellaneous		87,011	105,249
			20,944,954	17,872,504

29.1 This includes charge for employee gratuity of Rs. 80,644 thousand (2023: Rs. 90,507 thousand), defined contribution plan (pension) of Rs. 109,027 thousand (2023: Rs. 94,703 thousand), compensated absences of Rs. 103,063 thousand (2023: Rs. 72,408 thousand) and bonus of Rs. 170,730 thousand (2023: Rs. 134,864 thousand).

		Note	2024	2023
			(Rupees in '000')	
29.2	**Auditors' remuneration**			
	Annual audit fee		1,710	1,710
	Half yearly review fee		900	900
	Statutory certifications		850	1,750
	Out of pocket expenses		239	140
			3,699	4,500
	Sales tax		519	850
			4,218	5,350
30	**FINANCE COSTS**			
	Markup on long term loans - secured		249,397	309,304
	Interest on lease liabilities	10	92,428	92,489
	Credit card payment collection and bank charges		99,229	60,837
			441,054	462,630
31	**INCOME TAX EXPENSE / LEVIES**			
	Current:			
	- for the year	31.1	889,110	689,578
	- prior year adjustment		-	8,987
			889,110	698,565
	Deferred		4,993	66,230
			894,103	764,795

31.1 Reconciliation between current tax charged under the Ordinance with current tax recognised in the unconsolidated statement of profit or loss, is as follows:

	Note	2024	2023
		(Rupees in '000')	
Current tax liability for the year as per the Ordinance			
Portion of current tax liability as per tax law, representing income tax under IAS 12		881,822	680,482
Portion of current tax liability as per tax law, representing levy in term of requirement of IFRIC 21/IAS 37	31.2	7,288	9,096
		889,110	689,578

The provision of current tax liability for the year contains final tax at different rates.

31.2 This represents portion of final tax paid as per Income Tax Ordinance ("the Ordinance"), representing levy in terms of requirements of IFRIC 21/IAS 37.

		2024	2023
31.3	**Reconciliation of tax charge for the year:**		
	Profit before levies and income tax (Rupees in '000')	2,256,177	1,946,201
	Income tax expense / levies (Rupees in '000')	894,103	764,795
	Effective tax rate (percentage)	39.63%	39.30%
	Reconciliation of effective tax rate		
	Applicable tax rate	29.00%	29.00%
	Add: super tax	10.00%	10.00%
	Add: net tax effects of amounts that are inadmissible for tax purposes/others	27.16%	30.65%
	Less: net tax effect of amounts that are deductible for tax purposes/others	26.53%	30.35%
	Average effective tax rate charged on income	39.63%	39.30%
32	**EARNINGS PER SHARE - BASIC AND DILUTED**		
	Profit for the year (Rupees in '000')	1,362,074	1,181,406
	Weighted average number of ordinary shares outstanding during the year (Number in '000')	63,214	63,214
	Earnings per share - basic and diluted (Rupees)	21.55	18.69

32.1 There is no dilutive effect on the basic earnings per share of the Company.

33 CAPACITY UTILISATION

The actual inpatient available bed days, occupied bed days and room occupancy ratio of the Company are given below:

	2024	2023	2024	2023	2024	2023
	Available bed days		Occupied bed days		Occupancy ratio	
H-8 Hospital Islamabad	183,301	180,611	113,642	114,424	62.00%	63.35%
Faisalabad Hospital	20,630	19,618	7,583	7,142	36.76%	36.41%

33.1 Reported utilisation is a result of pattern of patient turnover under different specialties.

		2024	2023
		(Rupees in '000')	
34	**UNAVAILED CREDIT FACILITIES**		
	Unavailed credit facilities at year end other than those disclosed in note 8 of the unconsolidated financial statements are as under:		
	- Letter of credit	200,000	100,000
	- Diminishing musharakah	240,561	-
	- Ijarah financing	51,709	51,709
	- Running musharakah	500,000	500,000
	- Letter of guarantee	32,416	23,916
		1,024,686	675,625

		2024	2023
		Number	
35	**NUMBER OF EMPLOYEES**		
	Number of employees	5,329	5,220
	Average number of employees	5,296	5,191

36 RELATED PARTIES TRANSACTIONS

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

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

The amounts due from and due to these undertakings are shown under trade debts, loans and advances, other receivables and trade and other payables. Related party transactions are on arms's length basis. Transactions and balances with the related parties are given below:

	Note	2024	2023
		(Rupees in '000')	
Shifa Foundation:			
Transactions:			
Revenue from medical services earned by the Company		13,997	19,634
Rent expense paid by and reimbursed to the Company		1,215	741
Acquisition of shares of SIHT (Private) Limited		425,000	-
Balance:			
Receivable - unsecured at the year end		7,137	15,686
Tameer-e-Millat Foundation:			
Transactions:			
Supplies provided to the Company		102,662	112,176
Other services provided to the Company	36.1	35,904	43,153
Rental services received / earned by the Company		6,353	6,649
Balance:			
Payable - unsecured at the year end		7,285	12,803
Shifa Tameer-e-Millat University:			
Transactions:			
Revenue from medical services earned by the Company		28,402	21,554
Revenue from rent earned by the Company		3,869	3,517
Other services provided to the Company	36.1	113,015	99,170
Expenses paid by and reimbursed to the Company		21,160	21,940
Balance:			
Payable - unsecured at the year end		31,566	12,009
SIHT (Private) Limited:			
Transactions:			
Revenue from medical services earned by the Company		568,496	412,250
Expenses paid by and reimbursed to the Company		5,724	5,816
Other services provided to the Company	36.1	26,267	25,016
Balance:			
Receivable - unsecured at the year end		30,329	87,473

	Note	2024	2023
		(Rupees in '000')	
Shifa Development Services (Private) Limited:			
Transactions:			
Revenue from rent earned by the Company		1,096	1,836
Pre-construction services provided to the Company		-	50,986
Balance:			
Receivable / (payable) - unsecured at the year end		-	-
Shifa Cooperative Housing Society Limited:			
Transactions:			
Plot maintenance charges paid by the Company		3,112	1,434
Balance:			
Receivable / (payable) - unsecured at the year end		-	-
Shifa Medical Centre Islamabad (Private) Limited:			
Transactions:			
Investment made by the Company in nil (2023: 18,488,189) ordinary shares		-	184,882
Corporate shared services provided by the Company	36.2	5,131	10,132
Expenses paid by and reimbursed to the Company		-	1,166
Balance:			
Receivable / (payable) - unsecured at the year end		-	-
Shifa National Hospital Faisalabad (Private) Limited:			
Transactions:			
Investment made by the Company in nil (2023: 61,071,712) ordinary shares		-	610,717
Corporate shared services provided by the Company	36.2	5,131	10,132
Balance:			
Receivable / (payable) - unsecured at the year end		-	-

	Note	2024	2023
		(Rupees in '000')	
Shifa Neuro Sciences Institute Islamabad (Private) Limited:			
Transactions:			
Rent paid by the Company		117,390	106,719
Dividend income received by the Company		16,975	28,858
Balance:			
Receivable - unsecured at the year end		20,278	20,278
Shifa International DWC - LLC:			
Transactions:			
Patient referral services provided to the Company		14,677	17,198
Balance:			
Receivable / (payable) - unsecured at the year end		-	46,485
Shifa CARE (Private) Limited:			
Transactions			
Corporate shared services provided by the Company	36.2	1,924	2,437
Balance:			
Receivable / (payable) - unsecured at the year end		-	-
International Finance Corporation:			
Transactions			
Dividend paid by the Company		22,757	11,379
Balance:			
Receivable / (payable) - unsecured at the year end		-	-
SIHL Employees' Gratuity Fund Trust:			
Transactions			
Payments made by the Company		242,112	141,271
Dividend paid by the Company		235	118
Balance:			
Payable - unsecured at the year end		132,734	169,573
Remuneration including benefits and perquisites of key management personnel	36.3	389,359	406,420

36.1 This represents services of nursing education, employees' children education and media services.

36.2 Corporate shared services agreement with Shifa National Hospital Faisalabad (Private) Limited and Shifa Medical Centre Islamabad (Private) Limited was concluded on December 31, 2023 while shared services agreement with Shifa CARE (Private) Limited was concluded on March 31, 2024.

36.3 This includes employee retirement benefits (pension / gratuity) amounting to Rs. 13,692 thousand (2023: Rs. 11,016 thousand).

36.4 Following is the list of related parties and their shareholding for the year ended June 30, 2024.

			Percentage of	
Sr #	**Name of related party (RP)**	**Basis of relationship**	**Company's shareholding in RP**	**RP's shareholding in the Company**
1	Shifa Foundation	Common Directorship	N/A*	5.30%
2	Tameer-e-Millat Foundation	Common Directorship	N/A	12.44%
3	SIHL Employees' Gratuity Fund Trust	Benefit Plan	N/A	0.12%
4	Shifa Tameer-e-Millat University	Common Directorship	N/A	0.27%
5	Shifa Development Services (Private) Limited	Subsidiary & Common Directorship	55%	Nil
6	Shifa Cooperative Housing Society Limited	Common Directorship	N/A	Nil
7	Shifa Neuro Sciences Institute Islamabad (Private) Limited	Subsidiary & Common Directorship	100%	Nil
8	Shifa National Hospital Faisalabad (Private) Limited	Subsidiary & Common Directorship	61%	Nil
9	Shifa Medical Centre Islamabad (Private) Limited	Subsidiary & Common Directorship	56%	Nil
10	Shifa CARE (Private) Limited	Associate & Common Directorship	50%	Nil
11	SIHT (Private) Limited	Associate & Common Directorship	29.5%	Nil
12	International Finance Corporation (IFC)	Associate	Nil	12.00%
13	Ahmed E.H. Jaffer Foundation	Common Directorship	N/A	Nil

*N/A stands for not applicable.

37 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Executive Director		Non Executive Directors		Executives	
	2024	2023	2024	2023	2024	2023	2024	2023
	(Rupees in '000')							
Managerial remuneration	40,816	56,976	6,324	36,976	12,500	12,396	474,811	326,787
Annual bonus	1,815	2,365	-	1,430	260	237	14,090	9,195
Defined contribution plan	2,368	305	-	-	-	-	23,661	14,080
Medical insurance	120	153	146	146	394	519	4,553	3,840
Leave encashment	-	-	-	-	-	-	11,136	8,846
	45,119	59,799	6,470	38,552	13,154	13,152	528,251	362,748
Number of persons	1	1	1	1	11	10	91	46

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

37.2 Managerial remuneration includes Rs. 5,022 thousand (2023: Rs. 5,445 thousand) paid to directors in respect of meeting attending fee.

37.3 Executive means an employee, other than the Chief executive and directors, whose basic salary exceeds Rs. 1,200 thousand (2023: Rs. 1,200 thousand) during the year.

37.4 Travelling and other expenses of Rs. 26,499 thousand (2023: Rs. 8,307 thousand) for official purposes are reimbursed by the Company to directors.

		2024	2023
38 CASH AND CASH EQUIVALENTS	**Note**	**(Rupees in '000')**	
Investment in Term Deposit Receipt - at amortised cost	24	3,000	3,000
Cash and bank balances	26	2,129,377	2,216,433
		2,132,377	2,219,433

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

	Liabilities			Equity			
	Long term financing	Government grant	Lease liabilities	Share capital	Share premium	Un-appropriated profits	Total
2024	(Rupees in '000')						
Balance at the beginning of the year	1,691,820	48,590	727,642	632,144	2,738,888	6,511,963	12,351,048
Changes from financing cash flows							
Proceeds from long term financing	216,122	-	-	-	-	-	216,122
Repayments of long term financing	(881,581)	-	-	-	-	-	(881,581)
Payment of lease liabilities	-	-	(317,832)	-	-	-	(317,832)
Dividend paid	-	-	-	-	-	(181,869)	(181,869)
Grant received	-	-	-	-	-	-	-
Total changes from financing cash flows	(665,459)	-	(317,832)	-	-	(181,869)	(1,165,160)
Other changes							
Liability related	25,847	-	383,836	-	-	-	409,683
Amortisation of government grant	-	(25,847)	-	-	-	-	(25,847)
Equity related							
Total comprehensive changes	-	-	-	-	-	1,286,050	1,286,050
Other changes	-	-	-	-	-	15,787	15,787
Changes in unclaimed dividend	-	-	-	-	-	(7,775)	(7,775)
Total of equity related changes	-	-	-	-	-	1,294,062	1,294,062
Balance at the end of the year	1,052,208	22,743	793,646	632,144	2,738,888	7,624,157	12,889,633

	Liabilities			Equity			
	Long term financing	Government grant	Lease liabilities	Share capital	Share premium	Un-appropriated profits	Total
2023	(Rupees in '000')						
Balance at the beginning of the year	2,540,125	67,511	947,737	632,144	2,738,888	5,411,656	12,338,061
Changes from financing cash flows							
Proceeds from long term financing	470,534	-	-	-	-	-	470,534
Repayments of long term financing	(1,353,678)	-	-	-	-	-	(1,353,678)
Payment of lease liabilities	-	-	(294,847)	-	-	-	(294,847)
Dividend paid	-	-	-	-	-	(98,645)	(98,645)
Grant received	-	15,918	-	-	-	-	15,918
Total changes from financing cash flows	(883,144)	15,918	(294,847)	-	-	(98,645)	(1,260,718)
Other changes							
Liability related	34,839	-	74,752	-	-	-	109,591
Amortisation of government grant	-	(34,839)	-	-	-	-	(34,839)
Equity related							
Total comprehensive changes	-	-	-	-	-	1,165,007	1,165,007
Other changes	-	-	-	-	-	30,122	30,122
Changes in unclaimed dividend	-	-	-	-	-	3,823	3,823
Total of equity related changes	-	-	-	-	-	1,198,952	1,198,952
Balance at the end of the year	1,691,820	48,590	727,642	632,144	2,738,888	6,511,963	12,351,048

		2024	2023
		(Rupees in '000')	
40	**ADJUSTMENT OF NON-CASH INCOME AND EXPENSE**		
	Depreciation / amortisation on tangible assets	1,079,702	992,015
	Amortisation on intangible assets	1,054	11,531
	Expected credit losses	111,778	57,105
	Property, plant and equipment written off	7,168	8,222
	Gain on disposal of tangible assets	(2,664)	(42,202)
	Loss on disposal of investment property	2,708	-
	Gain on termination of right of use assets	(75)	(5,063)
	Provision for compensated absences	103,063	72,408
	Provision for defined contribution plan	109,027	94,703
	Provision for bonus for employees	170,730	134,864
	Provision for gratuity	80,644	90,507
	Reversal of provision for slow moving stores	(1,892)	(5,923)
	Loss on disposal of slow moving stores	-	3,866
	Gain on investments and bank deposits	(133,913)	(137,560)
	Impairment loss on long term investment	54,967	-
	Impairment loss on derecognition of investment	21,015	-
	Loss / (gain) on foreign currency translation	26,469	(375,706)
	Finance costs	441,054	462,630
		2,070,835	1,361,397

41 FINANCIAL RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

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

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

41.1 Credit risk

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

41.1.1 Exposure to credit risk

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

	2024	2023
	(Rupees in '000')	
Long term deposits	113,937	91,616
Trade debts	1,346,189	1,366,122
Deposits and other receivables	136,837	255,610
Markup accrued	4,102	2,077
Other financial assets	202,566	307,919
Bank balances	2,103,322	2,184,572
	3,906,953	4,207,916

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

41.1.2 Counterparties

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

Trade debts

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

Bank balances and investments

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

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

	2024	2023
	(Rupees in '000')	
Government companies	845,715	788,526
Private companies	444,325	523,248
Individuals	290,159	265,225
Related parties	7,137	15,686
	1,587,336	1,592,685

41.1.3 Impairment losses

The ageing of trade debts at the reporting date was:

	2024		2023	
	Gross debts	**Allowance for ECL**	Gross debts	Allowance for ECL
	(Rupees in '000')			
Not past due	498,244	3,178	342,965	2,613
1 - 2 months	357,017	12,967	475,313	13,186
3 - 4 months	218,635	30,316	210,188	13,229
5 - 7 months	148,772	24,285	183,465	22,988
8 - 12 months	98,670	31,039	138,388	39,325
Above 12 months	265,998	139,362	242,366	135,222
	1,587,336	241,147	1,592,685	226,563

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

	Note	2024	2023
		(Rupees in '000')	
Balance at beginning of the year		226,563	169,458
Expected credit losses		93,273	57,105
Bad debts written off		(78,689)	-
Balance at end of the year	21	241,147	226,563

41.1.4 The Company believes that no impairment allowance is necessary in respect of markup accrued, deposits, bank balances and investments as the recovery of such amounts is possible.

The ageing of Shifa Foundation (SF) and SIHT (Private) Limited at the reporting date was:

	Note	2024 Gross debts / Other receivables	2024 Allowance for ECL	2023 Gross debts / Other receivables	2023 Allowance for ECL
		(Rupees in '000')			
Shifa Foundation					
1 - 6 months	21	7,137	-	15,686	-
SIHT (Private) Limited					
1 - 3 months	23.2	30,329	-	87,473	-

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

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

41.2 Liquidity risk

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

Following is the maturity analysis of financial liabilities:

	Carring amount	Six months or less	Six to twelve months	One to two years	Two to five years	Above five years
			(Rupees in '000')			
2024						
Long term financing - secured	1,074,951	361,803	133,392	243,370	336,386	-
Deferred liabilities	34,434	-	-	34,434	-	-
Trade and other payables	3,516,285	3,516,285	-	-	-	-
Unclaimed dividend	44,730	44,730	-	-	-	-
Mark up accrued	23,858	23,858	-	-	-	-
	4,694,258	3,946,676	133,392	277,804	336,386	-
2023						
Long term financing-secured	1,740,409	443,595	428,203	755,874	112,737	-
Deferred liabilities	24,570	-	-	24,570	-	-
Trade and other payables	4,124,565	4,124,565	-	-	-	-
Unclaimed dividend	36,955	36,955	-	-	-	-
Mark up accrued	70,874	70,874	-	-	-	-
	5,997,373	4,675,989	428,203	780,444	112,737	-

Maturity analysis of lease liabilities is given in note 10.

41.3 Market risk

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

41.3.1 Foreign currency risk

Exposure to foreign currency risk

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

	2024			2023		
	(Amount in '000')					
	Euro	USD	AED	Euro	USD	AED
Bank balances	-	3,285	-	-	3,285	-
Receivables	-	-	-	-	-	597
Letter of credit	(555)	(1,460)	-	-	-	-
	(555)	1,825	-	-	3,285	597

	2024			2023		
	(Rupees in '000')					
Bank balances	-	913,689	-	-	940,085	-
Receivables	-	-	-	-	-	46,485
Letter of credit	(165,397)	(406,837)	-	-	-	-
	(165,397)	506,852	-	-	940,085	46,485

Following are significant exchange rates applied during the year:

	Average rate		Closing rate	
	2024	2023	2024	2023
	(Rupees)			
USD 1 - Buying	283.02	247.69	278.15	286.18
USD 1 - Selling	283.45	248.11	278.59	286.60
AED 1 - Buying	-	67.49	-	77.92
AED 1 - Selling	-	67.59	-	78.02
Euro 1 - Buying	306.25	260.15	297.45	312.85
Euro 1 - Selling	306.72	260.58	297.92	313.30

Foreign currency sensitivity analysis

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

	Change in Foreign Exchange Rates	Effect on Profit	Effect on Equity
	%	(Rupees in '000')	
2024			
Foreign currencies	+10%	20,829	20,829
Foreign currencies	-10%	(20,829)	(20,829)
2023			
Foreign currencies	+10%	60,181	60,181
Foreign currencies	-10%	(60,181)	(60,181)

41.3.2 Markup rate risk

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

	Note	2024	2023
		(Rupees in '000')	
Financial assets			
Investment - at amortised cost	24.1	3,000	3,000
Bank balances	26	793,057	999,435
		796,057	1,002,435
Financial liabilities			
Financing - secured	8	(1,074,951)	(1,740,409)
		(278,894)	(737,974)

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

Markup rate sensitivity analysis

If markup rates had been 50 basis points higher / lower and all other variables were held constant, the Company's profit for the year ended June 30, 2024 would decrease/increase by Rs. 1,113 thousand (2023: decrease / increase by Rs. 1,615 thousand). This is mainly attributable to the Company's exposure to markup rates on its variable rate borrowings.

41.3.3 Price risk

The Company's price risk arises from investments in units as disclosed in - note 24.2 which are designated at fair value through profit or loss, however, in accordance with the investment strategy the performance of units is actively monitored and they are managed on a fair value basis.

Price risk sensitivity analysis

A change of Rs. 1 in the value of investments at fair value through profit or loss would have increased or decreased profit or loss by Rs. 2,407 thousand (2023: Rs. 3,685 thousand).

41.4 Financial instrument by category

2024	Amortised cost	Fair value through profit or loss	Total
	(Rupees in '000')		
Financial assets			
Maturity upto one year			
Trade debts	1,346,189	-	1,346,189
Deposits and other receivables	136,837	-	136,837
Markup accrued	4,102	-	4,102
Other financial assets	3,000	199,566	202,566
Cash and bank balances	2,129,377	-	2,129,377
Maturity after one year			
Long term deposits	113,937	-	113,937
	3,733,442	199,566	3,933,008
Financial liabilities			
Maturity upto one year			
Trade and other payables	3,516,285	-	3,516,285
Unclaimed dividend	44,730	-	44,730
Markup accrued	23,858	-	23,858
Current portion of long term financing - secured	495,195	-	495,195
Current portion of lease liabilities	266,739	-	266,739
Maturity after one year			
Long term financing - secured	579,756	-	579,756
Deferred liabilities	34,434	-	34,434
Lease liabilities	526,907	-	526,907
	5,487,904	-	5,487,904

	Amortised cost	Fair value through profit or loss	Total
2023		(Rupees in '000')	
Financial assets			
Maturity upto one year			
Trade debts	1,366,122	-	1,366,122
Deposits and other receivables	255,610	-	255,610
Markup accrued	2,077	-	2,077
Other financial assets	3,000	304,919	307,919
Cash and bank balances	2,216,433	-	2,216,433
Long term deposits	91,616	-	91,616
	3,934,858	304,919	4,239,777
Financial liabilities			
Maturity upto one year			
Trade and other payables	4,124,565	-	4,124,565
Unclaimed dividend	36,955	-	36,955
Markup accrued	70,874	-	70,874
Current portion of long term financing - secured	871,798	-	871,798
Current portion of lease liabilities	268,595	-	268,595
Maturity after one year			
Long term financing - secured	868,611	-	868,611
Deferred liabilities	24,570	-	24,570
Lease liabilities	459,047	-	459,047
	6,725,015	-	6,725,015

41.5 Fair value

Fair value versus carrying amounts

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

	2024		2023	
	Carrying value	**Fair value**	Carrying value	Fair value
	Rupees in '000'			
Assets carried at amortised cost				
Long term deposits	113,937	113,937	91,616	91,616
Trade debts	1,346,189	1,346,189	1,366,122	1,366,122
Deposits and other receivables	136,837	136,837	255,610	255,610
Markup accrued	4,102	4,102	2,077	2,077
Other financial assets	3,000	3,000	3,000	3,000
Cash and bank balances	2,129,377	2,129,377	2,216,433	2,216,433
	3,733,442	3,733,442	3,934,858	3,934,858
Assets carried at fair value				
Other financial assets	199,566	199,566	304,919	304,919
Liabilities carried at amortised cost				
Long term financing - secured	579,756	579,756	868,611	868,611
Deferred Liabilities	34,434	34,434	24,570	24,570
Lease liabilities	526,907	526,907	459,047	459,047
Trade and other payables	3,516,285	3,516,285	4,124,565	4,124,565
Unclaimed dividend	44,730	44,730	36,955	36,955
Markup accrued	23,858	23,858	70,874	70,874
Current portion of long term financing - secured	495,195	495,195	871,798	871,798
Current portion of lease liabilities	266,739	266,739	268,595	268,595
	5,487,904	5,487,904	6,725,015	6,725,015

The basis for determining fair values is as follows:

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

42 FAIR VALUE HIERARCHY

Other financial assets

Fair value of investment in mutual funds (note 24.2) has been determined using quoted repurchase price at reporting date and categorised under level 1 of fair value hierarchy.

Fair value of land

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

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

43 DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC INDEX

Description	Explanation	2024	2023
		(Rupees in '000')	
Bank balances	Placed under interest	185,245	245,855
	Placed under sharia permissible arrangement	607,812	753,580
		793,057	999,435
Return on bank deposit for the year	Placed under interest	25,954	7,750
	Placed under sharia permissible arrangement	40,389	34,413
		66,343	42,163
Interest and dividend income on investment for the year	Placed under interest	571	441
	Placed under sharia permissible arrangement	66,999	94,955
		67,570	95,396
Segment revenue	Disclosed in note 27		
Exchange (loss) / gain earned	Disclosed in note 28 & 29		
Loans obtained as per islamic mode		213,224	410,647
Mark up paid on islamic mode of financing		295,195	305,023
Interest paid on any conventional loan		1,218	1,896

Relationship with sharia compliant banks

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

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

44 OPERATING SEGMENTS

These unconsolidated financial statements have been prepared on the basis of single reportable segment. All revenue of the Company is earned in Pakistan. All non-current assets of the Company at June 30, 2024 are located in Pakistan. There is no segment with more than 10% of total revenue of the Company for the year.

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

The board of directors of the Company in its meeting held on September 14, 2024 has proposed a final cash dividend for the year ended June 30, 2024 @ Rs. 2.5/- per share, amounting to Rs.158,036 thousand for approval of the members in the Annual General Meeting to be held on October 28, 2024. This dividend is in addition to interim dividend of Rs. 1.5/- per share paid during the current year. The unconsolidated financial statements for the year ended June 30, 2024 does not include the effect of the final dividend which will be accounted for in the year in which it is approved.

46 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for better presentation. However, following reclassification has been made during the year.

Description	Note	Reclassifed from	Reclassified to	2023 (Rs. in '000')
Reclassification from income tax expense to levies	31	Income tax expense	Levies	9,096

47 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were approved and authorised for issue by the board of directors of the Company on September 14, 2024.

48 GENERAL

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

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

CONSOLIDATED
FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHIFA INTERNATIONAL HOSPITALS LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **Shifa International Hospitals Limited** and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2024, and the consolidated statement of profit or loss, the consolidated statement comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies information and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

Key Audit Matters are those matters that, in our professional Judgement, were of most significance in our audit of consolidated financial statements of the current period. These matters are addressed in the context of our audit of the consolidated financial statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Sr. No.	Key audit matters	How the matter was addressed in our audit
1.	**Revenue Recognition** (Refer note 28 to the financial statement) The Group's revenue consists of inpatient revenue, outpatient revenue, pharmacy, cafeteria, rent of building and other services. During the year ended June 30, 2024, the Group recognised aggregate revenue of Rs. 23,553.578 million from rendering of services to inpatients, outpatients, external pharmacy outlets, cafeteria sales, operating leases to related parties/ other parties and corporate services to associate. We identified recognition of revenue as an area of higher risk as it includes large number of revenue transactions with a large number of customers in various geographical locations and revenue being one of the key performance indicator of the Group. Accordingly, it was considered as a key audit matter.	Our procedures in relation to revenue recognition, amongst others, included: • Understood and evaluated management controls over revenue and checked their validations; • Performed test of controls and evaluation of Information Technology General Controls (ITGC) with the assistance of our IT expert to assess the operating effectiveness of controls related to the automation of revenue recognition; • Checked that revenue has been recognised in accordance with the Group's accounting policy and the applicable reporting framework; • Performed verification of sample of revenue transactions with underlying documentation including invoices, agreements, charge-sheets and other relevant underlying documents; • Checked cash receipts from customers on sample basis against the revenue booked during the year; • Performed cut-off procedures on sample basis to ensure revenue has been recognised in the correct period; • Tested journal entries relating to revenue recognised during the year based on identified risk criteria; and • Assessed the appropriateness of disclosures made in the financial statements related to revenue as required under the applicable reporting framework.

Sr. No.	Key audit matters	How the matter was addressed in our audit
2.	**Expected credit loss allowance on trade debts** (Refer note 22 to the financial statement) The Group has recognised balance of an expected credit loss allowance of Rs. 242.946 million on gross amount of trade debts of Rs. 1,589.135 million as at June 30, 2024. Under IFRS 9, the Group is required to recognise expected credit loss allowance for financial assets using Expected Credit Loss (ECL) model. Determination of ECL provision for trade debts requires significant judgment and assumptions including consideration of factors such as historical credit loss experience, time value of money and forward-looking macroeconomic information etc. We have considered the expected credit loss assessment as a key audit matter due to the significance of estimates and judgments involved.	Our audit procedures in relation to expected credit loss assessment of trade debts, amongst others, included the following: • Understood the management's process for estimating the ECL in relation to trade debts. Assessed and evaluated the assumptions used by the management in determining impairment loss under the ECL model; • Checked appropriateness of ageing, on sample basis, by comparing individual balances with underlying documentation; • Reviewed the appropriateness of assumptions used for ECL computation from relevant external and internal sources; • Circularized balance confirmation for trade debtors on sample basis and evaluated responses received; • Checked subsequent clearance of balances due as of June 30, 2024 on sample basis; and • Assessed the appropriateness of disclosures related to impairment assessment of trade debts as required under the applicable reporting framework.

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditors' report thereon.

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Atif Riaz.

ISLAMABAD

DATED: 19 SEP 2024
UDIN : AR202410060PAB8fWjng

BDO EBRAHIM & CO
CHARTERED ACCOUNTANTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2024

	Note	2024	2023
		(Rupees in '000')	
SHARE CAPITAL AND RESERVES			
Authorised share capital			
100,000,000 (2023: 100,000,000) ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid up capital	5	632,144	632,144
Capital reserves			
Share premium	6	2,738,888	2,738,888
Surplus on revaluation of property, plant and equipment	7	2,021,310	2,032,194
Revenue reserves			
Unappropriated profits		7,118,684	5,991,558
		12,511,026	11,394,784
NON - CONTROLLING INTEREST	8	2,470,891	2,500,388
NON - CURRENT LIABILITIES			
Long term financing - secured	9	579,756	868,611
Deferred liabilities	10	389,394	423,143
Lease liabilities	11	483,396	297,008
		1,452,546	1,588,762
CURRENT LIABILITIES			
Trade and other payables	12	4,168,270	4,793,572
Unclaimed dividend		44,730	36,955
Markup accrued	13	23,858	70,874
Current portion of long term financing - secured	9	495,195	871,798
Current portion of lease liabilities	11	146,911	169,979
		4,878,964	5,943,178
		21,313,427	21,427,112
CONTINGENCIES AND COMMITMENTS	14		

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.

CHAIRMAN

CHIEF EXECUTIVE

	Note	2024	2023
		(Rupees in '000')	
NON - CURRENT ASSETS			
Property, plant and equipment	15	13,860,258	13,987,475
Intangible assets	16	39,375	40,035
Investment property - at cost	17	720,292	748,450
Long term investments	18	424,045	45,079
Long term deposits	19	126,050	104,330
		15,170,020	14,925,369
CURRENT ASSETS			
Stores, spare parts and loose tools	20	220,034	251,698
Stock in trade	21	1,041,866	982,498
Trade debts	22	1,346,189	1,366,122
Loans and advances	23	454,495	434,901
Deposits, prepayments and other receivables	24	175,459	266,493
Markup accrued		4,383	2,077
Other financial assets	25	484,991	554,352
Tax refunds due from the government (net of provision)	26	258,787	320,936
Cash and bank balances	27	2,157,203	2,322,666
		6,143,407	6,501,743
		21,313,427	21,427,112

CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
		(Rupees in '000')	
Revenue - net	28	23,553,578	19,698,884
Other income	29	233,279	647,564
Operating costs	30	(20,981,597)	(17,884,724)
Finance costs	31	(421,091)	(434,403)
Expected credit losses	24.2 & 43.1.3	(116,289)	(57,105)
Share of (loss) / profit of associates	18	(4,506)	12,217
Profit before levies and income tax		2,263,374	1,982,433
Levies	32.2	(15,224)	(17,565)
Profit before income tax		2,248,150	1,964,868
Income tax expense	32	(918,524)	(803,979)
Profit for the year - continuing operations		1,329,626	1,160,889
Profit / (loss) for the year - discontinued operations - net of tax	33	2,466	(3,784)
Profit for the year		1,332,092	1,157,105
Attributable to:			
Equity holders of SIHL			
Continuing operations		1,368,030	1,172,516
Discontinued operations		2,466	(3,784)
		1,370,496	1,168,732
Non-controlling interest			
Continuing operations		(38,404)	(11,627)
Discontinued operations		-	-
		(38,404)	(11,627)
		1,332,092	1,157,105
Earnings per share - basic and diluted (Rupees)			
Continuing operations		21.64	18.55
Discontinued operations		0.04	(0.06)
	34	21.68	18.49

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.

CHAIRMAN | CHIEF EXECUTIVE | CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
		(Rupees in '000')	
Profit for the year		1,332,092	1,157,105
Other comprehensive income:			
Items that will not be subsequently reclassified to the consolidated statement of profit or loss:			
Loss on remeasurement of staff gratuity fund benefit plan (net of tax)	12.5.4	(76,024)	(16,399)
Surplus on revaluation of land		20,321	837,802
		(55,703)	821,403
Items that will be subsequently reclassified to the consolidated statement of profit or loss:			
Foreign currency translation adjustment		-	458
Total comprehensive income for the year		1,276,389	1,978,966
Attributable to:			
Equity holders of SIHL			
Continuing operations		1,303,420	1,676,097
Discontinued operations		2,466	(3,784)
		1,305,886	1,672,313
Non-controlling interest			
Continuing operations		(29,497)	306,653
Discontinued operations		-	-
		(29,497)	306,653
		1,276,389	1,978,966

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2024

	Share capital	Share premium	Surplus on revaluation of property, plant and equipment	Un - appropriated profits	Non - controlling interest (NCI)	Total
			(Rupees in '000')			
Balance as at July 01, 2022	632,144	2,738,888	1,546,319	4,898,668	1,670,759	11,486,778
Total comprehensive income						
Profit / (loss) for the year	-	-	-	1,168,732	(11,627)	1,157,105
Other comprehensive income / (loss) - net of tax	-	-	519,522	(15,941)	318,280	821,861
	-	-	519,522	1,152,791	306,653	1,978,966
Realisation of revaluation surplus on disposal of assets	-	-	(19,463)	19,463	-	-
Transfer of revaluation surplus of property, plant and equipment in respect of incremental depreciation / amortisation	-	-	(14,184)	14,184	-	-
NCI recognised during the year	-	-	-	-	524,250	524,250
Change in ownership interest:						
Acquisition of shareholding by SIHL	-	-	-	1,274	(1,274)	-
Distribution to owners						
Dividend - Final 2022 @ Rs. 1.5 per share	-	-	-	(94,822)	-	(94,822)
Balance as at June 30, 2023	632,144	2,738,888	2,032,194	5,991,558	2,500,388	13,895,172
Total comprehensive income						
Profit / (loss) for the year	-	-	-	1,370,496	(38,404)	1,332,092
Other comprehensive income / (loss) - net of tax	-	-	11,414	(76,024)	8,907	(55,703)
	-	-	11,414	1,294,472	(29,497)	1,276,389
Realisation of revaluation surplus on disposal of assets	-	-	(4,284)	4,284	-	-
Transfer of revaluation surplus of property, plant and equipment in respect of incremental depreciation / amortisation	-	-	(18,014)	18,014	-	-
Distribution to owners						
Dividend - Final 2023 @ Rs. 1.5 per share	-	-	-	(94,822)	-	(94,822)
Dividend - Interim 2024 @ Rs. 1.5 per share	-	-	-	(94,822)	-	(94,822)
Balance as at June 30, 2024	632,144	2,738,888	2,021,310	7,118,684	2,470,891	14,981,917

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
		(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before levies and income tax - continuing operations		2,263,374	1,982,433
Profit / (loss) before levies and income tax - discontinued operations		2,466	(3,784)
Adjustments for non-cash income and expense	42	1,970,763	1,286,750
Operating cash flows before changes in working capital		4,236,603	3,265,399
Changes in working capital:			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		33,556	(39,452)
Stock in trade		(59,368)	(270,530)
Trade debts		(73,340)	(458,458)
Loans and advances		(19,594)	212,326
Deposits, prepayments and other receivables		105,166	(28,904)
Discontinued operations		(37,148)	(4,269)
(Decrease) / increase in current liabilities:			
Trade and other payables		(807,280)	1,038,668
		(858,008)	449,381
Cash generated from operations		3,378,595	3,714,780
Finance cost paid		(395,670)	(335,215)
Income tax paid		(866,606)	(603,123)
Payment to SIHL Employees' Gratuity Fund Trust		(242,112)	(141,271)
Compensated absences paid		(72,684)	(58,095)
Payment to defined contribution plan		(84,300)	(97,999)
Net cash generated from operating activities		1,717,223	2,479,077
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to property, plant and equipment (PPE)		(646,079)	(2,972,603)
Outlay aginst long term investment		(425,000)	-
Encashment of other financial assets - net		241,331	514,911
Proceeds from disposal of PPE		18,826	97,663
Proceeds on derecognition of investment		2,265	-
Proceeds from disposal of investment property		26,000	-
Markup received		100,145	55,714
Increase in long term deposits		(23,200)	(15,136)
Discontinued operations		-	(290)
Net cash used in investing activities		(705,712)	(2,319,741)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
		(Rupees in '000')	
CASH FLOWS FROM FINANCING ACTIVITIES			
Non-controlling interest		-	524,250
Long term financing - repayments		(881,581)	(1,353,678)
Proceeds from long term financing		216,122	470,534
Deferred grant received		-	15,918
Payment of lease liabilities		(200,524)	(188,129)
Dividend paid		(181,869)	(98,645)
Net cash used in financing activities		(1,047,852)	(629,750)
Net decrease in cash and cash equivalents		(36,341)	(470,414)
Cash and cash equivalents at beginning of the year		2,446,115	2,540,324
Effect of exchange rate changes on cash and cash equivalents		(26,469)	376,205
Cash and cash equivalents at end of the year	40	2,383,305	2,446,115

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

1 STATUS AND NATURE OF BUSINESS

Shifa International Hospitals Limited ("the Group") comprises of Shifa International Hospitals Limited (SIHL / parent company) and its subsidiaries, Shifa Development Services (Private) Limited, Shifa Neuro Sciences Institute Islamabad (Private) Limited, Shifa National Hospital Faisalabad (Private) Limited and Shifa Medical Center Islamabad (Private) Limited.

SIHL was incorporated in Pakistan on September 29, 1987 as a private limited company under the Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017 on May 30, 2017) 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, lab collection points and pharmacies in different cities of Pakistan.

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. During the year, impairment loss on entire investment has been recorded in view of on going financial difficulties faced by SDSPL due to which it may not be able to continue its business.

Shifa Neuro Sciences Institute Islamabad (Private) Limited (SNS Islamabad) was incorporated in Pakistan on February 28, 2019. The principal line of business is to establish, run, control, manage and operate state of the art neuro sciences institute including diagnostic centres, clinics, laboratories, operation theaters, dental clinics, healthcare centres and provide all healthcare and surgical related facilities of different diseases, inpatient and outpatient services and treatment of viral, bacterial and chronic diseases and all other related services thereof, subject to permission from relevant authorities, if required. The registered office of SNS Islamabad is situated at Sector H-8/4, Islamabad.

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.

During the year, the board of directors of the SIHL decided to invest an additional Rs. 1.606 billion in the paid-up capital of SNH Faisalabad. This decision was approved at the Extraordinary General Meeting held on June 15, 2024.

Subsequent to year end, both the sponsors of SNH Faisalabad have injected the further equity investment amounting to Rs. 940,838 thousand, based on their respective ownership stake in the project.

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 of directors of the SIHL had previously decided to divest the SIHL's entire shareholding in its subsidiary, "SMC Islamabad." However, due to the significant downturn in the real estate market caused by current economic conditions, the sale has become less viable. As a result, in a meeting held on August 07, 2024, the board of directors of "SMC Islamabad" instructed its management to explore various feasible options other than the sale.

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

H-8 Hospital, Pitras Bukhari Road, Sector H-8/4, Islamabad

G-10/4 Hospital, G-10 Markaz, Islamabad

Shifa Medical Center, Gulberg Greens, Islamabad

Faisalabad Hospital, Main Jaranwala Road, Faisalabad

Shifa Medical Center, Iskandarabad, Mianwali

Shifa Pharmacy, Telephone Industries of Pakistan, Haripur

Shifa Pharmacy, Ring Road, Peshawar

	2024	2023
Percentage share in total revenue given in note 28.		
Islamabad	97%	97%
Faisalabad	3%	3%
	100%	100%

The consolidated financial statements of the Group have been prepared based upon initialed accounts for Shifa Medical Center Islamabad (Private) Limited and Shifa National Hospital Faisalabad (Private) Limited while management accounts for Shifa Development Services (Private) Limited, as at June 30, 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These consolidated financial statements are presented in Pak Rupees, which is the Group's functional currency.

2.4 Use of estimates and judgments

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

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

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

i) Estimate of recoverable amount of investment in associated company - notes 4.2 and 18

ii) Estimate of fair value of financial liabilities at initial recognition - notes 4.4, 4.5, 4.18.4 and 9

iii) Provision for taxation - notes 4.6, 4.7, 10 and 32
iv) Right of use assets and corresponding lease liability - notes 4.8, 11 and 15
v) Employee benefits - notes 4.10, 12.4 and 12.5
vi) Provisions and contingencies - notes 4.11, 4.12 and 14
vii) Estimate of useful life of property, plant and equipment - notes 4.13 and 15
viii) Estimate of useful life of intangible assets - notes 4.14 and 16
ix) Impairment of non-financial assets - notes 4.16
x) Expected credit loss allowance - notes 4.18.2, 24.2 and 43.1.3
xi) Provision for slow moving stores, spares and loose tools - notes 4.19, 4.20 and 20

3 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2024

The following standards, amendments and interpretations are effective for the year ended June 30, 2024. These standards, amendments and interpretations are either not relevant to the Group's operations or did not have significant impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 Making Materiality Judgements-Disclosure of Accounting Policies	January 1, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 1, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 1, 2023
Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 1, 2023

The Group adopted the narrow-scope amendments to the International Accounting Standard (IAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after January 01, 2023. Although the amendments did not result in any changes to accounting policy themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting the Group to provide useful entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and updates to the information disclosed in note 4 Material accounting policies (2023: Significant accounting policies) in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Group's operations or are not expected to have significant impact on the Group's financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 1, 2024
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments	January 1, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	January 1, 2026
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 1, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 1, 2024

	Effective date (annual periods beginning on or after)
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 1, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 1, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 1, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 1, 2025
IFRS 17 'Insurance Contracts'	January 1, 2026

IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 19 'Subsidiaries without Public Accountability: Disclosures' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2026.

The Group expects that the adoption of the above standards will have no material effect on the Group's financial statements, in the period of initial application.

4 MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, expect for changes as are disclosed in relevant notes.

4.1 Changes in accounting policy

During the year the Institute of Chartered Accountants of Pakistan (ICAP) have withdrawn the Technical Release 27 "IAS 12, Income Taxes (Revised 2012)" and issued guidance - "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes". The said guidance requires certain amounts of tax paid under minimum tax (which is not adjustable against future income tax liability) and final tax regime to be shown separately as a levy instead of showing it in current tax.

The management believes that the new policy provides reliable and more relevant information to the users of the financial statements. Accordingly, the impact has been incorporated in these consolidated financial statements retrospectively in accordance with the requirement of International Accounting Standard (IAS 8) 'Accounting Policies, Change in Accounting Estimates and Errors'. There has been no effect on the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and Earnings Per Share as a result of this change.

Effect on consolidated statement of profit or loss	**Had there been no change in accounting policy**	**Impact of change in accounting policy**	**After incorporating changes in accounting policy**
		(Rupees in '000')	
June 30, 2024:			
Levies	-	15,224	15,224
Profit before levies and income tax	2,263,374	(15,224)	2,248,150
Income tax expense	933,748	(15,224)	918,524
June 30, 2023:			
Levies	-	17,565	17,565
Profit before levies and income tax	1,982,433	(17,565)	1,964,868
Income tax expense	821,544	(17,565)	803,979

4.2 Basis of consolidation

These consolidated financial statements includes the financial statements of Shifa International Hospitals Limited and its subsidiaries, SDSPL 55% owned (2023: 55% owned), SNS Islamabad 100% owned (2023: 100% owned), SMC Islamabad 56% owned (2023: 56% owned) and SNH Faisalabad 61% owned (2023: 61% owned).

Subsidiaries

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

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

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

Associates (equity accounted investee)

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

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

Non controlling interest (NCI)

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

Loss of control

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

4.3 Share capital and dividend

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

4.4 Financing and finance cost

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

4.5 Government grants

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

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

Grants that compensate the Group for expenses incurred, are recognised on a systematic basis in the income for the year in which the finance cost is recognised and finance cost is reported net of grant in note 31.

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

4.6 Taxation

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

Current

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

Deferred

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

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

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

Deferred tax asset of Rs. 86,477 thousand (2023: Rs. 55,179 thousand) on deductible temporary difference of Rs. 298,196 thousand (2023: Rs. 190,273 thousand) has not been recorded in respect of subsidiaries.

4.7 Levies

Minimum tax, final tax and super-tax not based on taxable profits are recognised as a levy in the consolidated statement of profit or loss. The amount calculated on taxable income using the notified tax rate is recognized as current income tax expense for the year in consolidated statement of profit or loss under the scope of IAS 12. Any excess of expected income tax paid or payable for the year under the Income Tax Ordinance, 2001 over the amount designated as current income tax for the year, is then recognised as a levy falling under the scope of IFRIC 21 / IAS 37.

4.8 Leases

4.8.1 Right of use assets (ROUs)

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

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

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

4.8.2 Lease liability

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

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

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

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

4.9 Trade and other payables

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

4.10 Employee benefits

Defined benefit plan

The SIHL operates approved funded gratuity scheme for all its non management employees who have completed the minimum qualifying period of service as defined in the scheme. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation and is charged to the consolidated statement of profit or loss. The actuarial gain or loss at each evaluation date is charged to other comprehensive income.

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

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

Defined contribution plan

A defined contribution plan is a post-employment benefit plan where monthly contribution equal to 1/12th of eligible salary is made by the SIHL in employees' pension fund account maintained with designated asset management company and recognised as expense in the consolidated statement of profit or loss as and when they become due. Employees will be eligible for pension fund on the completion of minimum qualifying period. On fullfilment of criteria accumulated contribution against qualifying period of services from the date of joining classified as deferred liability and will be transfered to employees' pension fund account.

Compensated absences

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

4.11 Provisions

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

4.12 Contingencies

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

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

4.13 Property, plant and equipment

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

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

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

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

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

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

Assets are derecognised when disposed off or when no future economic benefits are expected to flow from its use. Gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised on net basis in the consolidated statement of profit or loss.

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

4.14 Intangible assets

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

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

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

4.15 Investment property - at cost

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 loss, 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 capitalised borrowing costs, if any.

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 recognised as income or expense in the consolidated statement of profit or loss.

4.16 Impairment of non - financial assets

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

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

The Group recognises loss allowances for ECLs in respect of financial assets measured at amortised cost.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an mount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the Gross carrying amount of the assets.

The Gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

4.17 Investments

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

4.18 Financial assets

Initial measurement

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

The Group classifies its financial assets into following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- amortised cost.

Subsequent measurement

i) Debt instrument at FVOCI

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

ii) Equity instrument at FVOCI

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

iii) Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gain or loss, including any interest / markup or dividend income, is recognised in the consolidated statement of profit or loss.

iv) Financial assets at amortised cost

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

4.18.1 Other financial assets

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

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

4.18.2 Impairment of financial assets

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

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

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

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

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

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

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

4.18.3 Derecognition

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

4.18.4 Financial liabilities

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

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gain or loss is recognised in the consolidated statement of profit or loss. Any gain or loss on derecognition is also recognised in the consolidated statement of profit or loss.

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

4.18.5 Off-setting financial assets and financial liabilities

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

4.19 Stores, spare parts and loose tools

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

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

4.20 Stock in trade

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

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

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

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

4.22 Cash and cash equivalents

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

4.23 Foreign currencies

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

4.24 Operating segments

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

4.25 Revenue recognition

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

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

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

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

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

4.26 Earnings per share

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

4.27 Fair value measurement

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

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

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

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

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

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2024	2023		2024	2023
Number			(Rupees in '000')	
61,974,886	61,974,886	Ordinary shares of Rs.10 each issued for cash	619,749	619,749
1,239,497	1,239,497	Ordinary shares of Rs.10 each issued as fully paid bonus shares	12,395	12,395
63,214,383	63,214,383		632,144	632,144

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

5.2 7,585,725 ordinary shares representing 12% shareholding in the SIHL are owned by International Finance Corporation (IFC). IFC has the right to nominate one director at the board of directors of the SIHL as long as IFC holds ordinary shares representing 5% of total issued share capital of the SIHL. Further, the SIHL if intends to amend or repeal the memorandum and articles, effects the rights of IFC on its shares issuance of preference shares ranking seniors to the equity securities held by IFC, incur any financial debt to any shareholder, change the nature of the business of the SIHL etc. shall seek consent of IFC.

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

5.4 Capital management

The Group's objectives when managing capital are to ensure the Group's ability not only to continue as a going concern but also to meet its requirements for expansion and enhancement of its business, maximise return of shareholders and optimise benefits for other stakeholders to maintain an optimal capital structure and to reduce the cost of capital. There were no changes to the Group's approach to capital management during the year.

	2024	2023
Equity (Rupees in '000')	12,511,026	11,394,784
Debt including impact of lease liabilities (Rupees in '000')	1,705,258	2,207,396
Debt to equity ratio	0.12	0.16

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

6 SHARE PREMIUM

This comprises of share premium of Rs. 5, Rs. 250 and Rs. 229.29 per share received on issue of 8,000,000, 4,024,100 and 7,436,986 ordinary shares of Rs. 10 each in the years 1994, 2016 and 2020, respectively. Out of the above the SIHL during the year ended June 30, 2022 has issued bonus shares at the rate of 2 % (total 1,239,497 bonus shares having face value of Rs. 10 each) as approved in Annual General meeting held on October 28, 2021. The balance reserve cannot be utilized except for the purposes mentioned in section 81 of the Companies Act, 2017.

		2024	2023
		(Rupees in '000')	
7	**SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT**		
	Balance at beginning of the year	2,032,194	1,546,319
	Revaluation surplus during the year	20,321	837,802
	Transfer to non-controlling interest	(8,907)	(318,280)
	Realisation of revaluation surplus on disposal of assets	(4,284)	(19,463)
	Transferred to unappropriated profits in respect of incremental depreciation / amortisation charged during the year	(18,014)	(14,184)
	Balance at end of the year	2,021,310	2,032,194

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

8 NON - CONTROLLING INTEREST (NCI)

8.1 Following is the summarised financial information of SDSPL, SNH Faisalabad and SMC Islamabad:

	SDSPL		SNH Faisalabad		SMC Islamabad		Total	
NCI percentage	**45%**	45%	**39%**	39%	**44%**	44%		
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
				(Rupees in '000')				
Summarised statement of financial position								
Current assets	24,311	106,464	125,419	163,148	327,811	347,060	477,541	616,672
Non-current assets	-	30,287	2,883,782	2,865,512	2,798,103	2,788,536	5,681,885	5,684,335
Current liabilities	54,015	61,890	93,356	111,502	11,502	31,187	158,873	204,579
Non-current liabilities	-	12,285	31,189	32,441	-	-	31,189	44,726
Net assets	(29,704)	62,576	2,884,656	2,884,717	3,114,412	3,104,409	5,969,364	6,051,702
Accumulated NCI	(57,248)	(19,195)	1,148,104	1,146,132	1,380,035	1,373,452	2,470,891	2,500,388
Summarised statement of comprehensive income								
Revenue - net	-	268,200	-	-	-	-	-	268,200
Other income	5,509	1,014	26,309	21,409	26,101	25,441	57,919	47,864
Loss for the year	(92,280)	(43,534)	(61)	(13,986)	(10,318)	(9,811)	(102,659)	(67,331)
Other comprehensive income	-	-	-	118,696	20,321	619,652	20,321	738,348
Total comprehensive (loss) / income	(92,280)	(43,534)	(61)	104,710	10,003	609,841	(82,338)	671,017
(Loss) / profit attributable to NCI	(38,124)	(10,251)	1,994	(1,516)	(2,274)	141	(38,404)	(11,627)
Comprehensive income for the year attributable to NCI	-	-	-	46,686	8,907	271,593	8,907	318,279
Total comprehensive (loss) / income for the year attributable to NCI	(38,124)	(10,251)	1,994	45,170	6,633	271,734	(29,497)	306,653
Summarised statement of cash flows								
Cash flows from operating activities	(36,335)	(17,981)	(43,795)	140,284	(59,300)	(39,824)	(139,430)	82,479
Cash flows from investing activities	22,373	720	38,876	(1,128,835)	56,297	(316,113)	117,546	(1,444,228)
Cash flows from financing activities	(2,515)	(1,836)	-	988,849	-	331,000	(2,515)	1,318,013
Net (decrease) / increase in cash and cash equivalents	(16,477)	(19,097)	(4,919)	298	(3,003)	(24,937)	(24,399)	(43,736)

		Note	2024	2023
			(Rupees in '000')	
9	**LONG TERM FINANCING - SECURED**			
	From banking companies and non banking financial institution:			
	Syndicated Islamic Finance Facility	9.1	142,857	713,818
	Diminishing Musharakah Facility-1	9.2	78,250	72,176
	Diminishing Musharakah Facility-2	9.3	83,333	250,000
	Diminishing Musharakah Facility-3	9.4	577,390	407,196
	Refinance Facility to Combat COVID-19 (RFCC)	9.5	78,486	111,419
	Deferred income - Government grant		13,329	27,830
			91,815	139,249
	Islamic Refinance Facility to Combat COVID -19 (IRFCC)	9.6	69,647	107,798
	Deferred income - Government grant		5,341	13,313
			74,988	121,111
	Islamic Refinance Facility to Combat COVID-19 (IRFCC)	9.7	22,245	29,412
	Deferred income - Government grant		4,073	7,447
			26,318	36,859
			1,074,951	1,740,409
	Less: current portion		495,195	871,798
			579,756	868,611

9.1 This represents syndicated Islamic finance facility, arranged and led by Meezan Bank Limited, obtained on profit rate basis at 3 months KIBOR plus 0.85% (2023: 3 months KIBOR plus 0.85%) per annum, repayable in 14 equal quarterly installments. 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 movable fixed assets of SIHL and land/building located at H-8/4, Islamabad. Meezan Bank Limited has the custody of original ownership documents of the SIHL land located at H-8/4 Islamabad.

9.2 This includes outstanding balance of Rs. 1.6 million (2023: Rs. 19.6 million) against the long term Islamic finance facility obtained from Al Baraka Bank (Pakistan) Limited of Rs. 449.5 million (2023: Rs. 449.5 million). Principal amount is repayable in 36 equal monthly installments carrying profit rate at 3 months KIBOR plus 0.80% (2023: 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 nil (2023: Rs. 20.7 million). This also includes an outstanding balance of Rs. 76.6 million (2023:

Rs. 52.6 million) against long term Islamic finance facility obtained under Diminishing Musharakah basis from First Habib Modaraba of Rs. 119.1 million (2023: Rs. 83.2 million). Principal amount is repayable in 60 equal monthly installments carrying profit rate at 3 months KIBOR plus 0.70% (2023: 3 months KIBOR plus 0.70%) per annum. The unavailed limit of this facility is nil (2023: nil).

9.3 This represents outstanding balance of long term Islamic finance facility obtained from Meezan Bank Limited of Rs. 500 million (2023: 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% (2023: 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.

9.4 This represents long term Islamic finance facility obtained from Bank Alfalah Limited of Rs. 577.4 million (2023: Rs. 407.2 million). Principal amount is repayable in 12 equal quarterly installments carrying profit rate at 3 months KIBOR plus 0.70% (2023: 3 months KIBOR plus 0.70%) per annum. The financing is initially secured by ranking charge of Rs. 800 million, then followed by a first exclusive charge of Rs. 451.3 million against the plant and machinery being financed under DM facility to be installed / placed at hospital located at H-8/4, Islamabad. Additionally, the remaining charge of Rs. 348.7 million against the plant and machinery being financed under the DM facility will be upgraded to the first exclusive charge in order to vacate the ranking charge. The unavailed limit of this facility is nil (2023: Rs. 179.9 million).

9.5 This represents the outstanding balance of long term finance facility obtained from United Bank Limited of Rs. 185.2 million (2023: Rs. 185.2 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 nil (2023: nil). Since the financing under SBP refinance scheme carries the markup rate below the market rate, the loan has been recognised at present value using the SIHL's effective profit rate along with the recognition of government grant.

	2024	2023
	(Rupees in '000')	
Balance at beginning of the year	27,830	29,483
Received during the year	-	12,013
Amortisation during the year	(14,501)	(13,666)
Balance at end of the year	13,329	27,830

9.6 This represents the outstanding balance of long term Islamic finance facility obtained from Meezan Bank Limited of Rs. 200 million (2023: Rs. 200 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 (2023: nil). Since the financing under SBP refinance scheme carries no profit rate, the loan has been recognised at present value using the SIHL's effective profit rate along with the recognition of government grant.

	2024	2023
	(Rupees in '000')	
Balance at beginning of the year	13,313	20,014
Received during the year	-	3,905
Amortisation during the year	(7,972)	(10,606)
Balance at end of the year	5,341	13,313

9.7 This represents the outstanding balance of long term Islamic finance facility obtained from Al Baraka Bank (Pakistan) Limited of Rs. 45.9 million (2023: 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 exclusive 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 recognised at present value using the SIHL's effective profit rate along with the recognition of government grant.

		Note	2024	2023
			(Rupees in '000')	
	Balance at beginning of the year		7,447	11,775
	Amortisation during the year		(3,374)	(4,328)
	Balance at end of the year		4,073	7,447
10	**DEFERRED LIABILITIES**			
	Deferred taxation	10.1	354,960	398,573
	Defined contribution plan		34,434	24,570
			389,394	423,143
10.1	Deferred tax liability	10.1.1	604,045	643,508
	Deferred tax asset	10.1.2	(249,085)	(244,935)
	Net deferred tax liability		354,960	398,573
10.1.1	**Deferred tax liability on taxable temporary differences:**			
	Accelerated depreciation / amortisation allowance		604,045	643,508

		2024	2023
		(Rupees in '000')	
10.1.2	**Deferred tax asset on deductible temporary differences:**		
	Right of use assets net of lease liabilities	(66,580)	(59,683)
	Specific provisions	(130,739)	(119,119)
	Retirement benefit obligation	(51,766)	(66,133)
		(249,085)	(244,935)

10.1.3 **Breakup and movement of deferred tax balances is as follows:**

Deferred tax liabilities / (assets)	Opening balance	Statement of profit or loss	Other comprehensive income	Closing balance
	(Rupees in '000')			
2024				
Effect of taxable temporary differences				
Accelerated depreciation / amortisation allowance	643,508	(39,463)	-	604,045
Effect of deductible temporary differences				
Right of use assets net of lease liabilities	(59,683)	(6,897)	-	(66,580)
Specific provisions	(119,119)	(11,620)	-	(130,739)
Retirement benefit obligation	(66,133)	62,972	(48,605)	(51,766)
	398,573	4,992	(48,605)	354,960
2023				
Effect of taxable temporary differences				
Accelerated depreciation / amortisation allowance	525,719	117,789	-	643,508
Effect of deductible temporary differences				
Right of use assets net of lease liabilities	(34,742)	(24,941)	-	(59,683)
Specific provisions	(87,261)	(31,858)	-	(119,119)
Retirement benefit obligation	(63,839)	8,191	(10,485)	(66,133)
	339,877	69,181	(10,485)	398,573

10.1.4 Deferred tax assets and liabilities on temporary differences are measured at the rate of 39% (2023: 39%).

		Note	2024	2023
			(Rupees in '000')	
11	**LEASE LIABILITIES**			
	Balance at beginning of the year		466,987	608,881
	Additions during the year		291,807	59,045
	Interest expense during the year	31	72,436	63,972
	Termination / modification during the year		(399)	(76,782)
	Payment during the year		(200,524)	(188,129)
	Balance at end of the year	11.1	630,307	466,987
	Less: current portion		146,911	169,979
			483,396	297,008

11.1 Lease liabilities are payable as follows:

	Minimum lease payments	Interest	Present value of minimum lease payments
		(Rupees in '000')	
2024			
Less than one year	173,932	27,021	146,911
Between one and five years	540,635	188,183	352,452
More than five years	250,177	119,233	130,944
	964,744	334,437	630,307
2023			
Less than one year	174,944	4,965	169,979
Between one and five years	280,166	138,363	141,803
More than five years	250,177	94,972	155,205
	705,287	238,300	466,987

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

		Note	2024	2023
			(Rupees in '000')	
11.2	**Amounts recognised in the consolidated statement of profit or loss**			
	Interest expense on lease liabilities	31	72,436	63,972
	Expense relating to short term / low value lease	30	16,400	15,235
			88,836	79,207
12	**TRADE AND OTHER PAYABLES**			
	Creditors	12.1	2,172,401	2,572,419
	Accrued liabilities		630,555	804,610
	Advances from customers - contract liability	12.2	384,383	276,239
	Medical consultants' charges		476,006	651,675
	Security deposits	12.3	132,451	124,607
	Compensated absences	12.4	175,903	145,524
	Defined contribution plan		16,185	1,322
	Retention money		47,652	47,603
	Shifa International Hospitals Limited (SIHL) Employees' Gratuity Fund Trust (the Fund)	12.5	132,734	169,573
			4,168,270	4,793,572
12.1	**This includes payables to related parties (unsecured) as detailed below:**			
	Tameer - e - Millat Foundation (TMF)		7,285	12,803
	Shifa Tameer - e - Millat University (STMU)		31,566	12,009
			38,851	24,812
12.2	**Advances from customers - contract liability**			
	Balance at beginning of the year		276,239	293,743
	Revenue recognised during the year		(88,650)	(279,795)
	Advance received during the year		196,794	262,291
	Balance at end of the year		384,383	276,239

12.3 This includes security deposits retained from employees of Rs. 47,530 thousand (2023: Rs. 41,380 thousand) held in separate bank account and balances obtained from customers of Rs. 84,921 thousand (2023: Rs. 83,227 thousand) that are utilisable for the purpose of the business in accordance with agreements with customers.

		Note	2024	2023
			(Rupees in '000')	
12.4	**Compensated absences**			
	Balance at beginning of the year		145,524	131,211
	Provision made for the year		103,063	72,408
			248,587	203,619
	Payments made during the year		(72,684)	(58,095)
	Balance at end of the year	12.4.1	175,903	145,524

12.4.1 Actuarial valuation of compensated absences has not been carried out since SIHL's management believes that the effect of actuarial valuation would not be material.

		Note	2024	2023
			(Rupees in '000')	
12.5	**The amounts recognised in the consolidated statement of financial position:**			
	Present value of defined benefit obligation	12.5.1	556,506	387,539
	Fair value of plan assets	12.5.2	(423,772)	(217,966)
			132,734	169,573
12.5.1	**Movement in the present value of defined benefit obligation:**			
	Balance at beginning of the year		387,539	398,711
	Interest cost		56,442	43,315
	Current service cost		72,974	74,387
	Benefits paid		(78,839)	(142,049)
	Benefits payable		(2,635)	(2,304)
	Remeasurement loss on defined benefit obligation		121,025	15,479
	Balance at end of the year		556,506	387,539

		2024	2023
		(Rupees in '000')	
12.5.2	**Movement in the fair value of plan assets:**		
	Balance at beginning of the year	217,966	205,258
	Expected return on plan assets	48,772	27,195
	Contributions	242,112	141,271
	Benefits paid	(78,839)	(142,049)
	Benefits payable	(2,635)	(2,304)
	Remeasurement loss on plan assets	(3,604)	(11,405)
	Balance at end of the year	423,772	217,966
12.5.3	**Charge for the year:**		
	Current service cost	72,974	74,387
	Interest cost	56,442	43,315
	Expected return on plan assets	(48,772)	(27,195)
		80,644	90,507
12.5.4	**Remeasurement recognised in consolidated statement of comprehensive income (OCI):**		
	Remeasurement loss on defined benefit obligation	121,025	15,479
	Remeasurement loss on plan assets	3,604	11,405
	Remeasurement loss recognised in OCI	124,629	26,884
	Deferred tax relating to remeasurement of staff gratuity fund benefit plan	(48,605)	(10,485)
		76,024	16,399
12.5.5	**Movement in liability recognised in consolidated statement of financial position:**		
	Balance at beginning of the year	169,573	193,453
	Charge for the year	80,644	90,507
	Remeasurement recognised in OCI during the year	124,629	26,884
	Contributions during the year	(242,112)	(141,271)
	Balance at end of the year	132,734	169,573

		Note	2024	2023
			(Rupees in '000')	
12.5.6	**Plan assets comprises of:**			
	Term deposit receipts		306,190	133,162
	Ordinary shares of SIHL	12.5.6.1	11,503	9,611
	Cash and bank balances		122,328	88,806
	Payable to outgoing members		(16,249)	(13,613)
			423,772	217,966

12.5.6.1 Number of ordinary shares of SIHL held by the Fund at year end were 78,461 shares (2023: 78,461 shares) with market value of Rs. 146.61 (2023: Rs. 122.49) per share.

12.5.7 Latest actuarial valuation was carried out by an independent actuary on June 30, 2024 using the Projected Unit Credit Method.

		2024	2023
12.5.8	**Principal actuarial assumptions used in the actuarial valuation:**		
	Discount rate used for interest cost in profit or loss	16.25%	13.25%
	Discount rate used for year end obligation	14.75%	16.25%
	Expected rate of salary growth		
	- Salary increase FY 2024	N/A	9.25%
	- Salary increase FY 2025-26	13.75%	14.25%
	- Salary increase FY 2027 onward	13.75%	-
	Mortality rate	SLIC 2001-2005 set back 1 year	SLIC 2001-2005 set back 1 year
	Withdrawal rates	Age based	Age based
	Retirement assumption	Age 60	Age 60

12.5.9 Sensitivity analysis

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

	2024		2023	
	Defined benefit obligation		Defined benefit obligation	
	Effect of 1% increase	Effect of 1% decrease	Effect of 1% increase	Effect of 1% decrease
	(Rupees in '000')			
Discount rate	519,684	598,872	363,941	414,544
Future salary increase	598,872	519,075	415,076	363,112

12.5.10 The average duration of the defined benefit obligation as at June 30, 2024 is 7 years (2023: 7 years).

12.5.11 The expected expense for the next year is amounting to Rs. 106,301 thousand.

12.5.12 Risks associated with the scheme

Final salary risk

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

Demographic risks

a) Mortality risk

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

b) Withdrawal risk

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

c) Investment risk

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

		2024	2023
		(Rupees in '000')	
13	**MARKUP ACCRUED**		
	Long term financing	23,858	70,874

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

14.1.1 The guarantees issued by bank in favor of Sui Northern Gas Pipelines Limited (SNGPL) of aggregate sum of Rs. 33.1 million (2023: Rs. 33.1 million) on behalf of the SIHL in its ordinary course of business.

14.1.2 As of the current reporting period, the SIHL is facing claims and penalties totaling Rs. 22.25 million. Out of these the SIHL has paid penalties of Rs. 1.4 million under protest. The SIHL has also issued bank guarantees of Rs. 1.5 million as per the direction of Islamabad High Court. These claims and penalties arose from legal actions and complaints and are being contested before the MoNHSRC Islamabad, the Peshawar, Islamabad, and Lahore High Courts as well as the Supreme Court of Pakistan. The SIHL's management, as per advice of the legal counsel, is confident that a favorable outcome will be achieved.

14.1.3 On June 06, 2012, the Competition Commission of Pakistan (CCP) imposed a penalty of Rs. 20 million against each Gulf Cooperation Council's (GCC) Approved Medical Center (GAMC), including SIHL. This penalty was imposed due to allegations of engaging in non-competitive practices involving territorial division and equal allocation of customers among GAMCs. The SIHL's management, in conjunction with other GAMCs, is collaboratively contesting this issue which is presently pending before the Supreme Court of Pakistan. The Company's management, as per advice of the legal counsel, is confident that a favourable outcome for the GAMCs, including SIHL, will be achieved.

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

14.1.4.1 The tax authorities have amended the assessments for the tax years 2012, 2013, 2014, 2015, 2016, and 2019 under section 122(5A)/124 of the Income Tax Ordinance, 2001 (the Ordinance). They have raised tax demands of Rs. 1.3 million, Rs. 67 million, Rs. 85.5 million, Rs. 26.1 million, Rs. 79.77 million, and Rs. 37 million respectively. The SIHL, feeling aggrieved, appealed these assessments before the Commissioner Inland Revenue (Appeals) [CIR(A)]. The CIR(A) partly confirmed the assessments and partly provided relief to the SIHL. However, the assessment for the tax year 2015 was confirmed. The SIHL, still aggrieved, filed appeals against the appellate orders before the Appellate Tribunal Inland Revenue [ATIR] on various dates from September 2018 to November 2021, and these appeals are currently pending adjudication.

14.1.4.2 The tax authorities imposed taxes 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 the tax years 2016, 2014, 2013, and 2012 respectively, based on alleged non-deduction of tax on payments. The SIHL, feeling aggrieved, appealed these assessments before the CIR(A). Regarding the tax year 2012, the CIR(A) deleted the assessment, while for the tax years 2013 and 2016, the assessment was set aside, and for the tax year 2014, the assessment was confirmed. The SIHL, still aggrieved, filed appeals for the tax years 2013, 2014, and 2016 before the ATIR. The appeals for the tax years 2013 and 2016 were filed on November 26, 2019, and June 06, 2023 respectively, and they are currently pending adjudication. Additionally, the ATIR has set aside the assessment for the tax year 2014 for denovo consideration.

14.1.4.3 The tax authorities amended the assessments for the tax years 2012, 2013, and from 2015 to 2017 under section 122(5) of the Ordinance. They raised an aggregate tax demand of Rs. 1,350.9 million. Feeling aggrieved, the SIHL appealed these assessments before the CIR(A). The CIR(A) annulled all the assessment orders, resulting in the deletion of the tax demand. Dissatisfied with the CIR(A)'s decision, the tax department filed an appeal before the ATIR on November 15, 2018, and these appeals are currently pending adjudication.

14.1.4.4 The tax authorities amended the assessments for the tax years 2014 and 2015 under section 221 of the Ordinance, resulting in an aggregate tax demand of Rs. 11.8 million. The SIHL, feeling aggrieved, filed appeals before the CIR (A). The CIR (A) remanded the assessments back to the ACIR. Both the SIHL and the tax department filed cross-appeals before the ATIR in January 2018, and these appeals are currently pending adjudication.

14.1.4.5 The tax authorities amended the assessment for the tax year 2014 and 2018 under section 177 of the Ordinance, resulting in a tax demand of Rs. 1,143.8 million and 42.36 million. Feeling aggrieved, for the Tax Year 2014 the SIHL appealed the assessment before the CIR (A). The CIR (A) annulled the assessment order, resulting in the deletion of the tax demand. The tax department filed an appeal before the ATIR on November 27, 2019, against the decision of the CIR (A), which is currently pending adjudication. For the Tax Year 2018, the SIHL appealed the assessment before the ATIR on 24, July 2024.

14.1.4.6 The tax authorities imposed sales tax demands 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. These demands were based on alleged non-payment of sales tax on sales of scrap, fixed assets, and cafeteria for the tax years 2016 to 2020 respectively. Regarding the SIHL's appeals for the tax years 2016, 2018, and 2020, the ATIR deleted the sales tax charged on cafeteria and fixed assets, while confirming the sales tax on scrap. Furthermore, for the tax years 2017 and 2019, the CIR(A) deleted the sales tax on cafeteria sales, while confirming the sales tax on sales of scrap and fixed assets. The SIHL has filed appeals before the ATIR against the confirmation of sales tax on scrap and fixed assets, and these appeals are currently pending adjudication.

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

		2024	2023
		(Rupees in '000')	
14.2	**Commitments**		
14.2.1	Capital expenditure contracted	294,233	104,711
14.2.2	Letters of credit	521,187	-

15 PROPERTY, PLANT AND EQUIPMENT

Particulars	Owned assets													Right of use assets		Total
	Freehold land	Leasehold land	Building on freehold land	Building on leasehold land	Leasehold Improvements	Biomedical equipment	Air conditioning equipment and machinery	Electrical and other equipment	Furniture and fittings	Construction equipment	Computer installations	Vehicles	Capital work in progress (note 15.10)	Office premises	Electrical equipment	
	(Rupees in '000')															
Cost/Revalued amount																
Balance as at July 01, 2022	1,292,182	2,957,046	58,898	3,301,696	84,196	4,621,170	508,118	771,100	241,197	3,011	639,121	149,010	2,177,085	945,256	57,000	17,806,086
Additions	3,932	20,583	-	-	-	425,851	61,011	105,326	21,162	152	64,899	32,037	2,265,339	75,384	-	3,075,676
Revaluation	118,696	619,652	-	-	-	-	-	-	-	-	-	-	-	-	-	738,348
Disposals	-	-	-	-	-	-	-	-	-	-	(1,575)	(3,381)	-	-	-	(4,956)
Termination / modification of lease	-	-	-	-	-	-	-	-	-	-	-	-	-	(164,620)	-	(164,620)
Reclassified as Investment property	(382,553)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(382,553)
Write offs	-	-	-	-	-	(142,083)	(854)	(2,208)	(188)	-	(2,205)	-	-	-	-	(147,538)
Transfers	-	-	-	62,492	313,085	285,709	-	57,976	2,030	-	-	-	(721,292)	-	-	-
Balance as at June 30, 2023	1,032,257	3,597,281	58,898	3,364,188	397,281	5,190,647	568,275	932,194	264,201	3,163	700,240	177,666	3,721,132	856,020	57,000	20,920,443
Balance as at July 01, 2023	1,032,257	3,597,281	58,898	3,364,188	397,281	5,190,647	568,275	932,194	264,201	3,163	700,240	177,666	3,721,132	856,020	57,000	20,920,443
Additions	-	-	-	-	-	252,903	3,623	68,275	16,845	607	161,601	66,369	104,827	293,287	-	968,337
Revaluation	-	20,321	-	-	-	-	-	-	-	-	-	-	-	-	-	20,321
Disposals	-	-	-	-	-	-	-	-	-	-	(5,674)	(15,853)	-	-	-	(21,527)
Termination / modification of lease	-	-	-	-	-	-	-	-	-	-	-	-	-	(324)	-	(324)
Write offs	-	-	-	-	-	(58,243)	(2,048)	(10,025)	(456)	(122)	(5,260)	-	-	-	-	(76,154)
Impairment	-	-	-	-	-	-	-	(621)	(3,102)	-	(314)	-	-	-	-	(4,037)
Transfers	-	-	-	41,844	120,026	125,162	-	-	-	-	58,887	-	(345,919)	-	-	-
Balance as at June 30, 2024	1,032,257	3,617,602	58,898	3,406,032	517,307	5,510,469	569,850	989,823	277,488	3,648	909,480	228,182	3,480,040	1,148,983	57,000	21,807,060
Depreciation/amortisation																
Balance as at July 01, 2022	-	190,493	6,871	953,880	52,805	2,818,624	351,779	574,370	160,870	2,161	506,991	104,151	-	395,203	49,084	6,167,282
Charge for the year	-	42,322	2,945	109,656	44,178	369,671	52,221	92,241	17,740	282	68,040	16,465	-	177,874	7,916	1,001,551
On disposals	-	-	-	-	-	-	-	-	-	-	(1,256)	(2,751)	-	-	-	(4,007)
Termination / modification of lease	-	-	-	-	-	-	-	-	-	-	-	-	-	(92,542)	-	(92,542)
On write offs	-	-	-	-	-	(134,328)	(854)	(1,815)	(125)	-	(2,194)	-	-	-	-	(139,316)
Balance as at June 30, 2023	-	232,815	9,816	1,063,536	96,983	3,053,967	403,146	664,796	178,485	2,443	571,581	117,865	-	480,535	57,000	6,932,968
Balance as at July 01, 2023	-	232,815	9,816	1,063,536	96,983	3,053,967	403,146	664,796	178,485	2,443	571,581	117,865	-	480,535	57,000	6,932,968
Charge for the year	-	47,544	2,945	110,318	86,488	405,567	54,266	98,228	17,680	333	85,625	25,144	-	159,375	-	1,093,513
On disposals	-	-	-	-	-	-	-	-	-	-	(2,856)	(7,812)	-	-	-	(10,668)
Termination / modification of lease	-	-	-	-	-	-	-	-	-	-	-	-	-	(25)	-	(25)
On write offs	-	-	-	-	-	(52,427)	(2,048)	(8,800)	(395)	(122)	(5,194)	-	-	-	-	(68,986)
Balance as at June 30, 2024	-	280,359	12,761	1,173,854	183,471	3,407,107	455,364	754,224	195,770	2,654	649,156	135,197	-	639,885	57,000	7,946,802
Carrying value as at June 30, 2023	1,032,257	3,364,466	49,082	2,300,652	300,298	2,136,680	165,129	267,398	85,716	720	128,659	59,801	3,721,132	375,485	-	13,987,475
Carrying value as at June 30, 2024	1,032,257	3,337,243	46,137	2,232,178	333,836	2,103,362	114,486	235,599	81,718	994	260,324	92,985	3,480,040	509,098	-	13,860,258
Annual rate of depreciation %	-	1.01-3.03	5	2.5-10	20	10	10-15	10-15	10.0	10-20	25	20	-	6.15-50	33.33	

15.1 Addition to capital work in progress also includes depreciation of other equipment amounting to Rs. 28.9 million (2023: 27.4 million) capitalized during the year.

15.2 Total unamortised surplus against the revaluation of freehold and leasehold lands as at June 30, 2024 stood at Rs. 2,055,263 thousand (2023: Rs. 2,039,226 thousand).

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

	Cost	Accumulated amortisation	Carrying value
		(Rupees in '000')	
Freehold land			
June 30, 2024	658,928	-	658,928
June 30, 2023	658,928	-	658,928
Leasehold land			
June 30, 2024	1,621,716	190,700	1,431,016
June 30, 2023	1,621,716	167,571	1,454,145

15.4 Particulars of Group's freehold and leasehold land are as follows:

Location	Nature	2024 Area	2023 Area
Shifa Cooperative Housing Society, Islamabad Expressway - Sq.yds	Freehold land	1003	1003
SNHF Hospital, Faisalabad Sheikhupura Road - Kanal	Freehold land	49.6	49.6
SMCI Hospital, F-11, Islamabad - Kanal	Leasehold land	6.7	6.7
Neurosciences Institute, H-8/4, Islamabad - Kanal	Leasehold land*	11.7	11.7
SIHL H-8/4, Islamabad - Kanal	Leasehold land*	87.8	87.8

*The covered area includes multi-storey buildings.

15.5 Property, plant and equipment include items with aggregate cost of Rs. 3,200,022 thousand (2023: Rs. 2,635,621 thousand) representing fully depreciated assets that are still in use of the Group.

15.6 Property, plant and equipment of the SIHL are encumbered under an aggregate charge of Rs. 8,116.8 million (2023: Rs. 7,665.6 million) in favor of banking companies under various financing arrangements as disclosed in note 9.

15.7 The forced sale value (FSV) of the revalued leasehold and freehold land have been assessed at Rs. 2,739,984 thousand (2023: Rs. 2,719,984 thousand) and Rs. 825,805 thousand (2023: Rs. 825,805 thousand) respectively.

15.8 Immediately after acquisition, the sale deed for the land and building of SNS Islamabad was duly registered with the sub-registrar in Islamabad, in accordance with the provisions outlined in the allotment letter / Indenture of lease deed. Subsequently, the SNS Islamabad initiated formal proceedings with the Capital Development Authority (CDA) to effectuate the change of title through the registered sale deed. However, the CDA raised objections to the transfer, leading to the initiation of a legal suit by CDA. The aforementioned suit was dismissed by the relevant learned district judge on January 29, 2024. The CDA have filed appeal against the judgment and Decree of the District Judge before the Islamabad High Court and the SNS Islamabad has filed cross objections against the said appeal. The matter is currently pending adjudication before the Islamabad High Court there are reasonable grounds to believe that the case will be decided in favour of the SNS Islamabad.

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

Asset particulars	Cost	Carrying value	Sale proceeds	Gain on disposal	Purchaser	Mode of disposal
	(Rupees in '000')					
Suzuki Bolan	1,056	687	1,530	843	Various independent third parties	Negotiation
Suzuki Wagon R	1,990	1,360	2,705	1,345		
Suzuki Wagon R (AGS)	2,348	1,644	3,050	1,406		
Toyota Yaris	3,038	2,481	4,130	1,649		
Other assets having carrying value less than Rs. 500 thousand	13,095	4,689	7,411	2,722		
2024	21,527	10,861	18,826	7,965		
2023	59,468	55,461	97,663	42,202		

		Note	2024	2023
			(Rupees in '000')	
15.10	**Capital work in progress**			
	Construction work in progress	15.10.1	3,387,165	3,431,511
	Installation of equipment in progress		92,875	289,621
			3,480,040	3,721,132

15.10.1 Construction work in progress

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

	Note	2024	2023
		(Rupees in '000')	
SMC Islamabad Hospital		1,291,867	1,252,612
SNH Faisalabad Hospital		1,839,590	1,819,784
Other construction		255,708	359,115
		3,387,165	3,431,511

16 INTANGIBLE ASSETS

	Note	2024	2023
Softwares in use	16.1	-	660
Software under development	16.2	39,375	39,375
		39,375	40,035

16.1 Softwares in use

	2024	2023
Cost		
Balance at beginning of the year	108,172	108,042
Addition during the year	-	130
Impairment loss during the year	(414)	-
Balance at end of the year	107,758	108,172
Accumulated amortisation		
Balance at beginning of the year	107,512	95,460
Charged during the year	246	12,052
Balance at end of the year	107,758	107,512
Carrying value	-	660

16.2 This represented the amount paid to Shifa CARE (Private) Limited for provision of Hospital Supply Chain Management system (HSCM). Out of total scope, integration and testing with existing Hospital Information Management System (HIMS) and Oracle EBS alongwith user acceptance testing is in progress.

16.3 Amortisation of softwares in use has been recorded at rate of 10% - 25 % (2023: 10% - 25%) per annum.

		Note	2024	2023
			(Rupees in '000')	
17	**INVESTMENT PROPERTY - AT COST**			
	Balance at beginning of the year		748,450	-
	Reclassified during the year		-	748,450
	Disposed off during the year		(28,158)	-
	Balance at end of the year	17.1	720,292	748,450

17.1 This represents freehold land comprising of 11 plots at Shifa Cooperative Housing Society, Islamabad Expressway (SCHS), 48K-3M-182 Sqft at Chak No. 4, Near Sargodha Road, Faisalabad of which 20K-14M-181 Sqft are subject to possession proceedings and 141.72 kanals at Motorway, Mouza Noon, Islamabad. The fair value and forced sale value of the land located at SCHS, Sargodha Road Faisalabad and Motorway, Mouza Noon, Islamabad are Rs. 360,120 thousand, Rs. 136,888 thousand, Rs. 425,018 thousand, Rs. 288,096 thousand, Rs. 109,510 thousand, Rs. 340,015 thousand respectively.

During the current year, the SIHL was informed by its former property dealer about the sale of 49 kanals of land located at Mouza Noon, Islamabad; however, the SIHL was provided with the sale proceeds of only 10.83 kanals. The SIHL had implemented measures to prevent any further transfer of its land holdings to third parties by writing an application to land revenue authorities. Further, the SIHL commissioned an independent verification of its land title against the official record, which confirmed that the SIHL is the registered owner of 118.6 kanals as certified by the land revenue authorities, out of which 6.5 kanals are currently under review. The SIHL, based on the verification findings, is pursuing the matter with the concerned land authorities regarding the way forward.

		Note	2024	2023
			(Rupees in '000')	
18	**LONG TERM INVESTMENTS**			
	Associated Companies (unquoted)			
	Shifa CARE (Private) Limited (SCPL)	18.1	-	45,079
	SIHT (Private) Limited (SIHT)	18.2	424,045	-
			424,045	45,079
18.1	**Shifa CARE (Private) Limited (SCPL)**			
	Balance at beginning of the year		45,079	32,862
	Impairment loss on investment		(41,528)	-
	Share in (loss) / profit for the year		(3,551)	12,217
	Balance at end of the year		-	45,079

This represents investment in 4,500,050 (2023: 4,500,050) fully paid ordinary shares of Rs. 10 each of SCPL. The above investment in ordinary shares represents 50% (2023: 50%) shareholding in SCPL held by the SIHL. During the year, impairment loss of Rs. 41,528 thousand has been recorded in view of ongoing financial difficulties faced by SCPL due to which it may not be able to continue its business.

Summary of results of SCPL are as under:

	2024	2023
	(Rupees in '000')	
Summarised statement of financial position		
Non-current assets	86,072	75,191
Current assets	720	35,362
Current liabilities	(3,737)	(20,396)
Net assets	83,055	90,157
Reconciliation to carrying amounts:		
Opening net assets	90,157	65,724
Total comprehensive (loss) / income for the year	(7,102)	24,433
Closing net assets	83,055	90,157
Group's share in carrying value of net assets	41,528	45,079
Group's share in total comprehensive (loss) / income	(3,551)	12,217
Summarised statement of profit or loss and comprehensive income		
Revenue for the year - gross	-	39,375
Depreciation and amortisation	(4,008)	(4,085)
Finance cost	(256)	(741)
Provision for taxation	-	(5,004)
(Loss) / profit for the year	(7,102)	24,433
Total comprehensive (loss) / income for the year	(7,102)	24,433

18.1.1 The above information is based on initialed financial statements of SCPL.

		2024	2023
		(Rupees in '000')	
18.2	**SIHT (Private) Limited (SIHT)**		
	Balance at beginning of the year	-	-
	Investment made during the year	425,000	-
	Share in loss for the year	(955)	-
	Balance at end of the year	424,045	-

18.2.1 In line with the decision of board of directors of the SIHL in its meeting held on April 12, 2023, on September 23, 2023, the SIHL entered into a tripartite Shares Purchase Agreement (SPA) with Shifa Foundation and its wholly owned subsidiary SIHT (Private) Limited (SIHT) for acquiring 50% shareholding in SIHT from Shifa Foundation.

The SPA provides that the paid up share capital of SIHT shall be increased from Rs. 100,100,000 to Rs. 500,100,000 representing 5,001,000 ordinary shares of Rs. 100 each over the arrangement period. The SPA further provides that the referred acquisition of equity interest in SIHT to be made in nine quarterly installments shall be completed by September 30, 2025. Accordingly, by the end of the current year a sum of Rs. 425,000 thousand has been paid to Shifa Foundation to acquire 1,328,397 shares, representing 29.5% percent shareholding.

Summary of results of SIHT are as under:

	2024	2023
	(Rupees in '000')	
Summarised statement of financial position		
Non-current assets	179,734	239,066
Current assets	287,166	44,537
Non-current liabilities	(100,482)	(133,742)
Current liabilities	(121,844)	(234,304)
Net assets	244,574	(84,443)
Reconciliation to carrying amounts:		
Opening net assets	(84,443)	12,487
Total comprehensive loss for the year	(20,983)	(96,930)
Equity	350,000	-
Closing net assets	244,574	(84,443)
Group's share in carrying value of net assets	42,073	-
Group's share in total comprehensive loss	(955)	-

	2024	2023
	(Rupees in '000')	
Summarised statement of profit or loss and comprehensive income		
Revenue for the year - gross	597,996	411,974
Depreciation and amortisation	(45,827)	(47,989)
Finance cost	(17,398)	(17,715)
Provision for taxation	(10,065)	(5,015)
Loss for the year	(20,983)	(96,930)
Total comprehensive loss for the year	(20,983)	(96,930)

18.2.2 The above information is based on initialed financial statements of SIHT.

19 LONG TERM DEPOSITS

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

		Note	2024	2023
			(Rupees in '000')	
20	**STORES, SPARE PARTS AND LOOSE TOOLS**			
	Stores		228,613	256,038
	Spare parts		7,806	7,430
	Loose tools		1,380	7,887
			237,799	271,355
	Less: provision for slow moving items	20.1	17,765	19,657
			220,034	251,698
20.1	**Movement for provision of slow moving items**			
	Balance at beginning of the year		19,657	26,555
	Reversal during the year		(1,892)	(6,898)
	Balance at end of the year		17,765	19,657

21 STOCK IN TRADE

This represents medicines being carried at moving average cost.

		Note	2024	2023
			(Rupees in '000')	
22	**TRADE DEBTS**			
	Unsecured - considered good			
	Related party - Shifa Foundation	22.1	7,137	15,686
	Others		1,581,998	1,578,798
			1,589,135	1,594,484
	Less: allowance for expected credit losses (ECL)	43.1.3	242,946	228,362
			1,346,189	1,366,122

22.1 Maximum amount due from Shifa Foundation at the end of any month during the year was Rs. 15,802 thousand (2023: Rs. 15,686 thousand).

		Note	2024	2023
			(Rupees in '000')	
23	**LOANS AND ADVANCES**			
	Secured - considered good			
	Executives		10,641	9,328
	Other employees		23,239	17,038
		23.1	33,880	26,366
	Unsecured - consultants		13,870	4,792
	Unsecured - suppliers / contractors		406,745	403,743
			420,615	408,535
			454,495	434,901

23.1 These advances are secured against employee terminal benefits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

		Note	2024	2023
			(Rupees in '000')	
24	**DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**			
	Unsecured - considered good			
	Short term prepayments		51,511	41,318
	Other receivables	24.1	205,342	283,552
			256,853	324,870
	Less: allowance for expected credit losses against other receivables	24.2	81,394	58,377
			175,459	266,493

24.1 This includes Rs. 30,329 thousand (2023: Rs. 87,473 thousand) due from SIHT (Private) Limited. Maximum amount due from SIHT (Private) Limited at the end of any month during the year was Rs. 133,797 thousand (2023: Rs. 113,524 thousand).

		Note	2024	2023
			(Rupees in '000')	
24.2	**Allowance for expected credit losses against other receivables (unrelated parties)**			
	Balance at beginning of the year		58,377	58,377
	Charged during the year		23,017	-
	Balance at end of the year		81,394	58,377
25	**OTHER FINANCIAL ASSETS**			
	Investment - at amortised cost	25.1	226,102	123,449
	Investment in Mutual Funds - at fair value through profit or loss	25.2	258,889	430,903
			484,991	554,352

25.1 This represents three T- Bills purchased on May 16, 2024, May 30, 2024 and June 13, 2024 to be matured on August 08, 2024 and September 05, 2024 at a yield of 20.95%, 20.60% and 19.70% per annum (2023 :Two T- Bills purchased on June 01, 2023 and June 15, 2023 to be matured on August 24, 2023 and September 07, 2023 at a yield of 21.97% and 21.98% per annum respectively). This also represents term deposit receipt (TDR) having face value of Rs. 3 million (2023: Term deposit receipts having face value of Rs. 3 million with three months maturity) with three months maturity. Profit payable on monthly basis at the weighted average rate of 18.98% per annum (2023: 15.06% per annum).

25.2 This represents investment in 1,973,327 (2023: 3,020,724) units and 574,772 (2023: 1,233,844) units of UBL Al-Ameen Islamic Cash Fund and HBL Cash Fund respectively. Fair value of the investment was determined using quoted repurchase price at year end.

		Note	2024	2023
			(Rupees in '000')	
26	**TAX REFUNDS DUE FROM THE GOVERNMENT (NET OF PROVISION)**			
	Balance at beginning of the year		320,936	470,176
	Income tax paid / deducted at source during the year		866,606	603,123
			1,187,542	1,073,299
	Income tax expense / levies	32	(928,755)	(752,363)
	Balance at end of the year		258,787	320,936
27	**CASH AND BANK BALANCES**			
	Cash at bank in:			
	Current accounts:			
	Local currency		403,709	306,315
	Foreign currency		913,410	939,799
			1,317,119	1,246,114
	Savings accounts:			
	Local currency		813,619	1,043,594
	Foreign currency		278	286
		27.1	813,897	1,043,880
		27.2	2,131,016	2,289,994
	Cash in hand		26,187	32,672
			2,157,203	2,322,666

27.1 Balances with saving accounts earned profit / markup at weighted average rate of 16.52% per annum (2023: 14.20% per annum).

27.2 Balances with banks includes Rs. 132,451 thousand (2023: Rs. 124,607 thousand) in respect of security deposits (note 12.3).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

		Note	2024	2023
			(Rupees in '000')	
28	**REVENUE - NET**			
	Inpatients		14,796,234	11,803,983
	Outpatients		8,221,503	6,770,623
	Other services	28.1	761,822	1,350,848
			23,779,559	19,925,454
	Less: discount		144,094	156,745
	Less: sales tax		81,887	69,825
			225,981	226,570
			23,553,578	19,698,884

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

28.2 The revenue - net is excluding physician share of Rs. 1,930,070 thousand (2023: Rs. 1,802,988 thousand).

		2024	2023
		(Rupees in '000')	
29	**OTHER INCOME**		
	Income from financial assets:		
	Profit on bank deposits	67,878	44,526
	Dividend income from mutual fund - investment at fair value through profit or loss	54,172	88,631
	Un-realised gain on investments at fair value through profit or loss	15,145	19,384
	Interest income on treasury bills	34,573	11,112
		171,768	163,653
	Income from other than financial assets:		
	Gain on disposal of tangible assets	7,965	42,202
	Exchange gain on foreign currency translation	-	375,706
	Sale of scrap - net of sales tax	23,222	19,538
	Miscellaneous	30,324	46,465
		61,511	483,911
		233,279	647,564

		Note	2024	2023
			(Rupees in '000')	
30	**OPERATING COSTS**			
	Salaries, wages and benefits	30.1	7,825,621	6,648,898
	Medicines consumed		6,083,422	5,373,920
	Supplies consumed		2,429,431	2,025,240
	Utilities		1,329,745	1,074,495
	Depreciation / amortisation on tangible assets	15	1,064,542	974,093
	Repairs and maintenance		1,124,550	854,538
	Printing and stationery		223,548	220,222
	Cleaning and washing		271,966	190,685
	Fee, subscription and membership		141,693	108,462
	Advertising and sales promotion		51,070	84,722
	Communication		70,615	51,160
	Travelling and conveyance		49,356	40,568
	Legal and professional		43,771	40,415
	Rent		16,400	15,235
	Rates and taxes		24,701	20,323
	Insurance		27,555	22,779
	Amortisation on intangible assets	16	246	11,954
	Property, plant and equipment written off		7,168	8,222
	Auditors' remuneration	30.2	5,812	7,686
	Reversal of provision for slow moving stores		(1,892)	(5,923)
	Exchange loss on foreign currency transalation		26,469	-
	Impairment loss on tangible / intangible assets		4,450	-
	Impairment loss on investment		41,528	-
	Loss on disposal of investment property		2,708	-
	Loss on disposal of slow moving stores		-	3,866
	Project cost		27,660	-
	Miscellaneous		89,462	113,164
			20,981,597	17,884,724

30.1 This includes charge for employee gratuity of Rs. 80,644 thousand (2023: Rs. 99,896 thousand), defined contribution plan (pension) Rs. 109,027 thousand (2023: Rs. 94,703 thousand), compensated absences of Rs. 103,063 thousand (2023: Rs. 72,408 thousand), and bonus of Rs. 170,730 thousand (2023: Rs. 134,864 thousand).

		Note	2024	2023
			(Rupees in '000')	
30.2	**Auditors' remuneration**			
	Annual audit fee		2,380	2,355
	Half yearly review fee		1,570	1,545
	Statutory certifications		850	2,400
	Out of pocket expenses		344	268
			5,144	6,568
	Sales tax		668	1,118
			5,812	7,686
31	**FINANCE COSTS**			
	Markup on long term loans - secured		249,397	309,304
	Interest on lease liabilities	11	72,436	63,972
	Credit card payment collection and bank charges		99,258	61,127
			421,091	434,403
32	**INCOME TAX EXPENSE / LEVIES**			
	Current:			
	- for the year	32.1	928,755	744,240
	- prior year adjustment		-	8,123
			928,755	752,363
	Deferred		4,993	69,181
			933,748	821,544

32.1 Reconciliation between current tax charged under the Ordinance with current tax recognised in the consolidated statement of profit or loss, is as follows:

	Note	2024	2023
		(Rupees in '000')	
Current tax liability for the year as per the Ordinance			
Portion of current tax liability as per tax law, representing income tax under IAS 12		913,531	726,675
Portion of current tax liability as per tax law, representing levy in term of requirement of IFRIC 21 / IAS 37	32.2	15,224	17,565
		928,755	744,240

The provision of current tax liability for the year contains final tax at different rates.

32.2 This represents portion of final tax paid as per Income Tax Ordinance ("the Ordinance"), representing levy in terms of requirements of IFRIC 21/IAS 37.

33 DISCONTINUED OPERATIONS

The decision to wind up Shifa International DWC - LLC (SIDL) was approved in both the board meetings of SIHL and its wholly owned subsidiary SIDL, through respective board resolutions. Subsequent to that the management of the SIDL has initiated the process of winding up its affairs and distributing its assets to stakeholders. Further, on February 07, 2024, SIDL received a de-registration certificate from Dubai Aviation City Corporation.

Summary of results of SIDL are as under:

	2024	2023
	(Rupees in '000')	
Profit / (loss) and other comprehensive income		
Revenue	14,678	17,271
Other income	4	65
Operating costs	(12,216)	(21,120)
Provision for taxation	-	-
	2,466	(3,784)
Other comprehensive income / (loss)	-	-
	2,466	(3,784)
Cashflows (used in):		
Net cash used in operating activities	(37,148)	(4,269)
Net cash used in investing activities	-	(290)
Net cash out flows for the period / year	(37,148)	(4,559)

Comparative figures in the consolidated statement of profit or loss have been re-presented to separately disclose discontinued operations.

		2024	2023
34	**EARNINGS PER SHARE - BASIC AND DILUTED**		
	Profit for the year - continuing operations (Rupees in '000')	1,368,030	1,172,516
	Profit / (loss) for the year - discontinued operations (Rupees in '000')	2,466	(3,784)
	Weighted average number of ordinary shares outstanding during the year (Number in '000')	63,214	63,214
	Earnings per share - basic and diluted		
	- Continuing operations (Rupees)	21.64	18.55
	- Discontinued operations (Rupees)	0.04	(0.06)

34.1 There is no dilutive effect on the basic earnings per share of the Group.

35 CAPACITY UTILISATION

The actual inpatient available bed days, occupied bed days and room occupancy ratio of SIHL are given below:

	2024	2023	2024	2023	2024	2023
	Available bed days		**Occupied bed days**		**Occupancy ratio**	
H-8 Hospital, Islamabad	183,301	180,611	113,642	114,424	62.00%	63.35%
Faisalabad Hospital	20,630	19,618	7,583	7,142	36.76%	36.41%

35.1 Reported utilisation is a result of pattern of patient turnover under different specialties.

		2024	2023
		(Rupees in '000')	
36	**UNAVAILED CREDIT FACILITIES**		
	Unavailed credit facilities at year end other than those disclosed in note 9 of the consolidated financial statements are as under:		
	- Letter of credit	200,000	100,000
	- Diminishing musharakah	240,561	-
	- Ijarah financing	51,709	51,709
	- Running musharkah	500,000	500,000
	- Letter of guarantee	32,416	23,916
		1,024,686	675,625

		2024	2023
		Number	
37	**NUMBER OF EMPLOYEES**		
	Group's number of employees	5,348	5,278
	Group's average number of employees	5,332	5,255

38 RELATED PARTIES TRANSACTIONS

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

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

The amounts due from and due to these undertakings are shown under trade debts, loans and advances and trade and other payables. Related party transactions are on arms's length basis. Transactions and balances with the related parties are given below:

	Note	2024	2023
		(Rupees in '000')	
Shifa Foundation:			
Transactions			
Revenue from medical services earned by the SIHL		13,997	19,634
Rent expense paid by and reimbursed to the SIHL		1,215	741
Acquisition of shares of SIHT (Private) Limited		425,000	-
Balance			
Receivable - unsecured at year end		7,137	15,686
Tameer-e-Millat Foundation:			
Tranactions			
Supplies provided to the SIHL		102,662	112,176
Other services provided to the SIHL	38.1	35,904	43,153
Rental services received / earned by the SIHL		6,353	6,649
Balance			
Payable - unsecured at year end		7,285	12,803

	Note	2024	2023
		(Rupees in '000')	
Shifa Tameer-e-Millat University:			
Transactions			
Revenue from medical services earned by the SIHL		28,402	21,554
Revenue from rent earned by the SIHL		3,869	3,517
Other services provided to the SIHL	38.1	113,015	99,170
Expenses paid by and reimbursed to the SIHL		21,160	21,940
Balance			
Payable - unsecured at year end		31,566	12,009
SIHT (Private) Limited:			
Transactions			
Revenue from medical services earned by the SIHL		568,496	412,250
Expenses paid by and reimbursed to the SIHL		5,724	5,816
Other services provided to the SIHL	38.1	26,267	25,016
Balance			
Receivable - unsecured at year end		30,329	87,473
Shifa Cooperative Housing Society Limited:			
Transactions			
Plot maintenance charges paid by the SIHL		3,112	1,434
Balance			
Receivable / (payable) - unsecured at year end		-	-
Shifa CARE (Private) Limited:			
Transactions			
Corporate shared services provided by the SIHL	38.2	1,924	2,437
Balance			
Receivable / (payable) - unsecured at year end		-	-
International Finance Corporation:			
Transactions			
Dividend paid by the SIHL		22,757	11,379
Balance			
Receivable / (payable) - unsecured at year end		-	-

	Note	2024	2023
		(Rupees in '000')	
SIHL Employees' Gratuity Fund Trust:			
Transactions			
Payment made by the SIHL		242,112	141,271
Dividend paid by the SIHL		235	118
Balance			
Payable - unsecured at year end		132,734	169,573
Remuneration including benefits and perquisites of key management personnel	38.3	396,517	474,163

38.1 This represents services of nursing education, employees' children education and media services.

38.2 Corporate shared services agreement with Shifa CARE (Private) Limited was concluded on March 31, 2024.

38.3 This includes employee retirement benefits (pension / gratuity) amounting to Rs. 13,692 thousand (2023: Rs. 15,873 thousand).

38.4 Following is the list of related parties and their shareholding for the year ended June 30, 2024.

Sr #	Name of related party (RP)	Basis of relationship	Percentage of SIHL's shareholding in RP	Percentage of RP's shareholding in the SIHL
1	Shifa Foundation	Common Directorship	N/A*	5.30%
2	Tameer-e-Millat Foundation	Common Directorship	N/A	12.44%
3	SIHL Employees' Gratuity Fund Trust	Benefit plan	N/A	0.12%
4	Shifa Tameer-e-Millat University	Common Directorship	N/A	0.27%
5	Shifa CARE (Private) Limited	Associate and Common Directorship	50%	Nil
6	SIHT (Private) Limited	Associate and Common Directorship	29.5%	Nil
7	Shifa Cooperative Housing Society Limited	Common Directorship	N/A	Nil
8	International Finance Corporation (IFC)	Associate	Nil	12.00%
9	Ahmed E.H. Jaffer Foundation	Common Directorship	N/A	Nil

*N/A stands for not applicable.

39 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Executive Director		Non Executive Directors		Executives	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
	(Rupees in '000')							
Managerial remuneration	40,816	56,976	6,824	48,976	12,500	12,396	481,470	375,934
Annual bonus	1,815	2,365	-	1,430	260	237	14,090	10,118
Pension / gratuity	2,368	305	-	1,364	-	-	23,661	17,573
Medical insurance	120	153	146	342	394	519	4,553	4,460
Leave encashment	-	-	-	-	-	-	11,136	8,846
	45,119	59,799	6,970	52,112	13,154	13,152	534,910	416,931
Number of persons	1	1	2	2	11	10	94	54

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

39.2 Managerial remuneration includes Rs. 5,022 thousand (2023: Rs. 5,445 thousand) paid to directors in respect of meeting attending fee.

39.3 Executive means an employee, other than the Chief executive and directors, whose basic salary exceeds Rs. 1,200 thousand (2023: Rs. 1,200 thousand) during the year.

39.4 Travelling and other expenses of Rs. 26,499 thousand (2023: Rs. 8,307 thousand) for official purposes are reimbursed by the SIHL to directors.

40 CASH AND CASH EQUIVALENTS	Note	**2024**	2023
		(Rupees in '000')	
Investment - at amortised cost	25.1	226,102	123,449
Cash and bank balances	27	2,157,203	2,322,666
		2,383,305	2,446,115

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

	Liabilities			Equity				
	Long term financing	Government grant	Lease liabilities	Share capital	Share premium	Non-controlling Interest	Un-appropriated profits	Total
2024	(Rupees in '000')							
Balance at the beginning of the year	1,691,820	48,590	466,986	632,144	2,738,888	2,500,388	5,991,558	14,070,374
Changes from financing cash flows								
Proceeds from long term financing	216,122	-	-	-	-	-	-	216,122
Repayments of long term financing	(881,581)	-	-	-	-	-	-	(881,581)
Payments of lease liabilities	-	-	(200,524)	-	-	-	-	(200,524)
Dividend paid	-	-	-	-	-	-	(181,869)	(181,869)
Total changes from financing cash flows	(665,459)	-	(200,524)	-	-	-	(181,869)	(1,047,852)
Other changes								
Liability related	25,847	-	363,844	-	-	-	-	389,691
Amortisation of government grant	-	(25,847)	-	-	-	-	-	(25,847)
Equity related								
Total comprehensive changes	-	-	-	-	-	(29,497)	1,294,471	1,264,974
Other changes	-	-	-	-	-	-	22,299	22,299
Changes in unclaimed dividend	-	-	-	-	-	-	(7,775)	(7,775)
Total of equity related changes	-	-	-	-	-	(29,497)	1,308,995	1,279,498
Balance at end of the year	1,052,208	22,743	630,306	632,144	2,738,888	2,470,891	7,118,684	14,665,864

	Liabilities			Equity				
	Long term financing	**Government grant**	**Lease liabilities**	**Share capital**	**Share premium**	**Non-controlling Interest**	**Un-appropriated profits**	**Total**
2023	**(Rupees in '000')**							
Balance at the beginning of the year	2,540,125	67,511	608,881	632,144	2,738,888	1,670,759	4,898,668	13,156,976
Changes from financing cash flows								
Proceeds from long term financing	470,534	-	-	-	-	-	-	470,534
Repayments of long term financing	(1,353,678)	-	-	-	-	-	-	(1,353,678)
Payments of lease liabilties	-	-	(188,129)	-	-	-	-	(188,129)
NCI recognised during the year	-	-	-	-	-	524,250	-	524,250
Dividend paid	-	-	-	-	-	-	(98,645)	(98,645)
Grant received	-	15,918	-	-	-	-	-	15,918
Total changes from financing cash flows	(883,144)	15,918	(188,129)	-	-	524,250	(98,645)	(629,750)
Other changes								
Liability related	34,839	-	46,234	-	-	-	-	81,073
Amortisation of government grant	-	(34,839)	-	-	-	-	-	(34,839)
Equity related								
Total comprehensive changes	-	-	-	-	-	306,653	1,152,791	1,459,444
Other changes	-	-	-	-	-	-	33,647	33,647
Changes in unclaimed dividend	-	-	-	-	-	-	3,823	3,823
Acquisition of shareholding by SIHL	-	-	-	-	-	(1,274)	1,274	-
Total of equity related changes	-	-	-	-	-	305,379	1,191,535	1,496,914
Balance at end of the year	1,691,820	48,590	466,986	632,144	2,738,888	2,500,388	5,991,558	14,070,374

		2024	2023
		(Rupees in '000')	
42	**ADJUSTMENT OF NON-CASH INCOME AND EXPENSE**		
	Depreciation / amortisation on tangible assets	1,064,542	974,093
	Amortisation on intangible assets	246	11,954
	Impairment loss on tangible / intangible assets	4,451	-
	Expected credit losses	116,289	57,105
	Property, plant and equipment written off	7,168	8,222
	Gain on disposal of tangible assets	(7,965)	(42,202)
	Gain on termination of right of use assets	(75)	(5,063)
	Loss on disposal of investment property	2,708	-
	Provision for compensated absences	103,063	72,408
	Provision for defined contribution plan	109,027	94,703
	Provision for bonus for employees	170,730	134,864
	Provision for gratuity	80,644	99,896
	Reversal of provision for slow moving stores	(1,892)	(5,923)
	Loss on disposal of slow moving stores	-	3,866
	Share of loss / (profit) of associates	4,506	(12,217)
	Impairment loss on long term investment	41,528	-
	Gain on investments and bank deposits	(171,768)	(163,653)
	Loss / (gain) on foreign currency translation	26,469	(375,706)
	Finance costs	421,092	434,403
		1,970,763	1,286,750

43 FINANCIAL RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

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

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

43.1 Credit risk

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

43.1.1 Exposure to credit risk

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

	2024	2023
	(Rupees in '000')	
Long term deposits	126,050	104,330
Trade debts	1,346,189	1,366,122
Deposits and other receivables	123,948	225,175
Markup accrued	4,383	2,077
Other financial assets	484,991	554,352
Bank balances	2,131,016	2,289,994
	4,216,577	4,542,050

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

43.1.2 Counterparties

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

Trade debts

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

Bank balances and investments

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

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

	2024	2023
	(Rupees in '000')	
Government companies	845,715	788,526
Private companies	446,124	525,047
Individuals	290,159	265,225
Related parties	7,137	15,686
	1,589,135	1,594,484

43.1.3 Impairment losses

The ageing of trade debts at the reporting date was:

	2024		2023	
	Gross debts	**Allowance for ECL**	Gross debts	Allowance for ECL
	(Rupees in '000')			
Not past due	498,244	3,178	342,965	2,613
1 - 2 months	357,017	12,967	475,313	13,186
3 - 4 months	218,635	30,316	210,188	13,229
5 - 7 months	148,772	24,285	183,465	22,988
8 - 12 months	98,670	31,039	138,388	39,325
Above 12 months	267,797	141,161	244,165	137,021
	1,589,135	242,946	1,594,484	228,362

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

	Note	2024	2023
		(Rupees in '000')	
Balance at beginning of the year		228,362	171,257
Expected credit losses		93,273	57,105
Bad debts written off		(78,689)	-
Balance at end of the year	22	242,946	228,362

43.1.4 The Group believes that no impairment allowance is necessary in respect of markup accrued, deposits, bank balances and investments as the recovery of such amounts is possible.

The ageing of Shifa Foundation (SF) and SIHT (Private) Limited at the reporting date was:

	Note	2024		2023	
		Gross debts / Other receivables	Allowance for ECL	Gross debts / Other receivables	Allowance for ECL
		(Rupees in '000')			
Shifa Foundation					
1 - 6 months	22	7,137	-	15,686	-
SIHT (Private) Limited					
1 - 3 months	24.1	30,329	-	87,473	-

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

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

43.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. For this purpose, the Group has credit facilities as mentioned in notes 9 and 36 to the financial statements. Further, liquidity position of the Group is monitored by the Board through budgets, cash flow projections and comparison with actual results.

Following is the maturity analysis of financial liabilities:

2024	Carrying amount	Six months or less	Six to twelve months	One to two years	Two to five years	Above five years
	(Rupees in '000')					
Long term financing- secured	1,074,951	361,803	133,392	243,370	336,386	-
Deferred liabilities	34,434	-	-	34,434	-	-
Trade and other payables	3,662,078	3,662,078	-	-	-	-
Unclaimed dividend	44,730	44,730	-	-	-	-
Mark up accrued	23,858	23,858	-	-	-	-
	4,840,051	4,092,469	133,392	277,804	336,386	-

	Carrying amount	Six months or less	Six to twelve months	One to two years	Two to five years	Above five years
2023						
Long term financing-secured	1,740,409	443,595	428,203	755,874	112,737	-
Deferred liabilities	24,570	-	-	24,570	-	-
Trade and other payables	4,421,544	4,421,544	-	-	-	-
Unclaimed dividend	36,955	36,955	-	-	-	-
Mark up accrued	70,874	70,874	-	-	-	-
	6,294,352	4,972,968	428,203	780,444	112,737	-

Maturity analysis of lease liabilities is given in note 11.

43.3 Market risk

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

43.3.1 Foreign currency risk

Exposure to foreign currency risk

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

	2024			2023		
	(Amount in '000')					
	Euro	**USD**	**AED**	Euro	USD	AED
Creditors	-	-	-	-	-	(9)
Bank balances	-	3,285	-	-	3,366	301
Letters of credit	(555)	(1,460)	-	-	-	-
	(555)	1,825	-	-	3,366	292

	2024			2023		
	(Rupees in '000')					
Creditors	-	-	-	-	-	(696)
Bank balances	-	913,689	-	-	963,233	23,443
Letters of credit	(165,397)	(406,837)	-	-	-	-
	(165,397)	506,852	-	-	963,233	22,747

Following are significant exchange rates applied during the year:

	Average rate		Closing rate	
	2024	2023	2024	2023
	(Rupees)			
USD 1 - Buying	283.02	247.69	278.15	286.18
USD 1 - Selling	283.45	248.11	278.59	286.60
AED 1 - Buying	77.09	67.49	75.73	77.92
AED 1 - Selling	77.21	67.59	75.84	78.02
Euro 1 - Buying	306.25	260.15	297.45	312.85
Euro 1 - Selling	306.72	260.58	297.92	313.30

Foreign currency sensitivity analysis

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

	Change in Foreign Exchange Rates	Effect on Profit	Effect on Equity
	%	(Rupees in '000')	
2024			
Foreign currencies	+10%	20,829	20,829
Foreign currencies	-10%	(20,829)	(20,829)
2023			
Foreign currencies	+10%	60,145	60,145
Foreign currencies	-10%	(60,145)	(60,145)

43.3.2 Markup rate risk

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

	Note	2024	2023
		(Rupees in '000')	
Financial assets			
Investment - at amortised cost	25.1	226,102	123,449
Bank balances	27	813,897	1,043,880
		1,039,999	1,167,329
Financial liabilities			
Financing - secured	9	(1,074,951)	(1,740,409)
		(34,952)	(573,080)

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

Markup rate sensitivity analysis

If markup rates had been 50 basis points higher / lower and all other variables were held constant, the Group's profit for the year ended June 30, 2024 would decrease / increase by Rs. 1,107 thousand (2023: decrease / increase by Rs. 1,615 thousand). This is mainly attributable to the Group's exposure to markup rates on its variable rate borrowings.

43.3.3 Price risk

The Group's price risk arises from investments in units as disclosed in note 25.2 which are designated at fair value through profit or loss, however, in accordance with the investment strategy the performance of units is actively monitored and they are managed on a fair value basis.

Price risk sensitivity analysis

A change of Rs. 1 in the value of investments at fair value through profit or loss would have increased or decreased profit or loss by Rs. 3,224 thousand (2023: Rs.5,436 thousand).

43.4 Financial instrument by category

	Amortised cost	Fair value through profit or loss	Total
2024		(Rupees in '000')	
Financial assets			
Maturity upto one year			
Trade debts	1,346,189	-	1,346,189
Deposits and other receivables	123,948	-	123,948
Markup accrued	4,383	-	4,383
Other financial assets	226,102	258,889	484,991
Cash and bank balances	2,157,203	-	2,157,203

	Amortised cost	Fair value through profit or loss	Total
		(Rupees in '000')	
2024			
Maturity after one year			
Long term deposits	126,050	-	126,050
	3,983,875	258,889	4,242,764
Financial liabilities			
Maturity upto one year			
Trade and other payables	3,662,078	-	3,662,078
Unclaimed dividend	44,730	-	44,730
Markup accrued	23,858	-	23,858
Current portion of long term financing - secured	495,195	-	495,195
Current portion of lease liabilities	146,911	-	146,911
Maturity after one year			
Long term financing - secured	579,756	-	579,756
Deferred liabilities	34,434	-	34,434
Lease liabilities	483,396	-	483,396
	5,470,358	-	5,470,358
2023			
Financial assets			
Maturity upto one year			
Trade debts	1,366,122	-	1,366,122
Deposits and other receivables	225,175	-	225,175
Markup accrued	2,077	-	2,077
Other financial assets	123,449	430,903	554,352
Cash and bank balances	2,322,666	-	2,322,666
Maturity after one year			
Long term deposits	104,330	-	104,330
	4,143,819	430,903	4,574,722

2023	Amortised cost	Fair value through profit or loss	Total
		(Rupees in '000')	
Financial liabilities			
Maturity upto one year			
Trade and other payables	4,421,544	-	4,421,544
Unclaimed dividend	36,955	-	36,955
Markup accrued	70,874	-	70,874
Current portion of long term financing - secured	871,798	-	871,798
Current portion of lease liabilities	169,979	-	169,979
Maturity after one year			
Long term financing - secured	868,611	-	868,611
Deferred liabilities	24,570	-	24,570
Lease liabilities	297,008	-	297,008
	6,761,339	-	6,761,339

43.5 Fair value

Fair value versus carrying amounts

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

	2024		2023	
	Carrying value	**Fair value**	Carrying value	Fair value
		(Rupees in '000')		
Assets carried at amortised cost				
Long term deposits	126,050	126,050	104,330	104,330
Trade debts	1,346,189	1,346,189	1,366,122	1,366,122
Deposits and other receivables	123,948	123,948	225,175	225,175
Markup accrued	4,383	4,383	2,077	2,077
Other financial assets	226,102	226,102	123,449	123,449
Cash and bank balances	2,157,203	2,157,203	2,322,666	2,322,666
	3,983,875	3,983,875	4,143,819	4,143,819

	2024		2023	
	Carrying value	Fair value	Carrying value	Fair value
	(Rupees in '000')			
Assets carried at fair value				
Other financial assets	258,889	258,889	430,903	430,903
Liabilities carried at amortised cost				
Long term financing - secured	579,756	579,756	868,611	868,611
Deferred Liabilities	34,434	34,434	24,570	24,570
Lease liabilities	483,396	483,396	297,008	297,008
Trade and other payables	3,662,078	3,662,078	4,421,544	4,421,544
Unclaimed dividend	44,730	44,730	36,955	36,955
Markup accrued	23,858	23,858	70,874	70,874
Current portion of long term financing - secured	495,195	495,195	871,798	871,798
Current portion of lease liabilities	146,911	146,911	169,979	169,979
	5,470,358	5,470,358	6,761,339	6,761,339

The basis for determining fair value is as follows:

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

44 FAIR VALUE HIERARCHY

Other financial assets

Fair value of investment in mutual funds (note 25.2) has been determined using quoted repurchase price at reporting date and categorised under level 1 of fair value hierarchy.

Fair value of land

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

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

45 DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC INDEX

Description	Explanation	2024	2023
		(Rupees in '000')	
Bank balances	Placed under interest	185,244	273,136
	Placed under sharia permissible arrangement	628,653	770,744
		813,897	1,043,880
Return on bank deposit for the year	Placed under interest	25,954	7,750
	Placed under sharia permissible arrangement	41,353	34,413
		67,307	42,163
Interest and dividend income on investment for the year	Placed under interest	35,144	11,553
	Placed under sharia permissible arrangement	69,317	109,936
		104,461	121,489
Segment revenue	Disclosed in note 28		
Exchange (loss) / gain earned	Disclosed in note 29 & 30		
Loans obtained as per islamic mode		213,224	410,647
Mark up paid on islamic mode of financing		295,195	305,023
Interest paid on any conventional loan		1,218	1,896

Relationship with sharia compliant banks

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

46 OPERATING SEGMENTS

These consolidated financial statements have been prepared on the basis of single reportable segment. All revenue of the Group is earned in Pakistan. All non-current assets of the Group at June 30, 2024 are located in Pakistan. There is no customer with more than 10% of total revenue of the Group for the year.

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

The board of directors of the SIHL in its meeting held on September 14, 2024 has proposed a final cash dividend for the year ended June 30, 2024 @ Rs. 2.5/- per share, amounting to Rs.158,036 thousand for approval of the members in the Annual General Meeting to be held on October 28, 2024. This dividend is in addition to interim dividend of Rs. 1.5/- per share paid during the current year. The consolidated financial statements for the year ended June 30, 2024 does not include the effect of the final dividend which will be accounted for in the year in which it is approved.

48 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for better presentation. However, following reclassification has been made during the year.

Description	Note	Reclassifed from	Reclassified to	2023 (Rs. in '000')
Reclassification from income tax expense to levies	32	Income tax expense	Levies	17,565

49 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were approved and authorised for issue by the board of directors of the SIHL on September 14, 2024.

50 GENERAL

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

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER