UNCONSOLIDATED

FINANCIAL STATEMENTS

For the year ended June 30, 2023

BDO

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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, 2023 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, 2023.

ISLAMABAD

DATED: 30 September 2023
UDIN : CR202310095kZ8WzHbKB

BDO Ebrahim & Co.
CHARTERED ACCOUNTANTS
Engagement Partner: Abdul Qadeer

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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, 2023, 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 significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, 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, 2023 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 28 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, 2023, the Company recognised aggregate revenue of Rs. 19,950.638 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 indicator 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.

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. 226.563 million on gross amount of trade debts of Rs. 1,592.685 million as at June 30, 2023. 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, 2023 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

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

b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, 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.

Other Matter Paragraph

The unconsolidated financial statements of the Company for the year ended June 30, 2022 were audited by another firm of chartered accountants, who had expressed an unmodified opinion vide their report dated September 30, 2022.

The engagement partner on the audit resulting in this independent auditors report is Abdul Qadeer.

ISLAMABAD
DATED: 30 September 2023
UDIN: AR202310095c5RAEhnIU

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

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UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2023

	Note	2023	2022
		(Rupees in '000')	
SHARE CAPITAL AND RESERVES			
Authorised share capital			
100,000,000 (2022: 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	**936,615**	867,283
Revenue reserves			
Unappropriated profits		**6,511,963**	5,411,656
		10,819,610	9,649,971
NON - CURRENT LIABILITIES			
Long term financing - secured	8	**868,611**	1,273,101
Deferred liabilities	9	**423,143**	342,828
Lease liabilities	10	**459,047**	694,285
		1,750,801	2,310,214
CURRENT LIABILITIES			
Trade and other payables	11	**4,644,160**	3,587,444
Unclaimed dividend		**36,955**	40,778
Markup accrued	12	**70,874**	35,658
Current portion of long term financing - secured	8	**871,798**	1,334,536
Current portion of lease liabilities	10	**268,595**	253,452
		5,892,382	5,251,868
		18,462,793	17,212,053
CONTINGENCIES AND COMMITMENTS	13		

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

CHAIRMAN

CHIEF EXECUTIVE

	Note	2023	2022
		(Rupees in '000')	
NON - CURRENT ASSETS			
Property, plant and equipment	14	**7,017,740**	7,134,172
Intangible assets	15	**41,834**	53,365
Investment property - at cost	16	**748,450**	-
Long term investments - at cost	17	**4,714,217**	3,918,618
Long term deposits	18	**91,616**	85,324
		12,613,857	11,191,479
CURRENT ASSETS			
Stores, spare parts and loose tools	19	**251,698**	210,189
Stock in trade	20	**982,498**	711,968
Trade debts	21	**1,366,122**	964,769
Loans and advances	22	**145,230**	235,814
Deposits, prepayments and other receivables	23	**289,284**	296,043
Markup accrued		**2,077**	2,129
Other financial assets	24	**307,919**	513,235
Tax refunds due from the government (net of provision)	25	**287,675**	448,042
Cash and bank balances	26	**2,216,433**	2,317,432
		5,848,936	5,699,621
Non - current assets held for sale	27	**-**	320,953
		18,462,793	17,212,053

CHIEF FINANCIAL OFFICER

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2023

	Note	2023	2022
		(Rupees in '000')	
Revenue - net	28	**19,721,425**	16,197,551
Other income	29	**617,015**	637,429
Operating costs	30	**(17,872,504)**	(14,791,977)
Finance costs	31	**(462,630)**	(382,432)
Expected credit losses	23.3 & 41.1.3	**(57,105)**	(69,069)
Profit before taxation		**1,946,201**	1,591,502
Provision for taxation	32	**(764,795)**	(428,953)
Profit after taxation		**1,181,406**	1,162,549
Earnings per share - basic and diluted (Rupees)	33	**18.69**	18.39

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, 2023

	Note	2023	2022
		(Rupees in '000')	
Profit after taxation		**1,181,406**	1,162,549
Other comprehensive income:			
Items that will not be subsequently reclassified in the unconsolidated statement of profit or loss:			
Loss on remeasurement of staff gratuity fund benefit plan	11.5.4	**(26,884)**	(23,961)
Deferred tax relating to remeasurement of staff gratuity fund benefit plan		**10,485**	7,907
Loss on remeasurement of staff gratuity fund benefit plan (net of tax)		**(16,399)**	(16,054)
Surplus on revaluation of land		**99,454**	109,611
		83,055	93,557
Total comprehensive income for the year		**1,264,461**	1,256,106

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, 2023

	Share capital	Share premium	Surplus on revaluation of property, plant and equipment	Un-appropriated profits	Total
			(Rupees in '000')		
Balance as at July 01, 2021	619,749	2,751,283	792,396	4,325,259	8,488,687
Total comprehensive income for the year					
Profit after taxation	-	-	-	1,162,549	1,162,549
Other comprehensive income - net of tax	-	-	109,611	(16,054)	93,557
	-	-	109,611	1,146,495	1,256,106
Realisation of revaluation surplus on disposal of assets	-	-	(24,883)	24,883	-
Transfer of revaluation surplus on property, plant and equipment in respect of incremental depreciation / amortisation	-	-	(9,841)	9,841	-
Distribution to owners					
Bonus shares issued for the year ended June 30, 2021 @ 2 %	12,395	(12,395)	-	-	-
Dividend-Interim 2022 @ Rs. 1.5 per share	-	-	-	(94,822)	(94,822)
Balance as at June 30, 2022	632,144	2,738,888	867,283	5,411,656	9,649,971
Total comprehensive income for the year					
Profit after taxation	**-**	**-**	**-**	**1,181,406**	**1,181,406**
Other comprehensive income - 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**

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, 2023

	2023	2022
	(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**1,946,201**	1,591,502
Adjustments for:		
Depreciation / amortisation on tangible assets	**992,015**	902,448
Amortisation on intangible assets	**11,531**	21,568
Expected credit losses	**57,105**	69,069
Property, plant and equipment written off	**8,222**	2,234
Gain on disposal of tangible assets	**(42,202)**	(69,269)
Gain on termination of right of use assets	**(5,063)**	-
Provision for compensated absences	**72,408**	67,049
Provision for defined contribution plan	**94,703**	53,655
Provision for bonus for employees	**134,864**	125,814
Provision for gratuity	**90,507**	159,116
(Reversal) / charged of provision for slow moving stores	**(5,923)**	2,687
Loss on disposal of slow moving stores	**3,866**	-
Gain on investments and bank deposits	**(137,560)**	(97,922)
Gain on foreign currency translation	**(375,706)**	(416,217)
Finance costs	**462,630**	382,432
Operating cash flows before changes in working capital	**3,307,598**	2,794,166
Changes in working capital:		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	**(39,452)**	(47,564)
Stock-in-trade	**(270,530)**	(53,688)
Trade debts	**(458,458)**	(158,832)
Loans and advances	**90,584**	101,845
Deposits, prepayments and other receivables	**(9,322)**	(251,637)
Increase in current liabilities:		
Trade and other payables	**959,281**	213,930
	272,103	(195,946)
Cash generated from operations	**3,579,701**	2,598,220
Finance costs paid	**(334,925)**	(275,712)
Income tax paid	**(538,198)**	(405,208)
Payment to SIHL Employees' Gratuity Fund Trust	**(141,271)**	(241,218)
Compensated absences paid	**(58,095)**	(49,695)
Payment to defined contribution plan	**(97,999)**	(24,467)
Net cash generated from operating activities	**2,409,213**	1,601,920

UNCONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2023

	Note	2023	2022
		(Rupees in '000')	
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to property, plant and equipment (PPE)		**(1,264,001)**	(672,903)
Addition to intangible assets		**-**	(43,590)
Outlay against long term investments		**(795,599)**	(739,860)
Encashment of other financial assets - net		**269,492**	165,124
Proceeds from disposal of PPE and items classified held for sale		**97,663**	251,206
Markup received		**44,578**	15,112
Dividend received		**28,858**	25,463
(Decrease) / increase in long term deposits		**(6,191)**	6,573
Net cash used in investing activities		**(1,625,200)**	(992,875)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing - repayments		**(1,353,678)**	(1,417,563)
Proceeds from long term financing		**470,534**	212,009
Deferred grant received		**15,918**	47,060
Lease liabilities - repayments		**(294,847)**	(269,831)
Dividend paid		**(98,645)**	(89,202)
Net cash used in financing activities		**(1,260,718)**	(1,517,527)
Net decrease in cash and cash equivalents		**(476,705)**	(908,482)
Cash and cash equivalents at beginning of the year		**2,320,432**	2,812,697
Effect of exchange rate changes on cash and cash equivalents		**375,706**	416,217
Cash and cash equivalents at end of the year	39	**2,219,433**	2,320,432

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

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

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 Pharmacy, Gulberg Greens, Islamabad
Shifa Pharmacy, F-11 Markaz, Islamabad
Faisalabad Hospital, Main Jaranwala road, Faisalabad
Shifa Pharmacy, Iskandarabad, Mianwali
Shifa Pharmacy, National Radio Telecommunication Corporation, Haripur
Shifa Pharmacy, Telephone Industries of Pakistan, Haripur
Shifa Pharmacy, Ring Road, Peshawar
Shifa Pharmacy, Jamrud Road, Peshawar
Shifa Pharmacy, WAPDA, Mangla
Shifa Medical and Facilitation Center, Hayatabad, Peshawar

Percentage share in total revenue given in note 28.	**2023**	2022
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 Standards) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Basis of measurement

These 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

Items included in the unconsolidated financial statements are measured using the currency of the primary economic environment in which the Company operates. 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, 4.15.4 and 8
ii) Provision for taxation - notes 4.4, 9 and 32
iii) Right of use assets and corresponding lease liability - notes 4.5, 10 and 14
iv) Employee benefits - notes 4.7, 11.4 and 11.5
v) Provisions and contingencies - notes 4.8, 4.9 and 13
vi) Estimate of useful life of property, plant and equipment - notes 4.10 and 14
vii) Estimate of useful life of intangible assets - notes 4.11 and 15
viii) Impairment of non-financial assets - note 4.13
ix) Estimate of recoverable amount of investment in subsidiaries and associated companies - notes 4.14 and 17
x) Expected credit loss allowance - notes 4.15.2, 23.3 and 41.1.3
xi) Provision for slow moving stores, spares and loose tools - notes 4.16, 4.17, 14.9.2 and 19

3 CHANGES IN ACCOUNTING STANDARDS, INTERPRETATIONS AND PRONOUNCEMENTS

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

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

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

		Effective date annual reporting periods beginning on or after
IAS 1	Presentation of Financial Statements (Disclosure of accounting policies Amendments)	January 1, 2023
IAS 7	Statements of Cash Flows (Amendments)	January 1, 2023
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 1, 2023
IAS 12	Income Taxes (Amendments)	January 1, 2023
IAS 1	Presentation of Financial Statements (Non-current liabilities with covenants Amendments)	January 1, 2024
IFRS 7	Financial Instruments	January 1, 2024
IFRS 16	Leases (Amendments)	January 1, 2024

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

Other than the aforesaid standards, interpretations and amendments, IASB has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the SECP as at June 30, 2023:

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 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.

4.2 Financing and finance cost

Financing are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, financing are 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. Financing costs are recognised as an expense in the period in which these are incurred.

4.3 Government grants

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

Government grants are 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 are recognised and finance cost are 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.

4.4 Taxation

Taxation for the year comprises of 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.

4.5 Leases

4.5.1 Right of use assets (ROUs)

The Company recognises 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 losses, if any, and adjusted for certain remeasurements of the lease liability.

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

4.5.2 Lease liability

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

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

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

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

4.6 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 Company.

4.7 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 are 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 fullfilment 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 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.

4.8 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.

4.9 Contingencies

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

The Company discloses significant contingent liabilities for the pending litigations and claims against the Company based on its judgment and the advice of the legal advisors for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities 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.

4.10 Property, plant and equipment

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

Any revaluation increase arising on the revaluation of land is 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 unconslidated 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 repairs 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 are recognised on net basis within "other income" 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.

4.11 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses, 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.

4.12 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 losses, if any.

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

4.13 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.

4.14 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.

4.14.1 Investment in subsidiaries

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 losses are recognised as expense in the unconsolidated statement of profit or loss. Where impairment loss is subsequently reversed, the carrying amounts of investment are increased to its revised recoverable amount, limited to the extent of initial cost of investment. Reversal of impairment losses are recognised in the unconsolidated statement of profit or loss.

The profits or losses of subsidiaries are carried forward in their financial statements and are 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 other income. When the disposal on investment in subsidiary results in loss of control such that it becomes an associate, the retained investment is carried at cost.

4.14.2 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 losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognised as expense in the unconsolidated statement of profit or loss. Where impairment losses are subsequently reversed, the carrying amounts of these investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognised in the unconsolidated statement of profit or loss. Profit or loss of associate is carried forward in their financial statements and are 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.

4.15 Financial assets

Initial measurement

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

The 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 are 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 or dividend income, is recognised in the unconsolidated statement of profit or loss.

iv) Financial asset at amortised cost

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

4.15.1 Other financial assets

Investment in Units of Mutual Funds are classified at fair value through profit or loss and is initially measured at fair value and subsequently is measured at fair value determined using the net assets value of the funds at each reporting date. Net gain or loss are recognised in the unconsolidated 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 losses, if any. Interest / markup income, losses and impairment are recognised in the unconsolidated statement of profit or loss.

4.15.2 Impairment of financial assets

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

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

The Company recognises life time ECL for trade debts, using the simplified approach. The expected credit losses on trade debts are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Life time expected credit losses against other receivables is also 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 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 write off financial assets that are still subject to enforcement activities. Subsequent recoveries of amounts previously written off will result in impairment gain.

4.15.3 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.

4.15.4 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 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 are 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 liability's cash flows have been substantially modified.

4.15.5 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 realize the asset and settle the liability simultaneously. Legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

4.16 Stores, spare parts and loose tools

These are valued at cost, determined on moving average cost basis or net realizable value, whichever is lower. For items which are slow moving or identified as surplus to the 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 amounts of the respective items of stores and spares with a corresponding affect on the provision.

4.17 Stock in trade

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

The 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.

4.18 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.

4.19 Cash and cash equivalents

Cash and cash equivalents comprise 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.

4.20 Non - current assets held for sale

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

4.21 Foreign currencies

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

4.22 Operating segment

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions. The 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.

4.23 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.

4.24 Earnings per share

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

4.25 Fair value measurement

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

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

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

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

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, 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 categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

For assets and liabilities that are 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 categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2023	2022		2023	2022
(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 (2022: 7,585,725) ordinary shares representing 12% (2022: 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.

	2023	2022
	(Rupees in '000')	
Equity	**10,819,610**	9,649,971
Debt including impact of lease liabilities	**2,468,051**	3,555,374
Debt to equity ratio	**0.19**	0.27

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 comprise of share premium of Rs. 5, Rs. 250 and Rs. 229.29 per share received on issue of 8,000,000, 4,024,100 and 7,436,986 ordinary shares of Rs. 10 each in the years 1994, 2016 and 2020 respectively. Out of the above the Company during the 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.

	2023	2022
7 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	**(Rupees in '000')**	
Balance at beginning of the year	**867,283**	792,396
Revaluation surplus during the year	**99,454**	109,611
Realisation of revaluation surplus on disposal of assets	**(19,463)**	(24,883)
Transferred to unappropriated profits in respect of incremental depreciation / amortisation charged during the year	**(10,659)**	(9,841)
Balance at end of the year	**936,615**	867,283

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	2023	2022
8	**LONG TERM FINANCING - SECURED**		**(Rupees in '000')**	
	From banking companies and non banking financial institution:			
	Syndicated Islamic Finance Facility	8.1	**713,818**	1,283,907
	Diminishing Musharakah Facility-1	8.2	**72,176**	250,754
	Diminishing Musharakah Facility-2	8.3	**250,000**	416,667
	Diminishing Musharakah Facility-3	8.4	**407,196**	26,160
	Refinance Facility to Combat COVID-19 (RFCC)	8.5	**111,419**	88,194
	Deferred income - Government grant		**27,830**	29,483
			139,249	117,677
	Islamic Refinance Facility to Combat COVID -19 (IRFCC)	8.6	**107,798**	128,952
	Deferred income - Government grant		**13,313**	20,014
			121,111	148,966
	Islamic Refinance Facility to Combat COVID-19 (IRFCC)	8.7	**29,412**	34,209
	Deferred income - Government grant		**7,447**	11,775
			36,859	45,984
	State Bank of Pakistan (SBP) - refinance scheme	8.8	**-**	311,283
	Deferred income - Government grant		**-**	6,239
			-	317,522
			1,740,409	2,607,637
	Less: current portion		**871,798**	1,334,536
			868,611	1,273,101

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% (2022: 3 months KIBOR plus 0.85%) per annum, repayable in 14 equal quarterly installments. The Company has availed the loan facility upto the total sanctioned limit of Rs. 2,000 million repayable by August 22, 2024. The financing is secured by pari passu charge of Rs. 2,667 million on all present and future Company's movable fixed assets and land / building located at H-8/4, Islamabad. Meezan Bank Limited has the custody of original ownership documents of the Company's land located at H-8/4 Islamabad.

8.2 This includes outstanding balance of Rs. 19.6 million (2022: Rs. 210.4 million) against the long term Islamic finance facility obtained from Al Baraka Bank (Pakistan) Limited of Rs. 449.5 million (2022: Rs. 449.5 million). Principal amount is repayable in 36 equal monthly installments carrying profit rate at 3 months KIBOR plus 0.80% (2022: 3 months KIBOR plus 0.80%) per annum. The financing is secured by first exclusive charge of Rs. 781.3 million against equipment / machinery. The unavailed limit of this facility is Rs. 20.7 million (2022: Rs. 20.7 million). This also includes an outstanding balance of Rs. 52.6 million (2022: Rs. 40.3 million) against long term Islamic finance facility obtained under Diminishing Musharakah basis from First Habib Modaraba of Rs. 83.2 million (2022: Rs. 57.7 million). Principal amount is repayable in 60 equal monthly installments carrying profit rate at 3 months KIBOR plus 0.70% (2022: 3 months KIBOR plus 0.70%) per annum. The unavailed limit of this facility is nil (2022: Rs. 12.3 million).

8.3 This represents outstanding balance of long term Islamic finance facility obtained from Meezan Bank Limited of Rs. 500 million (2022: Rs. 500 million). Principal amount shall be repaid by October 01, 2024 in 12 equal quarterly installments carrying profit rate at 3 months KIBOR plus 0.85% (2022: 3 months KIBOR plus 0.85%) per annum. The financing is secured by first pari passu charge of Rs. 667 million on all present and future fixed assets of the Company.

8.4 This represents a long term Islamic finance facility obtained from Bank Alfalah Limited of Rs. 407.2 million (2022: Rs. 26.2 million). Principal amount is repayable in 12 equal quarterly installments carrying profit rate at 3 months KIBOR plus 0.70% (2022: 3 months KIBOR plus 0.70%) per annum. The financing is initially secured by ranking charge of Rs. 800 million and will be upgraded to first exclusive charge against plant and machinery being financed under DM facility to be installed / placed at Hospital located at H-8/4, Islamabad. The unavailed limit of this facility is Rs. 179.9 million (2022: Rs. 492.9 million).

8.5 This represents the outstanding balance of long term finance facility obtained from United Bank Limited of Rs. 185.2 million (2022: Rs. 124.6 million). Principal amount shall be repaid by September 14, 2026 in 18 equal quarterly installments carrying profit at 1% per annum. The financing is secured by first pari passu charge of Rs. 267 million over fixed assets (excluding land and building) of the Company. The unavailed limit of this facility is nil (2022: Rs. 75.4 million). 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 as detailed below:

	2023	2022
	(Rupees in '000')	
Balance at beginning of the year	**29,483**	-
Received during the year	**12,013**	29,857
Amortisation during the year	**(13,666)**	(374)
Balance at end of the year	**27,830**	29,483

8.6 This represents the outstanding balance of long term Islamic finance facility obtained from Meezan Bank Limited of Rs. 200 million (2022: Rs. 183.1 million) for the purpose of import / purchase of medical equipment / machinery to combat COVID-19 under State Bank of Pakistan IRFCC scheme. Principal amount shall be repaid by December 29, 2025 in 18 equal quarterly installments with no profit rate. The financing is secured by first pari passu hypothecation charge of Rs. 267 million on all present and future fixed assets of the Company (excluding land and building). The unavailed limit of this facility is nil (2022: Rs. 16.9 million). 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 as detailed below:

	2023	2022
	(Rupees in '000')	
Balance at beginning of the year	**20,014**	25,526
Received during the year	**3,905**	5,140
Amortisation during the year	**(10,606)**	(10,652)
Balance at end of the year	**13,313**	20,014

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 (2022: Rs. 45.9 million) for the purpose of import / purchase of medical equipment / machinery to combat COVID-19 under State Bank of Pakistan IRFCC scheme. Principal amount shall be repaid in 9 equal half yearly installments with profit rate of 1% per annum. The facility is secured by 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 as detailed below:

	2023	2022
	(Rupees in '000')	
Balance at beginning of the year	**11,775**	-
Received during the year	**-**	12,063
Amortisation during the year	**(4,328)**	(288)
Balance at end of the year	**7,447**	11,775

8.8 This represented the long term finance facility obtained from United Bank Limited under the State Bank of Pakistan's (SBP) temporary refinance scheme for payment of wages and salaries to the workers and employees of business concerns to support payment of salaries and wages under economic challenges due to COVID-19. The Company has availed the financing at a subsidised markup rate of 0.85% per annum. The facility with sanctioned limit of Rs. 1,012.2 million has been fully repaid on January 27, 2023. The facility was secured by first pari passu charge of Rs. 1,333.3 million over fixed assets (excluding land and building) of the Company.

	2023	2022
	(Rupees in '000')	
Balance at beginning of the year	**6,239**	44,101
Amortisation during the year	**(6,239)**	(37,862)
Balance at end of the year	**-**	6,239

		Note	2023	2022
9	**DEFERRED LIABILITIES**		**(Rupees in '000')**	
	Deferred taxation	9.1	**398,573**	342,828
	Defined contribution plan		**24,570**	-
			423,143	342,828
9.1	Deferred tax liability	9.1.1	**642,947**	525,157
	Deferred tax asset	9.1.2	**(244,374)**	(182,329)
	Net deferred tax liability		**398,573**	342,828
9.1.1	**Deferred tax liability on taxable temporary differences:**			
	Accelerated depreciation / amortisation allowance		**642,947**	525,157
9.1.2	**Deferred tax asset on deductible temporary differences:**			
	Right of use assets net of lease liabilities		**(59,669)**	(34,728)
	Specific provisions		**(118,572)**	(83,762)
	Retirement benefit obligation		**(66,133)**	(63,839)
			(244,374)	(182,329)

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')		
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**
2022				
Effect of taxable temporary differences				
Accelerated depreciation / amortisation allowance	504,648	20,509	-	525,157
Effect of deductible temporary differences				
Right of use assets net of lease liabilities	(13,428)	(21,300)	-	(34,728)
Specific provisions	(67,944)	(15,818)	-	(83,762)
Retirement benefit obligation	(72,962)	17,030	(7,907)	(63,839)
	350,314	421	(7,907)	342,828

9.1.4 Deferred tax assets and liabilities on temporary differences are measured at the rate of 39% (2022: 33%).

		2023	2022
10	**LEASE LIABILITIES**	**(Rupees in '000')**	
	Balance at beginning of the year	**947,737**	784,671
	Addition during the year	**59,045**	347,377
	Interest expense during the year	**92,489**	87,980
	Modification / termination during the year	**(76,782)**	(2,460)
	Payment during the year	**(294,847)**	(269,831)
	Balance at end of the year	**727,642**	947,737
	Less: current portion	**268,595**	253,452
		459,047	694,285

10.1 Lease liabilities are payable as follows:

	Minimum lease payments	**Interest**	**Present value of minimum lease payments**
	(Rupees in '000')		
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**
2022			
Less than one year	301,760	48,308	253,452
Between one and five years	697,031	170,343	526,688
More than five years	309,919	142,322	167,597
	1,308,710	360,973	947,737

			2023	2022
		Note	**(Rupees in '000')**	
10.2	**Amounts recognised in the unconsolidated statement of profit or loss**			
	Interest expense on lease liabilities	31	**92,489**	87,980
	Expense relating to short term lease/ low value lease	30	**15,235**	12,266
			107,724	100,246

10.3 The year-end balance of lease liabilities include a balance of Rs. 268.6 million (2022: Rs. 338.8 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. 28.5 million (2022: Rs. 35.3 million) and lease payments of Rs. 106.7 million (2022: Rs. 97.0 million).

			2023	2022
11	**TRADE AND OTHER PAYABLES**	Note	**(Rupees in '000')**	
	Creditors	11.1	**2,555,090**	1,712,321
	Accrued liabilities		**707,198**	584,755
	Advances from customers - contract liability	11.2	**276,239**	293,743
	Medical consultants' charges		**651,675**	511,357
	Security deposits	11.3	**124,847**	118,712
	Compensated absences	11.4	**145,524**	131,211
	Defined contribution plan		**1,322**	29,188
	Retention money		**12,692**	12,704
	Payable to Shifa International Hospitals Limited (SIHL) Employees' Gratuity Fund Trust (the Fund)	11.5	**169,573**	193,453
			4,644,160	3,587,444

		2023	2022
11.1	**This includes payable to related parties (unsecured) as detailed below:**		
	Tameer - e - Millat Foundation (TMF)	**12,803**	11,660
	Shifa Tameer - e - Millat University (STMU)	**12,009**	6,458
		24,812	18,118
11.2	**Advances from customers - contract liability**		
	Balance at beginning of the year	**293,743**	272,841
	Revenue recognised during the year	**(279,795)**	(234,854)
	Advance received during the year	**262,291**	255,756
	Balance at end of the year	**276,239**	293,743

11.3 This includes security deposits retained from employees of Rs. 41,380 thousand (2022: Rs. 37,095 thousand) held in separate bank account and balances obtained from customers of Rs. 83,467 thousand (2022: Rs. 81,617 thousand) that are utilisable for the purpose of the business in accordance with agreements with customers.

		Note	2023	2022
			(Rupees in '000')	
11.4	**Compensated absences**			
	Balance at beginning of the year		**131,211**	113,857
	Provision made for the year		**72,408**	67,049
			203,619	180,906
	Payments made during the year		**(58,095)**	(49,695)
	Balance at end of the year	11.4.1	**145,524**	131,211

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

		Note	2023	2022
			(Rupees in '000')	
11.5	**The amount recognised in the unconsolidated statement of financial position:**			
	Present value of defined benefit obligation	11.5.1	**387,539**	398,711
	Fair value of plan assets	11.5.2	**(217,966)**	(205,258)
			169,573	193,453
11.5.1	**Movement in the present value of defined benefit obligation:**			
	Balance at beginning of the year		**398,711**	798,687
	Interest cost		**43,315**	47,760
	Current service cost		**74,387**	105,084
	Benefits paid / adjusted		**(142,049)**	(608,160)
	Benefits payable		**(2,304)**	(1,725)
	Loss arising on plan settlements		**-**	37,717
	Remeasurement loss on defined benefit obligation		**15,479**	19,348
	Balance at end of the year		**387,539**	398,711
11.5.2	**Movement in the fair value of plan assets:**			
	Balance at beginning of the year		**205,258**	547,093
	Expected return on plan assets		**27,195**	31,445
	Contributions		**141,271**	241,218
	Benefits paid / adjusted		**(142,049)**	(608,160)
	Benefits payable		**(2,304)**	(1,725)
	Remeasurement loss on plan assets		**(11,405)**	(4,613)
	Balance at end of the year		**217,966**	205,258

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

		Note	2023	2022
			(Rupees in '000')	
11.5.3	**Charge for the year:**			
	Current service cost		**74,387**	105,084
	Interest cost		**43,315**	47,760
	Loss arising on plan settlements		**-**	37,717
	Expected return on plan assets		**(27,195)**	(31,445)
			90,507	159,116
11.5.4	**Remeasurements recognised in the unconsolidated statement of comprehensive income (OCI):**			
	Remeasurement loss on obligation		**15,479**	19,348
	Remeasurement loss on plan assets		**11,405**	4,613
	Remeasurement loss recognised in OCI		**26,884**	23,961
	Deferred tax relating to remeasurement of staff gratuity fund benefit plan		**(10,485)**	(7,907)
			16,399	16,054
11.5.5	**Movement in liability recognised in unconsolidated statement of financial position:**			
	Balance at beginning of the year		**193,453**	251,594
	Charge for the year		**90,507**	159,116
	Remeasurement recognised in OCI during the year		**26,884**	23,961
	Contributions during the year		**(141,271)**	(241,218)
	Balance at end of the year		**169,573**	193,453
11.5.6	**Plan assets comprise of:**			
	Term deposit receipts		**133,162**	133,892
	Ordinary shares of SIHL	11.5.6.1	**9,611**	14,056
	Cash and bank balances		**88,806**	68,619
	Payable to outgoing members		**(13,613)**	(11,309)
			217,966	205,258

11.5.6.1 Number of ordinary shares held by the Fund at year end were 78,461 shares (2022: 78,461 shares) with market value of Rs. 122.49 (2022: Rs. 179.14) per share.

11.5.7 Latest actuarial valuation was carried out by an independent actuary on June 30, 2023 using the Projected Unit Credit Method.

		2023	2022
11.5.8	**Principal actuarial assumptions used in the actuarial valuation:**		
	Discount rate used for interest cost in profit or loss	**13.25%**	11.75%
	Discount rate used for year end obligation	**16.25%**	13.25%
	Expected rate of salary growth		
	- Salary increase FY 2023	**N/A**	9.25%
	- Salary increase FY 2024-2025	**9.25%**	9.25%
	- Salary increase FY 2026 onward	**14.25%**	11.25%
	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 summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased / decreased as a result of a change in respective assumptions by one percent.

	2023		2022	
	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	**363,941**	**414,544**	373,013	427,045
Future salary increase	**415,076**	**363,112**	427,576	372,149

11.5.10 The average duration of the defined benefit obligation as at June 30, 2023 is 7 years (2022: 8.5 years).

11.5.11 The expected expense for the next year is amounted to Rs. 93,517 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.

		2023	2022
12	**MARKUP ACCRUED**	**(Rupees in '000')**	
	Long term financing - secured	**70,874**	35,658

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

13.1.1 The guarantees issued by bank in favor of Sui Northern Gas Pipelines Limited (SNGPL) of aggregate sum of Rs. 33.1 million (2022: Rs. 43.35 million) on behalf of the Company in its ordinary course of business.

13.1.2 Claims and penalties against the Company for alleged negligence attributed to consultants / doctors etc. and other matters aggregating to Rs. 5.4 million (2022: Rs. 3 million) are currently pending within the legal jurisdiction of Peshawar, Islamabad and Lahore High Courts as well as the Supreme Court of Pakistan. The management of the Company is contesting these claims and penalties, and believes that the contention of the claimants and penalties imposed will not be successful and no material liability is likely to arise.

13.1.3 On June 06, 2012, the Competition Commission of Pakistan (CCP) imposed a penalty of Rs. 20 million (2022: 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 firmly believes that a favorable judgment for the GAMCs, including SIHL, will be reached.

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. 6.4 million, Rs. 97 million, Rs. 85.5 million, Rs. 26.1 million, Rs. 85.4 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 under section 177 of the Ordinance, resulting in a tax demand of Rs. 1,143.8 million. Feeling aggrieved, 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.

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 favor of the Company. Accordingly no provision has been made in respect of above in these unconsolidated financial statements.

		2023	2022
		(Rupees in '000')	
13.2	**Commitments**		
13.2.1	Capital expenditure contracted	**104,711**	135,129
13.2.2	Letters of credit	**-**	138,470

14 PROPERTY, PLANT AND EQUIPMENT

Particulars	Note	Owned assets													Right of use assets		Total
		Freehold land	Leasehold land	Building on freehold land	Building on leasehold land	Leasehold Improvements	Biomedical equipment	Air conditioning equipment and machinery	Electrical and other equipment	Furniture and fittings	Construction equipment	Computer installations	Vehicles	Capital work in progress (note 14.9)	Office premises	Electrical equipment	
		(Rupees in '000')															
Cost/Revalued amount																	
Balance as at July 01, 2021		261,343	955,707	58,898	2,616,071	61,610	4,493,801	504,712	721,050	223,289	2,788	562,672	120,406	409,192	1,095,568	57,000	12,144,107
Additions		-	-	-	-	22,586	118,418	7,438	44,883	8,758	223	60,646	23,194	386,757	368,187	-	1,041,090
Revaluation		55,557	54,054	-	-	-	-	-	-	-	-	-	-	-	-	-	109,611
Reclassified from held for sale		104,378	-	-	-	-	-	-	-	-	-	-	-	-	-	-	104,378
Disposals		-	-	-	-	-	(12,801)	-	-	-	-	(532)	(2,029)	-	-	-	(15,362)
Termination of lease / transfer		-	-	-	-	-	-	-	-	-	-	-	-	-	(11,842)	-	(11,842)
Write offs		-	-	-	-	-	(13,451)	(4,032)	(1,213)	(132)	-	(3,423)	-		-	-	(22,251)
Transfers		-	-	-	-	-	35,203	-	4,039	1,067	-	12,205	-	(52,514)	-	-	-
Balance as at June 30, 2022		421,278	1,009,761	58,898	2,616,071	84,196	4,621,170	508,118	768,759	232,982	3,011	631,568	141,571	743,435	1,451,913	57,000	13,349,731
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	14.4	**(382,553)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(382,553)**
Disposals		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,575)**	**(3,381)**	**-**	**-**	**-**	**(4,956)**
Modification / termination 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**
Depreciation/amortisation																	
Balance as at July 01, 2021		-	101,023	3,927	787,353	40,294	2,507,104	303,292	517,048	142,372	1,889	439,954	93,808	-	384,116	30,084	5,352,264
Charge for the year		-	12,770	2,944	74,401	12,511	335,151	52,083	57,974	17,033	272	68,489	11,178	-	238,642	19,000	902,448
On disposals		-	-	-	-	-	(11,866)	-	-	-	-	(316)	(1,523)	-	-	-	(13,705)
Termination of lease		-	-	-	-	-	-	-	-	-	-	-	-	-	(5,431)	-	(5,431)
On write offs		-	-	-	-	-	(11,765)	(3,596)	(1,169)	(101)	-	(3,386)	-	-	-	-	(20,017)
Balance at June 30, 2022		-	113,793	6,871	861,754	52,805	2,818,624	351,779	573,853	159,304	2,161	504,741	103,463	-	617,327	49,084	6,215,559
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 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**
Carrying value as at June 30, 2022		421,278	895,968	52,027	1,754,317	31,391	1,802,546	156,339	194,906	73,678	850	126,827	38,108	743,435	834,586	7,916	7,134,172
Balance 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**
Annual rate of depreciation (%)		**-**	**1.01-3.03**	**5**	**2.5-10**	**20**	**10**	**10-15**	**10-15**	**10**	**10-20**	**25**	**20**	**-**	**6.15-50**	**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 and 2022 by independent valuer, using fair market value basis. Total unamortised surplus against the revaluation of freehold and leasehold land as at June 30, 2023 stood at Rs. 1,087,431 thousand (2022: Rs. 1,007,443 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, 2023	**14,483**	**-**	**14,483**
June 30, 2022	337,690	-	337,690
Leasehold land			
June 30, 2023	**197,646**	**10,936**	**186,710**
June 30, 2022	197,646	8,067	189,579

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

Location	Nature	Area 2023	Area 2022
Shifa Cooperative Housing Society, Islamabad Expressway - Sq.yds	Freehold land	**1,003**	1,003
Motorway, Mouza Noon, Islamabad - Kanal	Freehold land	**-**	100
Faisalabad Motorway- Kanal	Freehold land	**-**	48.2
H-8/4, Islamabad - Kanal	Leasehold land	**87.8**	87.8

14.4 Freehold land measuring 100 kanals located at Motorway, Mouza Noon, Islamabad and 48.2 kanals located at Chak No. 4, near Sargodha Road, Faisalabad has been re-classified to investment property (Note 16) as the Company wants to retain these land for capital appreciation.

14.5 Property, plant and equipment include items with aggregate cost of Rs. 2,635,621 thousand (2022: Rs. 2,370,718 thousand) representing fully depreciated assets that are still in use of the Company.

14.6 Property, plant and equipment of the Company are encumbered under an aggregate charge of Rs. 7,665.6 million (2022: Rs. 7,665.6 million) in favor of lenders under various financing arrangements as disclosed in note 8.

14.7 The forced sale value (FSV) of the revalued leasehold and freehold lands have been assessed at Rs. 716,774 thousand (2022: Rs. 716,774 thousand) and Rs. 32,525 thousand (note 14.3) (2022: Rs. 337,023 thousand) respectively.

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

Asset particulars / Location	Note	Cost/ revalued amount	Carrying value	Sale proceeds	Gain on disposal	Purchaser	Mode of disposal
		(Rupees in '000')					
Plots located at Shifa Cooperative Housing Society	27.1	**54,512**	**54,512**	**95,000**	**40,488**	Various independent third parties	Negotiation
Other assets having carrying value less than Rs. 500 thousand	14	**4,956**	**949**	**2,663**	**1,714**		
2023		**59,468**	**55,461**	**97,663**	**42,202**		
2022		188,090	174,385	251,206	76,821		

	Note	2023	2022
		(Rupees in '000')	
14.9 Capital work in progress			
Construction work in progress	14.9.1	**347,130**	305,602
Stores held for capital expenditure	14.9.2	**-**	976
Installation of equipment in progress		**289,621**	436,857
		636,751	743,435

14.9.1 This includes Rs. 235,228 thousand (2022: Rs. 132,788 thousand) paid to Shifa Development Services (Private) Limited on account of design and building work under two separate agreements with the Company.

	Note	2023	2022
		(Rupees in '000')	
14.9.2 Stores held for capital expenditure			
Stores held for capital expenditure		**4,524**	4,524
Less: provision for slow moving items	14.9.2.1	**4,524**	3,548
		-	976

		2023	2022
14.9.2.1	Balance at beginning of the year	**3,548**	3,548
	Charged during the year	**976**	-
	Balance at end of the year	**4,524**	3,548

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

		Note	2023	2022
15	**INTANGIBLE ASSETS**		**(Rupees in '000')**	
	Softwares in use	15.1	**2,459**	13,990
	Software under development	15.2	**39,375**	39,375
			41,834	53,365
15.1	**Softwares is use**			
	Cost			
	Balance at beginning of the year		**109,400**	105,185
	Addition during the year		**-**	4,215
	Balance at end of the year		**109,400**	109,400
	Accumulated amortisation			
	Balance at beginning of the year		**95,410**	73,842
	Charged during the year		**11,531**	21,568
	Balance at end of the year		**106,941**	95,410
	Net book value		**2,459**	13,990
15.2	**Software under development**			
	Balance at beginning of the year		**39,375**	-
	Addition during the year	15.2.1	**-**	39,375
	Balance at end of the year		**39,375**	39,375

15.2.1 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 of the developed modules with existing Hospital Management Information System (HMIS) and Oracle EBS alongwith user acceptance testing is in progress and is expected to be completed in next financial year.

15.3 Amortisation of softwares in use has been recorded at rate of 25 % (2022: 25%) per annum.

		Note	2023	2022
16	**INVESTMENT PROPERTY - AT COST**		**(Rupees in '000')**	
	Balance at beginning of the year		**-**	-
	Reclassified during the year		**748,450**	-
	Balance at end of the year	16.1	**748,450**	-

16.1 This represents freehold land comprising of 11 plots at Shifa Cooperative Housing Society, Islamabad Expressway (SCHS), 48.2 kanal at Chak No. 4, near Sargodha Road, Faisalabad and 152.55 kanal at Motorway, Mouza Noon, Islamabad, held for capital appreciation, therefore classified as investment property. As at June 30, 2023, the fair value and forced sale value of the land located at SCHS, Sargodha Road Faisalabad and Motorway, Mouza Noon, Islamabad are Rs. 320,302 thousand, Rs. 135,924 thousand, Rs. 456,497 thousand and Rs. 256,241 thousand, Rs. 108,739 thousand, Rs. 365,198 thousand respectively.

Subsequent to the year-end property dealer of the Company informed about the sale of land measuring 49.05 kanal located at Motorway, Mouza Noon, Islamabad but has not transferred / provided both consideration and sale documents of land. Currently the Company is evaluating the appropriate course of actions to be initiated against property dealer.

			2023	2022
17	**LONG TERM INVESTMENT - AT COST**	Note	**(Rupees in '000')**	
	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**	971,562
	Shifa Medical Centre Islamabad (Private) Limited (SMC Islamabad)	17.5	**1,356,170**	1,171,288
	Shifa International DWC-LLC (SIDL)	17.6	**23,280**	23,280
	In associated company (unquoted):			
	Shifa Care (Private) Limited (SCPL)	17.7	**45,001**	45,001
			4,714,217	3,918,618

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

	2023	2022
	(Rupees)	
Shifa Development Services (Private) Limited (SDSPL)	**20.86**	35.37
Shifa Neuro Sciences Institute Islamabad (Private) Limited (SNS Islamabad)	**10.28**	10.23
Shifa National Hospital Faisalabad (Private) Limited (SNH Faisalabad)	**11.06**	11.06
Shifa Medical Centre Islamabad (Private) Limited (SMC Islamabad)	**12.86**	10.39
Shifa International DWC-LLC (SIDL)	**(0.37)**	5.35
Shifa Care (Private) Limited (SCPL)	**10.02**	7.30

17.2 This represents investment in 1,650,000 (2022: 1,650,000) fully paid ordinary shares of Rs. 10 each of SDSPL. The above investment in ordinary shares represents 55% (2022: 55%) shareholding in SDSPL held by the Company.

17.3 This represents investment in 169,752,100 (2022: 169,752,100) fully paid ordinary shares of Rs. 10 each of SNS Islamabad. The above investment in ordinary shares represents 100% (2022: 100%) shareholding in SNS held by the Company.

17.4 This represents investment in 158,227,912 (2022: 97,156,200) fully paid ordinary shares of Rs. 10 each of SNH Faisalabad. The above investment in ordinary shares represents 61% (2022: 60%) shareholding in SNH Faisalabad held by the Company.

17.5 This represents investment in 135,617,001 (2022: 117,128,812) ordinary shares of Rs. 10 each of SMC Islamabad. The above investment in ordinary shares represents 56% (2022: 56%) shareholding in SMC Islamabad held by the Company.

The board of directors of the Company has decided to divest the Company's entire shareholding in its subsidiary "SMC Islamabad". Pursuant to the said decision SMC Islamabad is currently in process of completing the structure of the hospital building before initiating the marketing campaign.

17.6 This represents investment in 555,000 (2022: 555,000) ordinary shares of AED 1 each of SIDL having a registered office located at 106 B-2 Pulse residence-3, P.O Box, 390667, Dubai South UAE. The above investment in ordinary shares represents 100% (2022: 100%) shareholding held by the Company.

17.7 This represents investment in 4,500,050 (2022: 4,500,050) fully paid ordinary shares of Rs. 10 each of SCPL. The above investment in ordinary shares represents 50% (2022: 50%) shareholding in SCPL held by the Company. Summary of results of SCPL are as under:

	2023	2022
	(Rupees in '000')	
Summarised statement of financial position		
Non–current assets	**75,191**	58,322
Current assets	**35,362**	52,787
Current liabilities	**(20,396)**	(45,385)
Net assets	**90,157**	65,724
Reconciliation to carrying amounts:		
Opening net assets	**65,724**	71,923
Total comprehensive income / (loss) for the year	**24,433**	(6,199)
Closing net assets	**90,157**	65,724
Company's share in carrying value of net assets	**45,079**	32,862
Company's share in total comprehensive income / (loss)	**12,217**	(3,099)

	2023	2022
	(Rupees in '000')	
Summarised statement of profit or loss and comprehensive income		
Revenue for the year – gross	**37,500**	-
Depreciation and amortisation	**(4,085)**	(855)
Finance cost	**(741)**	-
Provision for taxation	**(5,004)**	-
Profit / (loss) for the year	**24,433**	(6,199)
Other comprehensive income / (loss) for the year	**-**	-
Total comprehensive income / (loss) for the year	**24,433**	(6,199)

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

17.8 The board of directors of the Company have in their meeting held on April 12, 2023, resolved to acquire 50% stakes of SIHT (Private) Limited (a wholly owned subsidiary of Shifa Foundation) from Shifa Foundation.

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.

19 STORES, SPARE PARTS AND LOOSE TOOLS

		Note	2023	2022
			(Rupees in '000')	
	Stores		**256,038**	209,391
	Spare parts		**7,430**	26,654
	Loose tools		**7,887**	699
			271,355	236,744
	Less: provision for slow moving items	19.1	**19,657**	26,555
			251,698	210,189
19.1	Balance at beginning of the year		**26,555**	23,868
	(Reversal) / charged during the year		**(6,898)**	2,687
	Balance at end of the year		**19,657**	26,555

20 STOCK IN TRADE

This represents medicines being carried at moving average cost.

21	TRADE DEBTS	Note	2023 (Rupees in '000')	2022 (Rupees in '000')
	Unsecured - considered good			
	Related party - Shifa Foundation	21.1	**15,686**	9,736
	Others		**1,576,999**	1,124,491
			1,592,685	1,134,227
	Less: allowance for expected credit losses (ECL)	41.1.3	**226,563**	169,458
			1,366,122	964,769

21.1 Maximum amount due from Shifa Foundation at the end of any month during the year was Rs. 15,686 thousand (2022: Rs. 20,694 thousand).

22	LOANS AND ADVANCES	Note	2023 (Rupees in '000')	2022 (Rupees in '000')
	Secured - considered good			
	Executives		**9,328**	4,199
	Other employees		**15,887**	14,722
			25,215	18,921
	Unsecured - consultants		**4,792**	3,661
	Suppliers / contractors - unsecured	22.2	**115,223**	213,232
			120,015	216,893
		22.1	**145,230**	235,814

22.1 These advances are secured against employee terminal benefits.

22.2 Comparative amount includes Rs. 52,376 thousand given to Shifa Development Services (Private) Limited (SDSPL) in respect of civil work activities.

23	DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	Note	2023 (Rupees in '000')	2022 (Rupees in '000')
	Unsecured - considered good			
	Short term prepayments		**33,674**	28,232
	Security deposit	23.1	**20,278**	20,278
	Other receivables	23.2	**293,144**	305,345
			347,096	353,855
	Less: allowance for expected credit losses against other receivables	23.3	**57,812**	57,812
			289,284	296,043

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. 87,473 thousand (2022: Rs. 35,416 thousand) and Rs. 46,485 thousand (2022: Rs. 34,896 thousand) due from SIHT (Private) Limited and Shifa International DWC LLC (SIDL). Maximum amount due from SIHT (Private) Limited and SIDL at the end of any month during the year was Rs. 113,524 thousand (2022: Rs. 72,695 thousand) and Rs. 50,799 thousand (2022: Rs. 34,896 thousand) respectively.

		Note	2023	2022
			(Rupees in '000')	
23.3	**Allowance for expected credit losses against other receivables (unrelated parties)**			
	Balance at beginning of the year		**57,812**	57,409
	Charge during the year		**-**	40,185
	Less: written off during the year		**-**	39,782
	Balance at end of the year		**57,812**	57,812
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	**304,919**	510,235
			307,919	513,235

24.1 This represents term deposit receipt (TDR) having face value of Rs. 3 million (2022: 3 million) with three months maturity. Profit payable on monthly basis at the rate ranging from 12.25% to 19.00% per annum (2022: 5.50% to 12.25% per annum).

24.2 This represents investment in 3,020,724 (2022: 5,059,495) units of UBL Al-Ameen Islamic Cash Fund. Fair value of the investment was determined using quoted repurchase price at year end.

		Note	2023	2022
25	**TAX REFUNDS DUE FROM THE GOVERNMENT (NET OF PROVISION)**		(Rupees in '000')	
	Balance at the beginning of the year		**448,042**	471,366
	Income tax paid / deducted at source during the year		**538,198**	405,208
			986,240	876,574
	Provision for taxation for the year	32	**(698,565)**	(428,532)
	Balance at the end of the year		**287,675**	448,042

		Note	2023	2022
26	**CASH AND BANK BALANCES**		**(Rupees in '000')**	
	Cash at bank in:			
	Current accounts:			
	Local currency		**245,338**	348,000
	Foreign currency		**939,799**	1,374,994
			1,185,137	1,722,994
	Saving accounts:			
	Local currency		**999,149**	589,166
	Foreign currency		**286**	204
		26.1	**999,435**	589,370
		26.2	**2,184,572**	2,312,364
	Cash in hand		**31,861**	5,068
			2,216,433	2,317,432

26.1 Balances with saving accounts earned profit / mark-up at weighted average rate of 14.20% per annum (2022: 8.20% per annum).

26.2 Balances with banks includes Rs. 124,847 thousand (2022: Rs. 118,712 thousand) in respect of security deposits (Note 11.3).

		Note	2023	2022
27	**NON - CURRENT ASSETS HELD FOR SALE**		**(Rupees in '000')**	
	Balance at beginning of the year		**320,953**	598,057
	Disposed off during the year	27.1	**(54,511)**	(172,726)
	Reclassified to investment property / property, plant and equipment	27.2	**(266,442)**	(104,378)
	Balance at end of the year		**-**	320,953

27.1 During the year, the Company has sold five plots located at Shifa Cooperative Housing Society, Islamabad Expressway (2022: six plots located at Shifa Cooperative Housing Society, Islamabad Expressway and 48.5 kanals located at Motorway, Mouza Noon, Islamabad).

27.2 Freehold land measuring 11 Plots located at Shifa Cooperative Housing Society Islamabad Expressway and 52.6 Kanals located at Motorway, Mouza Noon, Islamabad have been reclassified to investment property (Note 16) as the Company wants to retain these lands for capital appreciation. Immediately, before the transfer it was remeasured to fair value and revaluation surplus of Rs. 99,454 thousand was recognised in other comprehensive income. (2022: Freehold land measuring 48.2 kanals located at Chak No. 4, near Sargodha Road, Faisalabad reclassified to property, plant and equipment).

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For the year ended June 30, 2023

		Note	2023	2022
28	**REVENUE - NET**		**(Rupees in '000')**	
	Inpatients		**11,803,983**	9,836,737
	Outpatients		**6,770,623**	5,492,731
	Other services	28.1	**1,376,032**	1,034,222
			19,950,638	16,363,690
	Less: discount		**156,745**	128,070
	Less: sales tax		**72,468**	38,069
			229,213	166,139
			19,721,425	16,197,551

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

28.2 The revenue - net is excluding physician share of Rs. 1,802,988 thousand (2022: Rs. 1,353,680 thousand).

		Note	2023	2022
29	**OTHER INCOME**		**(Rupees in '000')**	
	Income from financial assets:			
	Profit on bank deposits		**44,526**	16,564
	Dividend income from mutual fund - investments at fair value through profit or loss		**43,282**	54,160
	Un-realised gain on investments at fair value through profit or loss		**20,894**	1,735
	Dividend income from subsidiary	29.1	**28,858**	25,463
			137,560	97,922
	Income from other than financial assets:			
	Gain on disposal of tangible assets		**42,202**	69,269
	Exchange gain on foreign currency translation		**375,706**	416,217
	Sale of scrap - net of sales tax		**19,026**	18,772
	Miscellaneous		**42,521**	35,249
			479,455	539,507
			617,015	637,429

29.1 This represents the dividend at the rate of Re. 0.12 and Re. 0.05 (2022: Re. 0.15) per share received from SNS Islamabad.

			2023	2022
30	**OPERATING COSTS**	Note	**(Rupees in '000')**	
	Salaries, wages and benefits	30.1	**6,670,502**	5,827,983
	Medicines consumed		**5,373,920**	4,171,392
	Supplies consumed		**2,025,240**	1,720,046
	Utilities		**1,070,951**	835,050
	Depreciation / amortisation on tangible assets	14	**992,015**	902,448
	Repairs and maintenance		**851,493**	642,156
	Printing and stationery		**219,471**	133,535
	Cleaning and washing		**190,434**	137,366
	Fee, subscription and membership		**108,270**	81,650
	Advertising and sales promotion		**84,722**	66,022
	Communication		**50,720**	48,048
	Travelling and conveyance		**37,481**	21,672
	Legal and professional		**19,658**	15,453
	Rent		**15,235**	12,266
	Rates and taxes		**19,395**	14,254
	Vehicle and equipment rentals		**-**	12,447
	Insurance		**14,702**	13,645
	Amortisation on intangible assets	15	**11,531**	21,568
	Property, plant and equipment written off		**8,222**	2,234
	Auditors' remuneration	30.2	**5,350**	5,256
	(Reversal) / charged of provision for slow moving stores		**(5,923)**	2,687
	Loss on disposal of slow moving stores		**3,866**	-
	Donation	30.3	**-**	25,000
	Miscellaneous		**105,249**	79,798
			17,872,504	14,791,977

30.1 This includes charge for employee gratuity of Rs. 90,507 thousand (2022: Rs. 159,116 thousand), defined contribution plan (pension) of Rs. 94,703 thousand (2022: Rs. 53,655 thousand), compensated absences of Rs. 72,408 thousand (2022: Rs. 67,049 thousand) and bonus of Rs. 134,864 thousand (2022: Rs. 125,814 thousand).

		2023	2022
		(Rupees in '000')	
30.2	**Auditors' remuneration**		
	Annual audit fee	**1,710**	1,539
	Half yearly review fee	**900**	810
	Statutory certifications	**1,750**	2,161
	Out of pocket expenses	**140**	-
		4,500	4,510
	Sales tax	**850**	746
		5,350	5,256

30.3 Donation

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

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

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

			2023	2022
31	**FINANCE COSTS**	Note	**(Rupees in '000')**	
	Markup on long term loans - secured		**309,304**	252,714
	Interest on lease liabilities	10	**92,489**	87,980
	Credit card payment collection and bank charges		**60,837**	41,738
			462,630	382,432
32	**PROVISION FOR TAXATION**			
	Current			
	- for the year		**689,578**	433,334
	- prior year adjustment		**8,987**	(4,802)
		25	**698,565**	428,532
	Deferred		**66,230**	421
			764,795	428,953
32.1	**Reconciliation of tax charge for the year:**			
	Profit before taxation		**1,946,201**	1,591,502
	Provision for taxation		**764,795**	428,953

	2023	2022
Effective tax rate	**39.30%**	26.95%
Reconciliation of effective tax rate		
Applicable tax rate	**29.00%**	29.00%
Add: super tax	**10.00%**	4.00%
Add: net tax effects of amounts that are inadmissible for tax purposes / others	**30.65%**	27.73%
Less: net tax effect of amounts that are deductible for tax purposes / others	**30.35%**	33.77%
Average effective tax rate charged on income	**39.30%**	26.95%

		2023	2022
33	**EARNINGS PER SHARE - BASIC AND DILUTED**	**(Rupees in '000')**	
	Profit after taxation for the year	**1,181,406**	1,162,549
		2023	2022
		(Numbers in '000')	
	Weighted average number of ordinary shares in issue during the year	**63,214**	63,214
		2023	2022
		(Rupees)	
	Earnings per share - basic and diluted	**18.69**	18.39

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

34 CAPACITY UTILISATION

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

	2023	2022	2023	2022	2023	2022
	Available bed days		**Occupied bed days**		**Occupancy ratio**	
H-8 Hospital Islamabad	**180,611**	184,269	**114,424**	108,277	**63.35%**	58.76%
Faisalabad Hospital	**19,618**	22,867	**7,142**	6,046	**36.41%**	26.44%

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

		2023	2022
35	**UNAVAILED CREDIT FACILITIES**	**(Rupees in '000')**	
	Unavailed credit facilities at year end other than those disclosed in note 8 of unconsolidated financial statements are as under:		
	- Letter of credit	**100,000**	60,348
	- Ijarah financing	**51,709**	51,709
	- Running musharkah	**500,000**	500,000
	- Letter of guarantee	**23,916**	23,666
		675,625	635,723

		2023	2022
36	**NUMBER OF EMPLOYEES**	**2023**	2022
	Number of employees	**5,220**	5,154
	Average number of employees	**5,191**	5,174

37 RELATED PARTIES TRANSACTIONS

The related parties comprise of subsidiaries, associate, 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. Further, related party transactions are based on arm's length between the parties and details are given below:

	2023	2022
	(Rupees in '000')	
Shifa Foundation:		
Opening balance		
Balance receivable - unsecured	**9,736**	17,139
Transactions		
Revenue from medical services earned by the Company	**19,634**	16,964
Expenses paid by and reimbursed to the Company	**741**	867
Closing Balance		
Balance receivable - unsecured	**15,686**	9,736

	Note	2023	2022
		(Rupees in '000')	
Tameer-e-Millat Foundation:			
Opening balance			
Balance payable - unsecured		**11,660**	13,073
Transactions			
Supplies provided to the Company		**112,176**	88,543
Other services provided to the Company	37.1	**43,153**	35,278
Rental services received / earned by the Company		**6,649**	5,842
Closing Balance			
Balance payable - unsecured		**12,803**	11,660
Shifa Tameer-e-Millat University:			
Opening balance			
Balance payable - unsecured		**6,458**	5,041
Transactions			
Revenue from medical services earned by the Company		**21,554**	18,543
Revenue from rent earned by the Company		**3,517**	3,197
Other services provided to the Company	37.1	**80,829**	61,817
Expenses paid by and reimbursed to the Company		**3,599**	2,905
Donation paid by the Company		**-**	25,000
Closing Balance			
Balance payable - unsecured		**12,009**	6,458
SIHT (Private) Limited:			
Opening balance			
Balance receivable - unsecured		**35,416**	24,335
Transactions			
Revenue from medical services earned by the Company		**412,250**	325,112
Expenses paid by and reimbursed to the Company		**5,816**	5,905
Other services provided to the Company	37.1	**25,016**	23,206
Closing Balance			
Balance receivable - unsecured		**87,473**	35,416

	2023	2022
	(Rupees in '000')	
Shifa Development Services (Private) Limited:		
Opening balance		
Balance receivable / (payable) - unsecured	**52,376**	(44,607)
Transactions		
Revenue from rent earned by the Company	**1,836**	1,548
Payment made by the Company	**-**	4,215
Pre-construction services provided to the Company	**50,986**	57,880
Closing balance		
Balance receivable - unsecured	**-**	52,376
Shifa Cooperative Housing Society Limited:		
Opening balance		
Balance receivable / (payable) - unsecured	**-**	-
Transactions		
Plot maintenance charges paid by the Company	**1,434**	5,573
Closing balance		
Balance receivable / (payable) - unsecured	**-**	-
Shifa Medical Centre Islamabad (Private) Limited:		
Opening balance		
Balance receivable / (payable) - unsecured	**-**	-
Transactions		
Investment made by the Company in 18,488,189 (2022: 22,379,975) ordinary shares	**184,882**	223,800
Corporate shared services provided by the Company	**10,132**	10,229
Expenses paid by and reimbursed to the Company	**1,166**	414
Closing balance		
Balance receivable / (payable) - unsecured	**-**	-

	2023	2022
	(Rupees in '000')	
Shifa National Hospital Faisalabad (Private) Limited:		
Opening balance		
Balance receivable / (payable) - unsecured	**-**	-
Transactions		
Investment made by the Company in 61,071,712 (2022: 51,606,000) ordinary shares	**610,717**	516,060
Corporate shared services provided by the Company	**10,132**	10,229
Closing balance		
Balance receivable / (payable) - unsecured	**-**	-
Shifa Neuro Sciences Institute Islamabad (Private) Limited:		
Opening balance		
Balance receivable - unsecured	**20,278**	34,452
Transactions		
Rent paid by the Company	**106,719**	97,018
Dividend income received by the Company	**28,858**	25,463
Closing balance		
Balance receivable - unsecured	**20,278**	20,278
Shifa International DWC LLC:		
Opening balance		
Balance receivable - unsecured	**34,896**	26,656
Transactions		
Patient referral services provided to the Company	**17,198**	16,336
Closing balance		
Balance receivable - unsecured	**46,485**	34,896

	Note	2023	2022
		(Rupees in '000')	
Shifa Care (Private) Limited:			
Opening balance			
Balance receivable / (payable) - unsecured		**-**	-
Transactions			
Corporate shared services provided by the Company		**2,437**	2,343
Software development services provided to the Company		**-**	39,375
Closing balance			
Balance receivable / (payable) - unsecured		**-**	-
International Finance Corporation:			
Opening balance			
Balance receivable / payable - unsecured		**-**	-
Transactions			
Dividend paid by the Company		**11,379**	11,379
Closing balance			
Balance receivable / payable - unsecured		**-**	-
SIHL Employees' Gratuity Fund Trust:			
Opening balance			
Balance payable - unsecured		**193,453**	251,594
Transactions			
Payments made by the Company during the year	37.2	**141,271**	241,218
Dividend paid by the Company		**118**	118
Closing balance			
Balance payable - unsecured		**169,573**	193,453
Remuneration including benefits and perquisites of key management personnel	37.3	**406,420**	368,682

37.1 This represents services of nursing education / training, employees' children education and media services.

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

37.3 This includes employee retirement benefits (pension / gratuity) amounting to Rs. 11,016 thousand (2022: Rs. 3,866 thousand).

37.4 Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place.

Sr #	Name of related party (RP)	Basis of relationship	Percentage of	
			Company's shareholding in RP	RP's shareholding in the Company
1	Shifa Foundation	Common Directorship	N/A*	3.60%
2	Tameer-e-Millat Foundation	Common Directorship	N/A	12.57%
3	SIHL Employees' Gratuity Fund Trust	Benefit Plan	N/A	0.12%
4	Shifa Tameer-e-Millat University	Common Directorship	N/A	0.25%
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 International DWC LLC	Subsidiary & Common Directorship	100%	Nil
11	Shifa CARE (Private) Limited	Associate & Common Directorship	50%	Nil
12	SIHT (Private) Limited	Common Directorship	N/A	Nil
13	International Finance Corporation (IFC)	Associate	Nil	12.00%

*N/A stands for not applicable.

38 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Executive Director		Non Executive Directors		Executives	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	(Rupees in '000')							
Managerial remuneration	**56,976**	66,036	**36,976**	30,066	**12,396**	10,990	**326,787**	261,954
Annual bonus	**2,365**	1,768	**1,430**	1,192	**237**	237	**9,195**	8,336
Pension / gratuity	**305**	-	**-**	-	**-**	-	**14,080**	3,866
Medical insurance	**153**	92	**146**	88	**519**	358	**3,840**	1,877
Leave encashment	**-**	-	**-**	-	**-**	-	**8,846**	7,422
	59,799	67,896	**38,552**	31,346	**13,152**	11,585	**362,748**	283,455
Number of persons	**1**	1	**1**	1	**10**	8	**46**	33

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

38.2 Managerial remuneration includes Rs. 5,445 thousand (2022: Rs. 4,305 thousand) paid to directors in respect of meeting attending fee.

38.3 Travelling expenses of Rs. 8,307 thousand (2022: Rs. 3,315 thousand) for official purposes are reimbursed by the Company to non executive directors.

39 CASH AND CASH EQUIVALENTS

	Note	**2023**	2022
		(Rupees in '000')	
Investment in Term Deposit Receipt - at amortised cost	24	**3,000**	3,000
Cash and bank balances	26	**2,216,433**	2,317,432
		2,219,433	2,320,432

40 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
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	470,534	-	-	-	-	-	470,534
Repayments	(1,353,678)	-	-	-	-	-	(1,353,678)
Repayments 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	12,351,047

	Liabilities			Equity			
	Long term financing	Government grant	Lease liabilities	Share capital	Share premium	Un-appropriated profits	Total
2022	(Rupees in '000')						
Balance at the beginning of the year	3,696,503	69,627	784,671	619,749	2,751,283	4,325,259	12,247,092
Changes from financing cash flows							
Proceeds	212,009	-	-	-	-	-	212,009
Repayments	(1,417,563)	-	-	-	-	-	(1,417,563)
Repayments of lease liabilities	-	-	(269,831)	-	-		(269,831)
Dividend paid	-	-	-	-	-	(89,202)	(89,202)
Grant received	-	47,060	-	-	-		47,060
Total changes from financing cash flows	(1,205,554)	47,060	(269,831)	-	-	(89,202)	(1,517,527)
Other changes							
Liability related	49,176	-	432,897	-	-	-	482,073
Amortisation of government grant	-	(49,176)	-	-	-	-	(49,176)
Equity related							
Total comprehensive changes	-	-	-	-	-	1,146,495	1,146,495
Other changes	-	-	-	12,395	(12,395)	34,724	34,724
Changes in unclaimed dividend	-	-	-	-	-	(5,620)	(5,620)
Total of equity related changes	-	-	-	12,395	(12,395)	1,175,599	1,175,599
Balance at the end of the year	2,540,125	67,511	947,737	632,144	2,738,888	5,411,656	12,338,061

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

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

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:

	2023	2022
	(Rupees in '000')	
Long term deposits	**91,616**	85,324
Trade debts	**1,366,122**	964,769
Deposits and other receivables	**255,610**	267,811
Markup accrued	**2,077**	2,129
Other financial assets	**307,919**	513,235
Bank balances	**2,184,572**	2,312,364
	4,207,916	4,145,632

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:

	2023	2022
	(Rupees in '000')	
Government companies	788,526	606,483
Private companies	523,248	275,653
Individuals	265,225	242,355
Related parties	15,686	9,736
	1,592,685	1,134,227

41.1.3 Impairment losses

The ageing of trade debts at the reporting date was:

	2023		2022	
	Gross debts	Allowance for ECL	Gross debts	Allowance for ECL
	(Rupees in '000')			
Not past due	342,965	2,613	427,419	2,029
1 - 2 months	475,313	13,186	298,405	14,109
3 - 4 months	210,188	13,229	94,405	4,743
5 - 7 months	183,465	22,988	88,393	12,486
8 - 12 months	138,388	39,325	68,831	34,726
Above 12 months	242,366	135,222	156,774	101,365
	1,592,685	226,563	1,134,227	169,458

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

	Note	2023	2022
		(Rupees in '000')	
Balance at beginning of the year		169,458	153,011
Add: expected credit losses		57,105	28,884
Less: bad debts written off		-	12,437
Balance at end of the year	21	226,563	169,458

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

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

		2023		2022	
		Gross debts / Other receivables	Allowance for ECL	Gross debts / Other receivables	Allowance for ECL
	Note	(Rupees in '000')			
Shifa foundation					
1 - 6 months	21	**15,686**	-	9,736	-
SIHT					
1 - 3 months	23.2	**87,473**	-	35,416	-
SDSPL					
1 - 2 months	22.2	-	-	52,376	-

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:

	Rating Agency	Rating	
		Short term	Long term
Bank			
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+	AA+
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 35 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')			
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**	**-**
2022						
Long term financing- secured	2,607,637	770,466	564,070	950,306	322,795	-
Trade and other payables	3,053,898	3,053,898	-	-	-	-
Unclaimed dividend	40,778	40,778	-	-	-	-
Mark up accrued	35,658	35,658	-	-	-	-
	5,737,971	3,900,800	564,070	950,306	322,795	

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:

	2023			2022		
	(Amount in '000')					
	Euro	USD	AED	Euro	USD	AED
Bank balances	-	3,285	-	-	6,736	-
Receivables	-	-	597	-	-	627
Letter of credit	-	-	-	(13)	(450)	-
		3,285	597	(13)	6,286	627
	(Rupees in '000')					
Bank balances	-	940,085	-	-	1,375,198	-
Receivables	-	-	46,485	-	-	34,896
Letter of credit	-	-	-	(2,675)	(92,164)	-
	-	940,085	46,485	(2,675)	1,283,034	34,896

Following are significant exchange rates applied during the year:

	Average rate		Closing rate	
	2023	2022	2023	2022
	(Rupees)			
USD 1 - Buying	247.69	177.80	286.18	204.17
USD 1 - Selling	248.11	178.21	286.60	204.59
AED 1 - Buying	67.49	48.44	77.92	55.62
AED 1 - Selling	67.59	48.55	78.02	55.73
Euro 1 - Buying	260.15	199.96	312.85	213.59
Euro 1 - Selling	260.58	200.41	313.30	214.03

Foreign currency sensitivity analysis

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

	Change in Foreign Exchange Rates	Effect on Profit	Effect on Equity
	%	(Rupees in '000')	
2023			
Foreign currencies	**+10%**	**60,181**	**60,181**
Foreign currencies	**-10%**	**(60,181)**	**(60,181)**
2022			
Foreign currencies	+10%	88,122	88,122
Foreign currencies	-10%	(88,122)	(88,122)

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	2023	2022
		(Rupees in '000')	
Financial assets			
Investment - at amortised cost	24.1	**3,000**	3,000
Bank balances	26	**999,435**	589,370
		1,002,435	592,370
Financial liabilities			
Financing - secured	8	**(1,740,409)**	(2,607,637)
		(737,974)	(2,015,267)

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, 2023 would decrease/increase by Rs. 1,615 thousand (2022: decrease / increase by Rs. 8,092 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. 3,685 thousand (2022: Rs. 6,780 thousand).

41.4 Financial instrument by category

	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
Maturity after one year			
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

	Amortised cost	Fair value through profit or loss	Total
2022		(Rupees in '000')	
Financial assets			
Maturity upto one year			
Trade debts	964,769	-	964,769
Deposits and other receivables	267,811	-	267,811
Markup accrued	2,129	-	2,129
Other financial assets	3,000	510,235	513,235
Cash and bank balances	2,317,432	-	2,317,432
Maturity after one year			
Long term deposits	85,324	-	85,324
	3,640,465	510,235	4,150,700
Financial liabilities			
Maturity upto one year			
Trade and other payables	3,053,898	-	3,053,898
Unclaimed dividend	40,778	-	40,778
Markup accrued	35,658	-	35,658
Current portion of long term financing - secured	1,334,536	-	1,334,536
Current portion of lease liabilities	253,452	-	253,452
Maturity after one year			
Long term financing - secured	1,273,101	-	1,273,101
Lease liabilities	694,285	-	694,285
	6,685,708	-	6,685,708

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:

	2023		2022	
	Carrying value	**Fair value**	Carrying value	Fair value
	Rupees in '000'			
Assets carried at amortised cost				
Long term deposits	**91,616**	**91,616**	85,324	85,324
Trade debts	**1,366,122**	**1,366,122**	964,769	964,769
Deposits and other receivables	**255,610**	**255,610**	267,811	267,811
Markup accrued	**2,077**	**2,077**	2,129	2,129
Other financial assets	**3,000**	**3,000**	3,000	3,000
Cash and bank balances	**2,216,433**	**2,216,433**	2,317,432	2,317,432
	3,934,858	**3,934,858**	3,640,465	3,640,465
Assets carried at fair value				
Other financial assets	**304,919**	**304,919**	510,235	510,235
Liabilities carried at amortised cost				
Long term financing - secured	**868,611**	**868,611**	1,273,101	1,273,101
Deferred Liabilities	**24,570**	**24,570**	-	-
Lease liabilities	**459,047**	**459,047**	694,285	694,285
Trade and other payables	**4,124,565**	**4,124,565**	3,053,898	3,053,898
Unclaimed dividend	**36,955**	**36,955**	40,778	40,778
Markup accrued	**70,874**	**70,874**	35,658	35,658
Current portion of long term financing - secured	**871,798**	**871,798**	1,334,536	1,334,536
Current portion of lease liabilities	**268,595**	**268,595**	253,452	253,452
	6,725,015	**6,725,015**	6,685,708	6,685,708

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 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.

43 DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC INDEX

Description	Explanation	2023	2022
		(Rupees in '000')	
Bank balances	Placed under interest	**245,855**	180,188
	Placed under sharia permissible arrangement	**753,580**	409,182
		999,435	589,370
Return on bank deposit for the year	Placed under interest	**7,750**	6,121
	Placed under sharia permissible arrangement	**34,413**	10,216
		42,163	16,337
Interest and dividend income on investment for the year	Placed under interest	**441**	228
	Placed under sharia permissible arrangement	**94,955**	81,358
		95,396	81,586
Segment revenue	Disclosed in note 28		
Exchange gain earned	Disclosed in note 29		
Loans obtained as per Islamic mode		**1,601,160**	2,172,438
Mark up paid on Islamic mode of financing		**305,023**	275,712
Interest paid on any conventional loan		**1,896**	5,392

Relationship with sharia compliant banks

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

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

44 OPERATING SEGMENTS

The financial statements have been prepared on the basis of single reportable segment. All revenue of the Company is earned in Pakistan. All non-current assets of the Company at June 30, 2023 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 30, 2023 has proposed a final cash dividend for the year ended June 30, 2023 @ Rs. 1.5 /- per share, amounting to Rs. 94,822 thousand for approval of the members in the Annual General Meeting to be held on October 27, 2023. The unconsolidated financial statements for the year ended June 30, 2023 do 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, no major reclassification has been made during the year.

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 30, 2023.

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, 2023

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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, 2023, 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 significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2023 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 29 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, 2023, the Group recognised aggregate revenue of Rs. 19,942.724 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. 228.362 million on gross amount of trade debts of Rs. 1,594.484 million as at June 30, 2023. 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, 2023 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.

Other Matter Paragraph

The consolidated financial statements of the Group for the year ended June 30, 2022 were audited by another firm of chartered accountants, who had expressed an unmodified opinion vide their report dated September 30, 2022.

The engagement partner on the audit resulting in this independent auditors report is Abdul Qadeer.

BDO EBRAHIM & CO
CHARTERED ACCOUNTANTS

ISLAMABAD
DATED: 30 September 2023
UDIN: AR202310095B4KFUNcik

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2023

	Note	2023	2022
		(Rupees in '000')	
SHARE CAPITAL AND RESERVES			
Authorised share capital			
100,000,000 (2022: 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	**2,032,194**	1,546,319
Revenue reserves			
Unappropriated profits		**5,991,558**	4,898,668
		11,394,784	9,816,019
NON - CONTROLLING INTEREST	8	**2,500,388**	1,670,759
NON - CURRENT LIABILITIES			
Long term financing - secured	9	**868,611**	1,273,101
Deferred liabilities	10	**423,143**	339,877
Lease liabilities	11	**297,008**	435,708
		1,588,762	2,048,686
CURRENT LIABILITIES			
Trade and other payables	12	**4,793,572**	3,648,044
Unclaimed dividend		**36,955**	40,778
Markup accrued	13	**70,874**	35,658
Current portion of long term financing - secured	9	**871,798**	1,334,536
Current portion of lease liabilities	11	**169,979**	173,173
		5,943,178	5,232,189
		21,427,112	18,767,653
CONTINGENCIES AND COMMITMENTS	14		

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

CHAIRMAN

CHIEF EXECUTIVE

	Note	2023	2022
		(Rupees in '000')	
NON - CURRENT ASSETS			
Property, plant and equipment	15	**13,987,475**	11,638,803
Intangible assets	16	**40,035**	51,957
Investment property - at cost	17	**748,450**	-
Long term investments	18	**45,079**	32,862
Long term deposits	19	**104,330**	89,093
		14,925,369	11,812,715
CURRENT ASSETS			
Stores, spare parts and loose tools	20	**251,698**	210,189
Stock in trade	21	**982,498**	711,968
Trade debts	22	**1,366,122**	964,769
Loans and advances	23	**434,901**	647,227
Deposits, prepayments and other receivables	24	**266,493**	249,402
Markup accrued		**2,077**	2,129
Other financial assets	25	**554,352**	909,625
Tax refunds due from the government (net of provision)	26	**320,936**	470,176
Cash and bank balances	27	**2,322,666**	2,468,500
		6,501,743	6,633,985
Non - current assets held for sale	28	**-**	320,953
		21,427,112	18,767,653

CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2023

	Note	2023	2022
		(Rupees in '000')	
Revenue - net	29	**19,716,154**	16,192,168
Other income	30	**647,629**	640,328
Operating costs	31	**(17,905,843)**	(14,747,818)
Finance cost	32	**(434,403)**	(347,245)
Expected credit losses	24.2 & 42.1.3	**(57,105)**	(112,618)
Share of profit / (loss) of an associate	18	**12,217**	(3,099)
Profit before taxation		**1,978,649**	1,621,716
Provision for taxation	33	**(821,544)**	(492,547)
Profit after taxation		**1,157,105**	1,129,169
Attributable to:			
Equity holders of SIHL		**1,168,732**	1,141,310
Non-controlling interest		**(11,627)**	(12,141)
		1,157,105	1,129,169
Earnings per share - basic and diluted (Rupees)	34	**18.49**	18.05

The annexed notes from 1 to 49 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, 2023

	Note	2023	2022
		(Rupees in '000')	
Profit after taxation		**1,157,105**	1,129,169
Other comprehensive income:			
Items that will not be subsequently reclassified in the consolidated statement of profit or loss:			
Loss on remeasurement of staff gratuity fund benefit plan	12.5.4	**(26,884)**	(23,961)
Deferred tax relating to remeasurement of staff gratuity fund benefit plan		**10,485**	7,907
Loss on remeasurement of staff gratuity fund benefit plan (net of tax)		**(16,399)**	(16,054)
Foreign currency translation adjustment		**458**	703
		(15,941)	(15,351)
Surplus on revaluation of land		**837,802**	214,861
Total comprehensive income for the year		**1,978,966**	1,328,679
Attributable to:			
Equity holders of SIHL		**1,672,313**	1,297,966
Non-controlling interest		**306,653**	30,713
		1,978,966	1,328,679

The annexed notes from 1 to 49 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, 2023

	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, 2021	619,749	2,751,283	1,409,434	3,832,409	1,119,806	9,732,681
Total comprehensive income for the year:						
Profit / (loss) after taxation	-	-	-	1,141,310	(12,141)	1,129,169
Other comprehensive income - net of tax	-	-	172,007	(15,351)	42,854	199,510
	-	-	172,007	1,125,959	30,713	1,328,679
Realisation of revaluation surplus on disposal of assets	-	-	(24,883)	24,883		-
Transfer of revaluation surplus of property, plant and equipment in respect of incremental depreciation / amortisation	-	-	(10,239)	10,239	-	-
NCI recognised during the year	-	-	-	-	520,240	520,240
Distribution to owners:						
Bonus shares issued for the year ended June 30, 2021 @ 2 %	12,395	(12,395)	-	-	-	-
Dividend-Interim 2022 @ Rs. 1.5 per share	-	-	-	(94,822)		(94,822)
Balance as at June 30, 2022	632,144	2,738,888	1,546,319	4,898,668	1,670,759	11,486,778
Total comprehensive income for the year:						
Profit / (loss) after taxation	**-**	**-**	**-**	**1,168,732**	**(11,627)**	**1,157,105**
Other comprehensive income - 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 on 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**

The annexed notes from 1 to 49 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, 2023

	2023	2022
	(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**1,978,649**	1,621,716
Adjustments for:		
Depreciation / amortisation on tangible assets	**974,152**	877,782
Amortisation on intangible assets	**12,002**	21,296
Expected credit losses	**57,105**	112,618
Property, plant and equipment written off	**8,222**	2,234
Gain on disposal of tangible assets	**(42,202)**	(69,269)
Gain on termination of right of use assets	**(5,063)**	-
Provision for compensated absences	**72,408**	67,049
Provision for defined contribution plan	**94,703**	53,655
Provision for bonus for employees	**134,864**	125,814
Provision for gratuity	**99,896**	164,464
(Reversal) / charged of provision for slow moving stores	**(5,923)**	2,687
Loss on disposal of slow moving stores	**3,866**	-
Share of (profit) / loss of an associate	**(12,217)**	3,099
Gain on investments and bank deposits	**(163,677)**	(104,958)
Gain on foreign currency translation	**(375,747)**	(416,637)
Finance cost	**434,403**	347,245
Operating cash flows before changes in working capital	**3,265,441**	2,808,795
Changes in working capital:		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	**(39,452)**	(47,564)
Stock-in-trade	**(270,530)**	(53,688)
Trade debts	**(458,458)**	(157,497)
Loans and advances	**212,326**	(298,308)
Deposits, prepayments and other receivables	**(33,173)**	(233,836)
Increase in current liabilities:		
Trade and other payables	**1,038,626**	287,890
	449,339	(503,003)
Cash generated from operations	**3,714,780**	2,305,792
Finance cost paid	**(335,215)**	(275,864)
Income tax paid	**(603,123)**	(465,990)
Payment to SIHL Employees' Gratuity Fund Trust	**(141,271)**	(241,218)
Compensated absences paid	**(58,095)**	(49,695)
Payment to defined contribution plan	**(97,999)**	(24,467)
Net cash generated from operating activities	**2,479,077**	1,248,558

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2023

	Note	2023	2022
		(Rupees in '000')	
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to property, plant and equipment (PPE)		**(2,972,893)**	(1,713,331)
Addition to intangible assets		**-**	(41,201)
Encashment of other financial assets - net		**514,911**	304,438
Proceeds from disposal of PPE and items classified as held for sale		**97,663**	251,206
Markup received		**55,714**	34,120
Increase in long term deposits		**(15,136)**	(19,468)
Net cash used in investing activities		**(2,319,741)**	(1,184,236)
CASH FLOWS FROM FINANCING ACTIVITIES			
Non-controlling interest		**524,250**	520,240
Long term financing - repayments		**(1,353,678)**	(1,417,563)
Proceeds from long term financing		**470,534**	212,009
Deferred grant received		**15,918**	47,060
Lease liabilities - repayments		**(188,129)**	(172,702)
Dividend paid		**(98,645)**	(89,202)
Net cash used in financing activities		**(629,750)**	(900,158)
Net decrease in cash and cash equivalents		**(470,414)**	(835,836)
Cash and cash equivalents at beginning of the year		**2,540,324**	2,958,820
Effect of exchange rate changes on cash and cash equivalents		**376,205**	417,340
Cash and cash equivalents at end of the year	40	**2,446,115**	2,540,324

The annexed notes from 1 to 49 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, Shifa Medical Center Islamabad (Private) Limited and Shifa International-DWC LLC.

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.

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.

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 has decided to divest the SIHL's entire shareholding in its subsidiary "SMC Islamabad". Pursuant to the said decision SMC Islamabad is currently in process of completing the structure of the hospital building before initiating the marketing campaign.

Shifa International-DWC LLC (SIDL) was incorporated in United Arab Emirates on December 16, 2019 as limited liability company. The principal activities of the SIDL which it may perform under the license issued by Dubai Aviation City Corporation are marketing and project management services. The registered office of the SIDL is situated at 106 B-2 Pulse residence-3, P.O Box, 390667, Dubai South UAE.

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 Pharmacy, Gulberg Greens, Islamabad
Shifa Pharmacy, F-11 Markaz, Islamabad
Faisalabad Hospital, Main Jaranwala road, Faisalabad
Shifa Pharmacy, Iskandarabad, Mianwali
Shifa Pharmacy, National Radio Telecommunication Corporation, Haripur
Shifa Pharmacy, Telephone Industries of Pakistan, Haripur
Shifa Pharmacy, Ring Road, Peshawar
Shifa Pharmacy, Jamrud Road, Peshawar
Shifa Pharmacy, WAPDA, Mangla
Shifa Medical and Facilitation Center, Hayatabad, Peshawar

Percentage share in total revenue given in note 29.	**2023**	2022
Islamabad	**97%**	97%
Faisalabad	**3%**	3%
	100%	100%

The consolidated financial statements of the Group has been presented based upon initialed accounts for Shifa Medical Center Islamabad (Private) Limited and Shifa National Hospital Faisalabad (Private) Limited as at June 30, 2023.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are 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 4.1 and 18
ii) Estimate of fair value of financial liabilities at initial recognition - notes 4.4, 4.16.4 and 9
iii) Provision for taxation - notes 4.5, 10 and 33
iv) Right of use assets and corresponding lease liability - notes 4.6, 11 and 15
v) Employee benefits - notes 4.8, 12.4 and 12.5
vi) Provisions and contingencies - notes 4.9, 4.10 and 14
vii) Estimate of useful life of property, plant and equipment - notes 4.11 and 15
viii) Estimate of useful life of intangible assets - notes 4.12 and 16
ix) Impairment of non-financial assets - notes 4.14
x) Expected credit loss allowance - notes 4.16.2, 24.2 and 42.1.3
xi) Provision for slow moving stores, spares and loose tools - notes 4.17, 4.18, 15.11.2 and 20

3 CHANGES IN ACCOUNTING STANDARDS, INTERPRETATIONS AND PRONOUNCEMENTS

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

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

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

		Effective date annual reporting periods beginning on or after
IAS 1	Presentation of Financial Statements (Disclosure of accounting policies Amendments)	January 1, 2023
IAS 7	Statements of Cash Flows (Amendments)	January 1, 2023
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 1, 2023
IAS 12	Income Taxes (Amendments)	January 1, 2023
IAS 1	Presentation of Financial Statements (Non-current liabilities with covenants Amendments)	January 1, 2024
IFRS 7	Financial Instruments	January 1, 2024
IFRS 16	Leases (Amendments)	January 1, 2024

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

3.3 Other than the aforesaid standards, interpretations and amendments, IASB has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the SECP as at June 30, 2023:

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Basis of consolidation

These consolidated financial statements includes the financial statements of Shifa International Hospitals Limited and its subsidiaries, SDSPL 55% owned (2022: 55% owned), SNS Islamabad 100% owned (2022: 100% owned), SMC Islamabad 56% owned (2022: 56% owned), SNH Faisalabad 61% owned (2022: 60% owned) and SIDL 100% owned (2022: 100% owned).

Subsidaries

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.

Associate (equity accounted investee)

Entity 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 is associate and is accounted for under the equity method of accounting (equity accounted investee). This investment is initially recognised at cost. The consolidated financial statements include the associate 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 or loss of associate is recognised in the consolidated statement of profit or loss and the consolidated statement of comprehensive income. Distributions received from associate reduce the carrying amount of investment.

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

Non controlling interest (NCI)

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

Loss of control

When the Group loses control over a subsidiary, it 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.

4.2 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 consolidated statement of profit or loss over the period of the financing on an effective interest basis. Financing costs are recognised as an expense in the period in which these are incurred.

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 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 are recognised and finance cost are reported net of grant in note 32.

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 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. 78,909 thousand (2022: Rs. 55,179 thousand) on deductible temporary difference of Rs. 272,100 thousand (2022: Rs. 190,273 thousand) has not been recorded in respect of subsidiaries.

4.6 Leases

4.6.1 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 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 losses, if any, and adjusted for certain remeasurements of the lease liability.

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

4.6.2 Lease liability

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

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

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

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

4.7 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.

4.8 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 gains or losses at each evaluation date are charged to consolidated statement of 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 are 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.

4.9 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.

4.10 Contingencies

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

The Group discloses significant contingent liabilities for the pending litigations and claims against the Group based on its judgment and the advice of the legal advisors for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities 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.

4.11 Property, plant and equipment

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

Any revaluation increase arising on the revaluation of land is 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 within "other income" in the consolidated statement of profit or loss.

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

4.12 Intangible assets

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

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 item is disposed off.

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

4.13 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 losses, if any.

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

The 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.

4.14 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.

4.15 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.

4.16 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 are 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 asset at amortised cost

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

4.16.1 Other financial assets

Investment in units of Mutual Funds are classified at fair value through profit or loss and is initially measured at fair value and subsequently is measured at fair value determined using the net assets value of the funds at each reporting date. Net 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 losses, if any. Interest/markup income, losses and impairment are recognised in the consolidated statement of profit or loss.

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

4.16.3 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.

4.16.4 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, is 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.

4.16.5 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.

4.17 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 amounts of the respective items of stores and spares with a corresponding affect on the provision.

4.18 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.

4.19 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.

4.20 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.

4.21 Non - current assets held for sale

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

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 consolidated statement of profit or loss.

4.23 Operating segment

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

4.24 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. Revenue from operations of the Group are 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.

Scrap sales and miscellaneous receipts are recognised on realised amounts.

4.25 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the 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.

4.26 Fair value measurement

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

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

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

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, 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

2023	2022		**2023**	2022
(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 (2022: 7,585,725) ordinary shares representing 12% (2022: 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.

	2023	2022
	(Rupees in '000')	
Equity	**11,394,784**	9,816,019
Debt including impact of lease liabilities	**2,207,396**	3,216,518
Debt to equity ratio	**0.16**	0.25

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.

7 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2023	2022
	(Rupees in '000')	
Balance at beginning of the year	**1,546,319**	1,409,434
Revaluation surplus during the year	**837,802**	214,861
Transfer to non-controlling interest	**(318,280)**	(42,854)
Realisation of revaluation surplus on disposal of assets	**(19,463)**	(24,883)
Transferred to unappropriated profits in respect of incremental depreciation / amortisation charged during the year	**(14,184)**	(10,239)
Balance at end of the year	**2,032,194**	1,546,319

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%**	40%	**44%**	44%		
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	(Rupees in '000')							
Summarised statement of financial position								
Current assets	**106,464**	198,390	**163,148**	302,392	**347,060**	522,480	**616,672**	1,023,262
Non-current assets	**30,287**	27,142	**2,865,512**	1,575,467	**2,788,536**	1,658,008	**5,684,335**	3,260,617
Current liabilities	**61,890**	110,942	**111,502**	83,870	**31,187**	14,473	**204,579**	209,285
Non-current liabilities	**12,285**	8,481	**32,441**	2,831	**-**	2,448	**44,726**	13,760
Net assets	**62,576**	106,109	**2,884,717**	1,791,158	**3,104,409**	2,163,567	**6,051,702**	4,060,834
Accumulated NCI	**(19,195)**	(8,748)	**1,146,132**	724,105	**1,373,452**	955,402	**2,500,388**	1,670,759
Summarised statement of comprehensive income								
Net revenue	**268,200**	334,704	**-**	-	**-**	-	**268,200**	334,704
Other income	**1,014**	5,387	**21,409**	9,691	**25,441**	19,454	**47,864**	34,532
Profit/(loss) for the year	**(43,534)**	43,314	**(13,986)**	(4,197)	**(9,811)**	(6,225)	**(67,331)**	32,892
Other comprehensive income	**-**	-	**118,696**	21,996	**619,652**	77,789	**738,348**	99,785
Total comprehensive income / (loss)	**(43,534)**	43,314	**104,710**	17,799	**609,841**	71,564	**671,017**	132,677
Profit / (loss) attributable to NCI	**(10,252)**	(16,307)	**(1,516)**	2,413	**141**	1,753	**(11,627)**	(12,141)
Comprehensive income for the year attributable to NCI	**-**	-	**46,686**	8,798	**271,593**	34,056	**318,280**	42,854
Total comprehensive income / (loss) for the year attributable to NCI	**(10,252)**	(16,307)	**45,170**	11,211	**271,734**	35,809	**306,653**	30,713
Summarised statement of cash flows								
Cash flows from operating activities	**(17,981)**	47,420	**140,284**	(124,162)	**(39,824)**	(219,418)	**82,479**	(296,160)
Cash flows from investing activities	**720**	(17,532)	**(1,128,835)**	(760,971)	**(316,113)**	(161,460)	**(1,444,228)**	(939,963)
Cash flows from financing activities	**(1,836)**	(1,548)	**988,849**	860,100	**331,000**	400,000	**1,318,013**	1,258,552
Net increase / (decrease) in cash and cash equivalent	**(19,097)**	28,340	**298**	(25,033)	**(24,937)**	19,122	**(43,736)**	22,429

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			2023	2022
9	**LONG TERM FINANCING - SECURED**	Note	**(Rupees in '000')**	
	From banking companies and non banking financial institution:			
	Syndicated Islamic Finance Facility	9.1	**713,818**	1,283,907
	Diminishing Musharakah Facility-1	9.2	**72,176**	250,754
	Diminishing Musharakah Facility-2	9.3	**250,000**	416,667
	Diminishing Musharakah Facility-3	9.4	**407,196**	26,160
	Refinance Facility to Combat COVID-19 (RFCC)	9.5	**111,419**	88,194
	Deferred income - Government grant		**27,830**	29,483
			139,249	117,677
	Islamic Refinance Facility to Combat COVID -19 (IRFCC)	9.6	**107,798**	128,952
	Deferred income - Government grant		**13,313**	20,014
			121,111	148,966
	Islamic Refinance Facility to Combat COVID-19 (IRFCC)	9.7	**29,412**	34,209
	Deferred income - Government grant		**7,447**	11,775
			36,859	45,984
	State Bank of Pakistan (SBP) - refinance scheme	9.8	**-**	311,283
	Deferred income - Government grant		**-**	6,239
			-	317,522
			1,740,409	2,607,637
	Less: current portion		**871,798**	1,334,536
			868,611	1,273,101

9.1 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% (2022: 3 months KIBOR plus 0.85%) per annum, repayable in 14 equal quarterly installments. The SIHL has availed the loan facility upto the total sanctioned limit of Rs. 2,000 million repayable by August 22, 2024. The financing is secured by pari passu charge of Rs. 2,667 million on all present and future SIHL's movable fixed assets and land / building located at H-8/4, Islamabad. Meezan Bank Limited has the custody of original ownership documents of the SIHL's land located at sector H-8/4 Islamabad.

9.2 This includes outstanding balance of Rs. 19.6 million (2022: Rs. 210.4 million) against the long term Islamic finance facility obtained from Al Baraka Bank (Pakistan) Limited of Rs. 449.5 million (2022: Rs. 449.5 million). Principal amount is repayable in 36 equal monthly installments carrying profit rate at 3 months KIBOR plus 0.80% (2022: 3 months KIBOR plus 0.80%) per annum. The financing is secured by first exclusive charge of Rs. 781.3 million against equipment / machinery. The unavailed limit of this facility is Rs. 20.7 million (2022: Rs. 20.7 million). This also includes an outstanding balance of Rs. 52.6 million (2022: Rs. 40.3

million) against long term Islamic finance facility obtained under Diminishing Musharakah basis from First Habib Modaraba of Rs. 83.2 million (2022: Rs. 57.7 million). Principal amount is repayable in 60 equal monthly installments carrying profit rate at 3 months KIBOR plus 0.70% (2022: 3 months KIBOR plus 0.70%) per annum. The unavailed limit of this facility is nil (2022: Rs. 12.3 million).

9.3 This represents outstanding balance of long term Islamic finance facility obtained from Meezan Bank Limited of Rs. 500 million (2022: Rs. 500 million). Principal amount shall be repaid by October 01, 2024 in 12 equal quarterly installments carrying profit rate at 3 months KIBOR plus 0.85% (2022: 3 months KIBOR plus 0.85%) per annum. The financing is secured by first pari passu charge of Rs. 667 million on all present and future fixed assets of the SIHL.

9.4 This represents a long term Islamic finance facility obtained from Bank Alfalah Limited of Rs. 407.2 million (2022: Rs. 26.2 million). Principal amount is repayable in 12 equal quarterly installments carrying profit rate at 3 months KIBOR plus 0.70% (2022: 3 months KIBOR plus 0.70%) per annum. The financing is initially secured by ranking charge of Rs. 800 million and will be upgraded to first exclusive charge against plant and machinery being financed under DM facility to be installed / placed at Hospital located at H-8/4, Islamabad. The unavailed limit of this facility is Rs. 179.9 million (2022: Rs. 492.9 million).

9.5 This represents the outstanding balance of long term finance facility obtained from United Bank Limited of Rs. 185.2 million (2022: Rs. 124.6 million). Principal amount shall be repaid by September 14, 2026 in 18 equal quarterly installments carrying profit at 1% per annum. The financing is secured by first pari passu charge of Rs. 267 million over fixed assets (excluding land and building) of the SIHL. The unavailed limit of this facility is nil (2022: Rs. 75.4 million). 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 as detailed below:

	2023	2022
	(Rupees in '000')	
Balance at beginning of the year	**29,483**	-
Received during the year	**12,013**	29,857
Amortisation during the year	**(13,666)**	(374)
Balance at end of the year	**27,830**	29,483

9.6 This represents the outstanding balance of long term Islamic finance facility obtained from Meezan Bank Limited of Rs. 200 million (2022: Rs. 183.1 million) for the purpose of import / purchase of medical equipment / machinery to combat COVID-19 under State Bank of Pakistan IRFCC scheme. Principal amount shall be repaid by December 29, 2025 in 18 equal quarterly installments with no profit rate. The financing is secured by first pari passu hypothecation charge of Rs. 267 million on all present and future fixed assets of the SIHL (excluding land and building). The unavailed limit of this facility is nil (2022: Rs. 16.9 million). 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 as detailed below:

	2023	2022
	(Rupees in '000')	
Balance at beginning of the year	**20,014**	25,526
Received during the year	**3,905**	5,140
Amortisation during the year	**(10,606)**	(10,652)
Balance at end of the year	**13,313**	20,014

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 (2022: Rs. 45.9 million) for the purpose of import / purchase of medical equipment / machinery to combat COVID-19 under State Bank of Pakistan IRFCC scheme. Principal amount shall be repaid in 9 equal half yearly installments with profit rate of 1% per annum. The facility is secured by 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 as detailed below:

	2023	2022
	(Rupees in '000')	
Balance at beginning of the year	**11,775**	-
Received during the year	**-**	12,063
Amortisation during the year	**(4,328)**	(288)
Balance at end of the year	**7,447**	11,775

9.8 This represented the long term finance facility obtained from United Bank Limited under the State Bank of Pakistan's (SBP) temporary refinance scheme for payment of wages and salaries to the workers and employees of business concerns to support payment of salaries and wages under economic challenges due to COVID-19. The SIHL has availed the financing at a subsidised markup rate of 0.85% per annum. The facility with sanctioned limit of Rs. 1,012.2 million has been fully repaid on January 27, 2023. The facility was secured by first pari passu charge of Rs. 1,333.3 million over fixed assets (excluding land and building) of the SIHL.

	2023	2022
	(Rupees in '000')	
Balance at beginning of the year	**6,239**	44,101
Amortisation during the year	**(6,239)**	(37,862)
Balance at end of the year	**-**	6,239

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		Note	2023	2022
10	**DEFERRED LIABILITIES**		**(Rupees in '000')**	
	Deferred taxation	10.1	**398,573**	339,877
	Defined contribution plan		**24,570**	-
			423,143	339,877
10.1	Deferred tax liability	10.1.1	**643,508**	525,719
	Deferred tax asset	10.1.2	**(244,935)**	(185,842)
	Net deferred tax liability		**398,573**	339,877
10.1.1	**Deferred tax liability on taxable temporary differences:**			
	Accelerated depreciation / amortisation allowance		**643,508**	525,719
10.1.2	**Deferred tax asset on deductible temporary differences:**			
	Right of use assets net of lease liabilities		**(59,683)**	(34,742)
	Specific provisions		**(119,119)**	(87,261)
	Retirement benefit obligation		**(66,133)**	(63,839)
			(244,935)	(185,842)

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')		
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**
2022				
Effect of taxable temporary differences				
Accelerated depreciation / amortisation allowance	504,777	20,942	-	525,719
Effect of deductible temporary differences				
Right of use assets net of lease liabilities	(13,462)	(21,280)	-	(34,742)
Specific provisions	(83,981)	(3,280)	-	(87,261)
Retirement benefit obligation	(75,735)	19,803	(7,907)	(63,839)
	331,599	16,185	(7,907)	339,877

10.1.4 Deferred tax assets and liabilities on temporary differences are measured at the rate of 39% (2022: 33%).

11 LEASE LIABILITIES	**2023**	2022
	(Rupees in '000')	
Balance at beginning of the year	**608,881**	384,043
Addition during the year	**59,045**	347,365
Interest expense during the year	**63,972**	52,635
Modification / termination during the year	**(76,782)**	(2,460)
Payment during the year	**(188,129)**	(172,702)
Balance at end of the year	**466,987**	608,881
Less: current portion	**169,979**	173,173
	297,008	435,708

11.1 Lease liabilities are payable as follows:

	Minimum lease payments	**Interest**	**Present value of minimum lease payments**
		(Rupees in '000')	
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**
2022			
Less than one year	195,041	21,868	173,173
Between one and five years	406,123	135,160	270,963
More than five years	309,920	145,175	164,745
	911,084	302,203	608,881

	Note	**2023**	2022
		(Rupees in '000')	
11.2 Amounts recognised in the consolidated statement of profit or loss			
Interest expense on lease liabilities	32	**63,972**	52,635
Expense relating to short term / low value lease	31	**18,817**	14,782
		82,789	67,417

		Note	2023	2022
12	**TRADE AND OTHER PAYABLES**		**(Rupees in '000')**	
	Creditors	12.1	**2,572,419**	1,767,504
	Accrued liabilities		**804,610**	586,888
	Advances from customers - contract liability	12.2	**276,239**	293,743
	Medical consultants' charges		**651,675**	511,357
	Security deposits	12.3	**124,607**	118,472
	Compensated absences	12.4	**145,524**	131,211
	Defined contribution plan		**1,322**	29,188
	Retention money		**47,603**	16,228
	Payable to Shifa International Hospitals Limited (SIHL) Employees' Gratuity Fund Trust (the Fund)	12.5	**169,573**	193,453
			4,793,572	3,648,044
12.1	**This includes payable to related parties (unsecured) as detailed below:**			
	Tameer - e - Millat Foundation (TMF)		**12,803**	11,660
	Shifa Tameer - e - Millat University (STMU)		**12,009**	6,458
			24,812	18,118
12.2	**Advances from customers - contract liability**			
	Balance at beginning of the year		**293,743**	272,841
	Revenue recognised during the year		**(279,795)**	(234,854)
	Advance received during the year		**262,291**	255,756
	Balance at end of the year		**276,239**	293,743

12.3 This includes security deposits retained from employees of Rs. 41,380 thousand (2022: Rs. 37,095 thousand) held in separate bank account and balances obtained from customers of Rs. 83,227 thousand (2022: Rs. 81,377 thousand) that are utilisable for the purpose of the business in accordance with agreements with customers.

		2023	2022
		(Rupees in '000')	
12.4	**Compensated absences**		
	Balance at beginning of the year	**131,211**	113,857
	Provision made for the year	**72,408**	67,049
		203,619	180,906
	Payments made during the year	**(58,095)**	(49,695)
	Balance at end of the year	**145,524**	131,211

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

		Note	2023	2022
			(Rupees in '000')	
12.5	**The amount recognised in the consolidated statement of financial position:**			
	Present value of defined benefit obligation	12.5.1	**387,539**	398,711
	Fair value of plan assets	12.5.2	**(217,966)**	(205,258)
			169,573	193,453
12.5.1	**Movement in the present value of defined benefit obligation:**			
	Balance at beginning of the year		**398,711**	798,687
	Interest cost		**43,315**	47,760
	Current service cost		**74,387**	105,084
	Benefits paid / adjusted		**(142,049)**	(608,160)
	Benefits payable		**(2,304)**	(1,725)
	Loss arising on plan settlements		**-**	37,717
	Remeasurement loss on defined benefit obligation		**15,479**	19,348
	Balance at end of the year		**387,539**	398,711
12.5.2	**Movement in the fair value of plan assets:**			
	Balance at beginning of the year		**205,258**	547,093
	Expected return on plan assets		**27,195**	31,445
	Contributions		**141,271**	241,218
	Benefits paid / adjusted		**(142,049)**	(608,160)
	Benefits payable		**(2,304)**	(1,725)
	Remeasurement loss on plan assets		**(11,405)**	(4,613)
	Balance at end of the year		**217,966**	205,258
12.5.3	**Charge for the year:**			
	Current service cost		**74,387**	105,084
	Interest cost		**43,315**	47,760
	Loss arising on plan settlements		**-**	37,717
	Expected return on plan assets		**(27,195)**	(31,445)
			90,507	159,116
12.5.4	**Remeasurements recognised in the consolidated statement of other comprehensive income (OCI):**			
	Remeasurement loss on obligation		**15,479**	19,348
	Remeasurement loss on plan assets		**11,405**	4,613
	Remeasurement loss recognised in OCI		**26,884**	23,961
	Deferred tax relating to remeasurement of staff gratuity fund benefit plan		**(10,485)**	(7,907)
			16,399	16,054

		Note	2023	2022
			(Rupees in '000')	
12.5.5	**Movement in liability recognised in consolidated statement of financial position:**			
	Balance at beginning of the year		**193,453**	251,594
	Charge for the year		**90,507**	159,116
	Remeasurement recognised in OCI during the year		**26,884**	23,961
	Contributions during the year		**(141,271)**	(241,218)
	Balance at end of the year		**169,573**	193,453
12.5.6	**Plan assets comprise of:**			
	Term deposit receipts		**133,162**	133,892
	Ordinary shares of SIHL	12.5.6.1	**9,611**	14,056
	Cash and bank balances		**88,806**	68,619
	Payable to outgoing members		**(13,613)**	(11,309)
			217,966	205,258

12.5.6.1 Number of ordinary shares of SIHL held by the Fund at year end were 78,461 shares (2022: 78,461 shares) with market value of Rs. 122.49 (2022: Rs. 179.14) per share.

12.5.7 Latest actuarial valuation was carried out by an independent actuary on June 30, 2023 using the Projected Unit Credit Method.

		2023	2022
12.5.8	**Principal actuarial assumptions used in the actuarial valuation:**		
	Discount rate used for interest cost in profit or loss	**13.25%**	11.75%
	Discount rate used for year end obligation	**16.25%**	13.25%
	Expected rate of salary growth		
	- Salary increase FY 2023	**N/A**	N/A
	- Salary increase FY 2024-2025	**9.25%**	9.25%
	- Salary increase FY 2026 onward	**14.25%**	11.25%
	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.

	2023		2022	
	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	**363,941**	**414,544**	373,013	427,045
Future salary increase	**415,076**	**363,112**	427,576	372,149

12.5.10 The average duration of the defined benefit obligation as at June 30, 2023 is 7 years (2022: 8.5 years).

12.5.11 The expected expense for the next year is amounted to Rs. 93,517 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.

		2023	2022
13	**MARKUP ACCRUED**	**(Rupees in '000')**	
	Long term financing - secured	**70,874**	35,658

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

14.1.1 The guarantee issued by bank in favor of Sui Northern Gas Pipelines Limited (SNGPL) of aggregate sum of Rs. 33.1 million (2022: Rs. 43.35 million) on behalf of the SIHL in its ordinary course of business.

14.1.2 Claims and penalties against the SIHL for alleged negligence attributed to consultants / doctors etc. and other matters aggregating to Rs. 5.4 million (2022: Rs. 3 million) are currently pending within the legal jurisdiction of Peshawar, Islamabad and Lahore High Courts as well as the Supreme Court of Pakistan. The management of the SIHL is contesting these claims and penalties, and believes that the contention of the claimants and penalties imposed will not be successful and no material liability is likely to arise.

14.1.3 On June 06, 2012, the Competition Commission of Pakistan (CCP) imposed a penalty of Rs. 20 million (2022: 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 SIHL's management firmly believes that a favorable judgment for the GAMCs, including SIHL, will be reached.

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. 6.4 million, Rs. 97 million, Rs. 85.5 million, Rs. 26.1 million, Rs. 85.4 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 under section 177 of the Ordinance, resulting in a tax demand of Rs. 1,143.8 million. Feeling aggrieved, 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.

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.

		2023	2022
		(Rupees in '000')	
14.2	**Commitments**		
14.2.1	Capital expenditure contracted	**104,711**	135,129
14.2.2	Letters of credit	**-**	138,470

15 PROPERTY, PLANT AND EQUIPMENT

Particulars	Note	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 15.11)	Office premises	Electrical equipment	Total
		(Rupees in '000')															
Cost/Revalued amount																	
Balance as at July 01, 2021		1,219,900	2,808,437	58,898	3,301,696	61,610	4,493,801	504,712	723,311	229,570	2,788	565,378	120,459	822,691	584,310	57,000	15,554,561
Additions		6,030	-	-	-	22,586	118,418	7,438	44,963	10,692	223	65,493	30,580	1,406,908	368,187	-	2,081,518
Revaluation		66,252	148,609	-	-	-	-	-	-	-	-	-	-	-	-	-	214,861
Disposals		-	-	-	-	-	(12,801)	-	-	-	-	(532)	(2,029)	-	-	-	(15,362)
Termination of lease		-	-	-	-	-	-	-	-	-	-	-	-	-	(7,241)	-	(7,241)
Write offs		-	-	-	-	-	(13,451)	(4,032)	(1,213)	(132)	-	(3,423)	-	-	-	-	(22,251)
Transfers		-	-	-	-	-	35,203	-	4,039	1,067	-	12,205	-	(52,514)	-	-	-
Balance as at June 30, 2022		1,292,182	2,957,046	58,898	3,301,696	84,196	4,621,170	508,118	771,100	241,197	3,011	639,121	149,010	2,177,085	945,256	57,000	17,806,085
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	15.5	**(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**
Depreciation/amortisation																	
Balance as at July 01, 2021		-	152,741	3,927	844,853	40,294	2,507,104	303,292	517,314	143,261	1,889	441,149	93,861	-	248,884	30,084	5,328,653
Charge for the year		-	37,752	2,944	109,027	12,511	335,151	52,083	58,225	17,710	272	69,544	11,813	-	151,750	19,000	877,782
On disposals		-	-	-	-	-	(11,866)	-	-	-	-	(316)	(1,523)	-	-	-	(13,705)
Termination of lease		-	-	-	-	-	-	-	-	-	-	-	-	-	(5,431)	-	(5,431)
On write offs		-	-	-	-	-	(11,765)	(3,596)	(1,169)	(101)	-	(3,386)	-	-	-	-	(20,017)
Balance at June 30, 2022		-	190,493	6,871	953,880	52,805	2,818,624	351,779	574,370	160,870	2,161	506,991	104,151	-	395,203	49,084	6,167,282
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 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**
Carrying value as at June 30, 2022		1,292,182	2,766,553	52,027	2,347,816	31,391	1,802,546	156,339	196,730	80,327	850	132,130	44,859	2,177,085	550,053	7,916	11,638,803
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**
Annual rate of depreciation (%)		**-**	**1.01-3.03**	**5**	**2.5-10**	**20**	**10**	**10-15**	**10-15**	**10**	**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. 27.40 million (2022: nil) capitalized during the year.

15.2 The Group's freehold and leasehold lands were revalued on June 30, 2023 by an independent professional valuer using the fair market value basis which results in increase in surplus by Rs. 218,150 thousand and Rs. 619,652 thousand respectively. Total unamortised surplus against the revaluation of freehold and leasehold lands as at June 30, 2023 stood at Rs. 2,039,226 thousand (2022: Rs. 1,181,961 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, 2023	**658,928**	**-**	**658,928**
June 30, 2022	980,135	-	980,135
Leasehold land			
June 30, 2023	**1,621,716**	**167,571**	**1,454,145**
June 30, 2022	1,599,133	144,697	1,454,436

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

Location	Nature	2023 Area	2022 Area
Shifa Cooperative Housing Society, Islamabad Expressway - Sq.yds	Freehold land	**1,003**	1,003
Motorway, Mouza Noon, Islamabad - Kanal	Freehold land	**-**	100
Faisalabad Motorway - Kanal	Freehold land	**-**	48.2
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

15.5 Freehold land measuring 100 kanals located at Motorway, Mouza Noon, Islamabad and 48.2 kanals located at Chak No. 4, near Sargodha Road, Faisalabad has been re-classified to investment property (Note 17) as the SIHL wants to retain these lands for capital appreciation.

15.6 Property, plant and equipment include items with aggregate cost of Rs. 2,635,621 thousand (2022: Rs. 2,370,718 thousand) representing fully depreciated assets that are still in use of the SIHL.

15.7 Property, plant and equipment of the SIHL are encumbered under an aggregate charge of Rs. 7,665.6 million (2022: Rs. 7,665.6 million) in favor of banking companies under various financing arrangements as disclosed in note 9.

15.8 The forced sale value (FSV) of the revalued leasehold and freehold land have been assessed at Rs. 2,719,984 thousand (2022: Rs. 2,213,318 thousand) and Rs. 825,805 thousand (note 15.4) (2022: Rs. 1,033,746 thousand) respectively.

15.9 Immediately after acquisition, the sale deed for the land and building of SNS Islamabad was registered with the sub registrar office in Islamabad. After that, the SNS Islamabad began the processes with the Capital Development Authority (CDA) to transfer ownership of the property in the name of SNS Islamabad. However, the same has been objected by CDA before the court of competent jurisdiction without any substance and therefore the same is likely to be rejected.

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

Asset particulars / Location	Note	Cost/ revalued amount	Carrying value	Sale proceeds	Gain on disposal	Purchaser	Mode of disposal
		(Rupees in '000')					
Plots located at Shifa Cooperative Housing Society	28.1	**54,512**	**54,512**	**95,000**	**40,488**	Various independent third parties	Negotiation
Other assets having carrying value less than Rs. 500 thousand	15	**4,956**	**949**	**2,663**	**1,714**		
2023		**59,468**	**55,461**	**97,663**	**42,202**		
2022		188,090	174,385	251,206	76,821		

	Note	2023	2022
		(Rupees in '000')	
15.11 Capital work in progress			
Construction work in progress	15.11.1	**3,431,511**	1,739,252
Stores held for capital expenditure	15.11.2	**-**	976
Installation of equipment in progress		**289,621**	436,857
		3,721,132	2,177,085

15.11.1 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	2023	2022
		(Rupees in '000')	
SMCI Hospital, F-11 Islamabad		**1,252,612**	806,923
SNHF Hospital, Faisalabad		**1,819,784**	638,747
Other construction		**359,115**	293,582
		3,431,511	1,739,252
15.11.2 Stores held for capital expenditure			
Stores held for capital expenditure		**4,524**	4,524
Less: provision for slow moving items	15.11.2.1	**4,524**	3,548
		-	976
15.11.2.1 Balance at beginning of the year		**3,548**	3,548
Charged during the year		**976**	-
Balance at end of the year		**4,524**	3,548
16 INTANGIBLE ASSETS			
Softwares in use	16.1	**660**	12,582
Software under development	16.2	**39,375**	39,375
		40,035	51,957
16.1 Softwares is use			
Cost			
Balance at beginning of the year		**108,042**	106,216
Addition during the year		**130**	1,826
Balance at end of the year		**108,172**	108,042
Accumulated amortisation			
Balance at beginning of the year		**95,460**	74,164
Charged during the year		**12,002**	21,296
Balance at end of the year		**107,512**	95,460
Net book value		**660**	12,582

		Note	2023	2022
			(Rupees in '000')	
16.2	**Software under development**			
	Balance at beginning of the year		**39,375**	-
	Addition during the year	16.2.1	**-**	39,375
	Balance at end of the year		**39,375**	39,375

16.2.1 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 of the developed modules with existing Hospital Management Information System (HMIS) and Oracle EBS alongwith user acceptance testing is in progress and is expected to be completed in next financial year.

16.3 Amortisation of softwares in use has been recorded at rate of 10% - 25 % (2022: 10% - 25%) per annum.

		Note	2023	2022
17	**INVESTMENT PROPERTY - AT COST**		(Rupees in '000')	
	Balance at beginning of the year		**-**	-
	Reclassified during the year		**748,450**	-
	Balance at end of the year	17.1	**748,450**	-

17.1 This represents freehold land comprising of 11 plots at Shifa Cooperative Housing Society, Islamabad Expressway (SCHS), 48.2 kanal at Chak No. 4, near Sargodha Road, Faisalabad and 152.55 kanal at Motorway, Mouza Noon, Islamabad, held for capital appreciation, therefore classified as investment property. As at June 30, 2023, the fair value and forced sale value of the land located at SCHS, Sargodha Road Faisalabad and Motorway, Mouza Noon, Islamabad are Rs. 320,302 thousand, Rs. 135,924 thousand, Rs. 456,497 thousand and Rs. 256,241 thousand, Rs. 108,739 thousand, Rs. 365,198 thousand respectively.

Subsequent to the year-end property dealer of the Company informed about the sale of land measuring 49.05 kanal located at Motorway, Mouza Noon, Islamabad but has not transferred / provided both consideration and sale documents of land. Currently, the Company is evaluating the appropriate course of actions to be initiated against property dealer.

		2023	2022
18	**LONG TERM INVESTMENT**	(Rupees in '000')	
	Shifa Care (Private) Limited (SCPL) - Associated Company (unquoted)		
	Balance at beginning of the year	**32,862**	35,961
	Share in profit / (loss) for the year	**12,217**	(3,099)
	Balance at end of the year	**45,079**	32,862

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

	2023	2022
	(Rupees in '000')	
Summarised statement of financial position		
Non-current assets	**75,191**	58,322
Current assets	**35,362**	52,787
Current liabilities	**(20,396)**	(45,385)
Net assets	**90,157**	65,724
Reconciliation to carrying amounts:		
Opening net assets	**65,724**	71,923
Total comprehensive income / (loss) for the year	**24,433**	(6,199)
Closing net assets	**90,157**	65,724
Group's share in carrying value of net assets	**45,079**	32,862
Other comprehensive income / (loss) for the year	**-**	-
Group's share in total comprehensive income / (loss)	**12,217**	(3,099)
Summarised statement of profit or loss and statement of comprehensive income		
Revenue for the year - gross	**37,500**	-
Depreciation and amortisation	**(4,085)**	(855)
Finance cost	**(741)**	-
Provision for taxation	**(5,004)**	-
Profit / (loss) for the year	**24,433**	(6,199)
Other comprehensive income / (loss) for the year	**-**	-
Total comprehensive income / (loss) for the year	**24,433**	(6,199)

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

18.2 The board of directors of SIHL have in their meeting held on April 12, 2023, resolved to acquire 50% stakes of SIHT (Private) Limited (a wholly owned subsidiary of Shifa Foundation) from Shifa Foundation.

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.

			2023	2022
20	**STORES, SPARE PARTS AND LOOSE TOOLS**	Note	**(Rupees in '000')**	
	Stores		**256,038**	209,391
	Spare parts		**7,430**	26,654
	Loose tools		**7,887**	699
			271,355	236,744
	Less: provision for slow moving items	20.1	**19,657**	26,555
			251,698	210,189
20.1	Balance at beginning of the year		**26,555**	23,868
	(Reversal) / charged during the year		**(6,898)**	2,687
	Balance at end of the year		**19,657**	26,555

21 STOCK IN TRADE

This represents medicines being carried at moving average cost.

			2023	2022
22	**TRADE DEBTS**	Note	**(Rupees in '000')**	
	Unsecured - considered good			
	Related party - Shifa Foundation	22.1	**15,686**	9,736
	Others		**1,578,798**	1,126,290
			1,594,484	1,136,026
	Less: allowance for expected credit losses (ECL)	42.1.3	**228,362**	171,257
			1,366,122	964,769

22.1 Maximum amount due from Shifa Foundation at the end of any month during the year was Rs. 15,686 thousand (2022: Rs. 20,694 thousand).

		2023	2022
23	**LOANS AND ADVANCES**	**(Rupees in '000')**	
	Secured - considered good		
	Executives	**9,328**	4,199
	Other employees	**17,038**	18,101
		26,366	22,300
	Unsecured - considered good		
	Consultants	**4,792**	3,661
	Suppliers/contractors	**403,743**	621,266
		408,535	624,927
		434,901	647,227

23.1 These advances are secured against employee terminal benefits.

		Note	2023	2022
24	**DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**		**(Rupees in '000')**	
	Unsecured - considered good			
	Short term prepayments		**41,318**	37,046
	Other receivables	24.1	**283,552**	270,733
			324,870	307,779
	Less: allowance for expected credit losses against other receivables	24.2	**58,377**	58,377
			266,493	249,402

24.1 This includes Rs. 87,473 thousand (2022: Rs. 35,416 thousand) due from SIHT (Private) Limited and maximum amount due from SIHT (Private) Limited at the end of any month during the year was Rs. 113,524 thousand (2022: Rs. 72,695 thousand). Further, this also includes the amount of Rs. 28.4 million due from one of the subsidiary's director, paid to him against remuneration without the due process.

		Note	2023	2022
			(Rupees in '000')	
24.2	**Allowance for expected credit losses against other receivables (unrelated parties)**			
	Balance at beginning of the year		**58,377**	70,094
	Charge during the year		**-**	40,185
	Less: written off during the year		**-**	(51,902)
	Balance at end of the year		**58,377**	58,377
25	**OTHER FINANCIAL ASSETS**			
	Investment - at amortised cost	25.1	**123,449**	71,824
	Investment in Mutual Funds - at fair value through profit or loss	25.2	**430,903**	837,801
			554,352	909,625

25.1 This represents 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 (2022 : T- Bill purchased on June 02, 2022 and matured on August 25, 2022 at a yield of 14.67% per annum) respectively. This also represents term deposit receipt (TDR) having face value of Rs. 3 million (2022: two term deposit receipts having face value of Rs. 3 million with three months maturity and Rs. 15 million with one year maturity) with three months maturity. Profit payable on monthly basis at the rate ranging from 12.25% to 19.00% per annum (2022: 5.50% to 12.25% per annum).

25.2 This represents investment in 3,020,724 units (2022: 5,059,495 units) and 1,233,844 units (2022: 3,223,094 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.

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		Note	2023	2022
26	**TAX REFUNDS DUE FROM THE GOVERNMENT (NET OF PROVISION)**		**(Rupees in '000')**	
	Balance at the beginning of the year		**470,176**	480,548
	Income tax paid / deducted at source during the year		**603,123**	465,990
			1,073,299	946,538
	Provision for taxation for the year	33	**(752,363)**	(476,362)
	Balance at the end of the year		**320,936**	470,176
27	**CASH AND BANK BALANCES**			
	Cash at bank in:			
	Current accounts:			
	Local currency		**306,315**	463,875
	Foreign currency		**939,799**	1,374,994
			1,246,114	1,838,869
	Saving accounts:			
	Local currency		**1,043,594**	620,678
	Foreign currency		**286**	204
		27.1	**1,043,880**	620,882
		27.2	**2,289,994**	2,459,751
	Cash in hand		**32,672**	8,749
			2,322,666	2,468,500

27.1 Balance with saving account earned profit / markup at weighted average rate of 14.20% per annum (2022: 8.20% per annum).

27.2 Balances with banks includes Rs. 124,607 thousand (2022: Rs. 118,472 thousand) in respect of security deposits (Note 12.3).

		Note	2023	2022
28	**NON - CURRENT ASSETS HELD FOR SALE**		**(Rupees in '000')**	
	Balance at beginning of the year		**320,953**	493,679
	Disposed off during the year	28.1	**(54,511)**	(172,726)
	Reclassified to investment property	28.2	**(266,442)**	-
	Balance at end of the year		**-**	320,953

28.1 During the year the SIHL has sold five plots located at Shifa Cooperative Housing Society, Islamabad Expressway (2022: six plots located at Shifa Cooperative Housing Society, Islamabad Expressway and 48.5 kanals located at Motorway, Mouza Noon, Islamabad).

28.2 Freehold land measuring 11 plots located at Shifa Cooperative Housing Society Islamabad Expressway and 52.6 Kanals located at Motorway, Mouza Noon, Islamabad have been reclassified to investment property (Note 17) as the SIHL wants to retain these land for capital appreciation. Immediately, before the transfer it was remeasured to fair value and revaluation surplus of Rs. 99,454 thousand was recognised in other comprehensive income.

		Note	2023	2022
29	**REVENUE - NET**		**(Rupees in '000')**	
	Inpatients		**11,803,983**	9,836,737
	Outpatients		**6,787,893**	5,509,053
	Other services	29.1	**1,350,848**	1,012,517
			19,942,724	16,358,307
	Less: discount		**156,745**	128,070
	Less: sales tax		**69,825**	38,069
			226,570	166,139
			19,716,154	16,192,168

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

29.2 The revenue - net is excluding physician share of Rs. 1,802,988 thousand (2022: Rs. 1,353,680 thousand).

		2023	2022
30	**OTHER INCOME**	**(Rupees in '000')**	
	Income from financial assets:		
	Profit on bank deposits	**44,550**	16,579
	Dividend income from mutual fund - investments at fair value through profit or loss	**88,631**	67,940
	Un-realised gain on investments at fair value through profit or loss	**19,384**	1,446
	Interest income on treasury bills	**11,112**	18,993
		163,677	104,958
	Income from other than financial assets:		
	Gain on disposal of tangible assets	**42,202**	69,269
	Exchange gain on foreign currency translation	**375,747**	416,637
	Sale of scrap - net of sales tax	**19,538**	18,772
	Miscellaneous	**46,465**	30,692
		483,952	535,370
		647,629	640,328

			2023	2022
31	**OPERATING COSTS**	Note	**(Rupees in '000')**	
	Salaries, wages and benefits	31.1	**6,659,774**	5,787,049
	Medicines consumed		**5,373,920**	4,171,392
	Supplies consumed		**2,025,240**	1,720,046
	Utilities		**1,074,495**	835,180
	Depreciation / amortisation on tangible assets	15	**974,152**	877,782
	Repairs and maintenance		**854,545**	640,134
	Printing and stationery		**220,222**	133,611
	Cleaning and washing		**190,685**	137,585
	Fee, subscription and membership		**109,489**	82,213
	Advertising and sales promotion		**85,238**	66,512
	Communication		**52,675**	49,507
	Travelling and conveyance		**41,123**	21,853
	Legal and professional		**40,923**	18,077
	Rent		**18,817**	14,782
	Rates and taxes		**20,323**	15,177
	Vehicle and equipment rentals		**-**	12,447
	Insurance		**24,232**	18,998
	Amortisation on intangible assets	16	**12,002**	21,296
	Property, plant and equipment written off		**8,222**	2,234
	Auditors' remuneration	31.2	**8,152**	7,712
	(Reversal) / charged of provision for slow moving stores		**(5,923)**	2,687
	Loss on disposal of slow moving stores		**3,866**	-
	Project cost		**-**	217
	Donation	31.3	**-**	25,000
	Miscellaneous		**113,670**	86,326
			17,905,843	14,747,818

31.1 This includes charge for employee gratuity of Rs. 99,896 thousand (2022: Rs. 164,464 thousand), defined contribution plan (pension) Rs. 94,703 thousand (2022: Rs. 53,655 thousand), compensated absences of Rs. 72,408 thousand (2022: Rs. 67,049 thousand), and bonus of Rs. 134,864 thousand (2022: Rs. 125,814 thousand).

			2023	2022
			(Rupees in '000')	
31.2	**Auditors' remuneration**			
	Annual audit fee		**2,800**	2,421
	Half yearly review fee		**1,545**	1,404
	Statutory certifications		**2,400**	2,826
	Out of pocket expenses		**268**	-
			7,013	6,651
	Sales tax		**1,139**	1,061
			8,152	7,712

31.3 Donation

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

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

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

			2023	2022
32	**FINANCE COSTS**	Note	(Rupees in '000')	
	Markup on long term loans - secured		**309,304**	252,714
	Interest on lease liabilities	11	**63,972**	52,635
	Credit card payment collection and bank charges		**61,127**	41,896
			434,403	347,245
33	**PROVISION FOR TAXATION**			
	Current			
	- for the year		**744,240**	480,702
	- prior year adjustment		**8,123**	(4,340)
		26	**752,363**	476,362
	Deferred		**69,181**	16,185
			821,544	492,547

		2023	2022
34	**EARNINGS PER SHARE - BASIC AND DILUTED**	(Rupees in '000')	
	Profit after taxation for the year attributable to equity holders of SIHL	**1,168,732**	1,141,310

	2023	2022
	(Numbers in '000')	
Weighted average number of ordinary shares in issue during the year	**63,214**	63,214

	2023	2022
	(Rupees)	
Earnings per share - basic and diluted	**18.49**	18.05

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:

	2023	2022	**2023**	2022	**2023**	2022
	Available bed days		**Occupied bed days**		**Occupancy ratio**	
H-8 Hospital, Islamabad	**180,611**	184,269	**114,424**	108,277	**63.35%**	58.76%
Faisalabad Hospital	**19,618**	22,867	**7,142**	6,046	**36.41%**	26.44%

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

	2023	2022
36 UNAVAILED CREDIT FACILITIES	**(Rupees in '000')**	
Unavailed credit facilities at year end other than those disclosed in note 9 of financial statements are as under:		
- Letter of credit	**100,000**	60,348
- Ijarah financing	**51,709**	51,709
- Running musharkah	**500,000**	500,000
- Letter of guarantee	**23,916**	23,666
	675,625	635,723

37	NUMBER OF EMPLOYEES	2023	2022
	Group's number of employees	**5,278**	5,223
	Group's average number of employees	**5,255**	5,234

38 RELATED PARTIES TRANSACTIONS

The related parties comprise of associate, 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, other receivables and trade and other payables. Further, related party transactions are based on arm's length between the parties and details are given below:

	Note	2023	2022
		(Rupees in '000')	
Shifa Foundation:			
Opening balance			
Balance receivable - unsecured		**9,736**	17,139
Transactions			
Revenue from medical services earned by the SIHL		**19,634**	16,964
Expenses paid by and reimbursed to the SIHL		**741**	867
Closing Balance			
Balance receivable - unsecured		**15,686**	9,736
Tameer-e-Millat Foundation:			
Opening balance			
Balance payable - unsecured		**11,660**	13,073
Transactions			
Supplies provided to the SIHL		**112,176**	88,543
Other services provided to the SIHL	38.1	**43,153**	35,278
Rental services received / earned by the SIHL		**6,649**	5,842
Closing Balance			
Balance payable - unsecured		**12,803**	11,660

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	Note	2023	2022
		(Rupees in '000')	
Shifa Tameer-e-Millat University:			
Opening balance			
Balance payable - unsecured		**6,458**	5,041
Transactions			
Revenue from medical services earned by the SIHL		**21,554**	18,543
Revenue from rent earned by the SIHL		**3,517**	3,197
Other services provided to the SIHL	38.1	**80,829**	61,817
Expenses paid by and reimbursed to the SIHL		**3,599**	2,905
Donation paid by the SIHL		**-**	25,000
Closing Balance			
Balance payable - unsecured		**12,009**	6,458
SIHT (Private) Limited:			
Opening balance			
Balance receivable - unsecured		**35,416**	24,335
Transactions			
Revenue from medical services earned by the SIHL		**412,250**	325,112
Expenses paid by and reimbursed to the SIHL		**5,816**	5,905
Other services provided to the SIHL	38.1	**25,016**	23,206
Closing Balance			
Balance receivable - unsecured		**87,473**	35,416
Shifa Cooperative Housing Society Limited:			
Opening balance			
Balance receivable / (payable) - unsecured		**-**	-
Transactions			
Plot maintenance charges paid by the SIHL		**1,434**	5,573
Closing balance			
Balance receivable / (payable) - unsecured		**-**	-

	Note	2023	2022
		(Rupees in '000')	
Shifa Care (Private) Limited:			
Opening balance			
Balance receivable / (payable) - unsecured		**-**	-
Transactions			
Corporate shared services provided by the SIHL		**2,437**	2,343
Software development services provided to the SIHL		**-**	39,375
Closing balance			
Balance receivable / (payable) - unsecured		**-**	-
International Finance Corporation:			
Opening balance			
Balance receivable / payable - unsecured		**-**	-
Transactions			
Dividend paid by the SIHL		**11,379**	11,379
Closing balance			
Balance receivable / payable - unsecured		**-**	-
SIHL Employees' Gratuity Fund Trust:			
Opening balance			
Balance payable - unsecured		**193,453**	251,594
Transactions			
Payments made by the SIHL during the year	38.2	**141,271**	241,218
Dividend paid by the SIHL		**118**	118
Closing balance			
Balance payable - unsecured		**169,573**	193,453
Remuneration including benefits and perquisites of key management personnel	38.3	**474,163**	390,331

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

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

38.3 This includes employee retirement benefits (pension / gratuity) amounting to Rs. 15,873 thousand (2022: Rs. 3,866 thousand).

38.4 Following are the related parties with whom the SIHL had entered into transactions or have arrangements / agreements in place.

Sr #	Name of related party (RP)	Basis of relationship	Percentage of	
			Company's shareholding in RP	RP's shareholding in the Company
1	Shifa Foundation	Common Directorship	N/A*	3.60%
2	Tameer-e-Millat Foundation	Common Directorship	N/A	12.57%
3	SIHL Employees' Gratuity Fund Trust	Benefit Plan	N/A	0.12%
4	Shifa Tameer-e-Millat University	Common Directorship	N/A	0.25%
5	Shifa CARE (Private) Limited	Associate & Common Directorship	50%	Nil
6	SIHT (Private) Limited	Common Directorship	N/A	Nil
7	Shifa Cooperative Housing Society Limited	Common Directorship	N/A	Nil
8	International Finance Corporation (IFC)	Associate	Nil	12.00%

*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	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	(Rupees in '000')							
Managerial remuneration	**56,976**	66,036	**48,976**	38,272	**12,396**	10,990	**375,934**	295,878
Annual bonus	**2,365**	1,768	**1,430**	1,192	**237**	237	**10,118**	8,336
Pension / gratuity	**305**	-	**1,364**	-	**-**	-	**17,573**	-
Medical insurance	**153**	92	**342**	88	**519**	358	**4,460**	2,235
Leave encashment	**-**	-	**-**	-	**-**	-	**8,846**	7,422
	59,799	67,896	**52,112**	39,552	**13,152**	11,585	**416,931**	313,871
Number of persons	**2**	2	**2**	2	**10**	8	**54**	44

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

39.2 Managerial remuneration includes Rs. 5,445 thousand (2022: Rs. 4,305 thousand) paid to directors in respect of meeting attending fee.

39.3 Travelling expenses of Rs. 8,307 thousand (2022: Rs. 3,315 thousand) for official purposes are reimbursed by the SIHL to non executive directors.

		2023	2022
40 CASH AND CASH EQUIVALENTS	Note	(Rupees in '000')	
Investment - at amortised cost	25	**123,449**	71,824
Cash and bank balances	27	**2,322,666**	2,468,500
		2,446,115	2,540,324

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

	Liabilities			Equity				Total
	Long term financing	Government grant	Lease liabilities	Share capital	Share premium	Non-controlling Interest	Un-appropriated profits	
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	470,534	-	-	-	-	-	-	470,534
Repayments	(1,353,678)	-	-	-	-	-	-	(1,353,678)
Repayments of lease liabiltiies	-	-	(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	-	(34,839)	-	-	-	305,379	1,191,536	1,496,914
Balance at the 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

	Liabilities			Equity				Total
	Long term financing	Government grant	Lease liabilities	Share capital	Share premium	Non-controlling Interest	Un-appropriated profits	
2022	(Rupees in '000')							
Balance at the beginning of the year	3,696,503	69,627	384,043	619,749	2,751,283	1,119,806	3,832,409	12,473,420
Changes from financing cash flows								
Proceeds	212,009	-	-	-	-	-	-	212,009
Repayments	(1,417,563)	-	-	-	-	-	-	(1,417,563)
Repayments of lease liability	-	-	(172,702)	-	-	-	-	(172,702)
NCI recognised during the year	-	-	-	-	-	520,240	-	520,240
Dividend paid	-	-	-	-	-	-	(89,202)	(89,202)
Grant received	-	47,060	-	-	-	-	-	47,060
Total changes from financing cash flows	(1,205,554)	47,060	(172,702)	-	-	520,240	(89,202)	(900,158)
Other changes								
Liability related	49,176	-	397,540	-	-	-	-	446,716
Amortisation of government grant	-	(49,176)	-	-	-	-	-	(49,176)
Equity related								
Total comprehensive changes	-	-	-	-	-	30,713	1,125,959	1,156,672
Other changes	-	-	-	12,395	(12,395)	-	35,122	35,122
Changes in unclaimed dividend	-	-	-	-	-	-	(5,620)	(5,620)
Total of equity related changes	-	(49,176)	-	12,395	(12,395)	30,713	1,155,461	1,186,174
Balance at the end of the year	2,540,125	67,511	608,881	632,144	2,738,888	1,670,759	4,898,668	13,156,976

42 FINANCIAL RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

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

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

42.1 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.

42.1.1 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:

	2023	2022
	(Rupees in '000')	
Long term deposits	**104,330**	89,093
Trade debts	**1,366,122**	964,769
Other receivables	**225,175**	212,356
Markup accrued	**2,077**	2,129
Other financial assets	**554,352**	909,625
Bank balances	**2,289,994**	2,459,751
	4,542,050	4,637,723

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:

42.1.2 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:

	2023	2022
	(Rupees in '000')	
Government companies	**788,526**	606,483
Private companies	**525,047**	277,452
Individuals	**265,225**	242,355
Related parties	**15,686**	9,736
	1,594,484	1,136,026

42.1.3 Impairment losses

The ageing of trade debts at the reporting date was:

	2023		2022	
	Gross debts	**Allowance for ECL**	Gross debts	Allowance for ECL
		(Rupees in '000')		
Not past due	**342,965**	**2,613**	428,765	2,029
1 - 2 months	**475,313**	**13,186**	298,404	14,109
3 - 4 months	**210,188**	**13,229**	94,405	6,543
5 - 7 months	**183,465**	**22,988**	88,393	12,486
8 - 12 months	**138,388**	**39,325**	68,831	34,726
Above 12 months	**244,165**	**137,021**	157,228	101,364
	1,594,484	**228,362**	1,136,026	171,257

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

	Note	**2023**	2022
		(Rupees in '000')	
Balance at beginning of the year		**171,257**	195,881
Expected credit losses		**57,105**	72,433
Less: bad debts written off		**-**	97,057
Balance at end of the year	22	**228,362**	171,257

42.1.4 The Group believes that no impairment allowance is necessary in respect of markup accrued, deposits, other receivables, 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:

		2023		2022	
		Gross debts / Other receivables	**Allowance for ECL**	Gross debts / Other receivables	Allowance for ECL
	Note		**(Rupees in '000')**		
Shifa Foundation					
1 - 6 months	22	**15,686**	**-**	9,736	-
SIHT (Private) Limited					
1 - 3 months	24.1	**87,473**	**-**	35,416	-

42.1.5 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:

	Rating Agency	Rating Short term	Rating Long term
Bank			
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+	AA+
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)

42.2 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:

	Carrying amount	Six months or less	Six to twelve months	One to two years	Two to five years	Above five years
2023			(Rupees in '000')			
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**	-

2022	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	2,607,637	770,466	564,070	950,306	322,795	-
Trade and other payables	3,207,198	3,207,198	-	-	-	-
Unclaimed dividend	40,778	40,778	-	-	-	-
Mark up accrued	35,658	35,658	-	-	-	-
	5,891,271	4,054,100	564,070	950,306	322,795	-

Maturity analysis of lease liabilities is given in note 11.

42.3 Market risk

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

42.3.1 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:

	2023			2022		
	(Amount in '000')					
	Euro	**USD**	**AED**	Euro	USD	AED
Creditors	**-**	**-**	**(9)**	-	-	(13)
Bank balances	**-**	**3,366**	**301**	-	6,736	365
Letters of credit	**-**	**-**	**-**	(13)	(450)	-
	-	**3,366**	**292**	(13)	6,286	352
	(Rupees in '000')					
Creditors	**-**	**-**	**(696)**	-	-	(718)
Bank balances	**-**	**963,233**	**23,443**	-	1,375,198	20,286
Letters of credit	**-**	**-**	**-**	(2,675)	(92,164)	-
	-	**963,233**	**22,747**	(2,675)	1,283,034	19,568

Following are significant exchange rates applied during the year:

	Average rate		Closing rate	
	2023	2022	**2023**	2022
	(Rupees)			
USD 1 - Buying	**247.69**	177.80	**286.18**	204.17
USD 1 - Selling	**248.11**	178.21	**286.60**	204.59
AED 1 - Buying	**67.49**	48.44	**77.92**	55.62
AED 1 - Selling	**67.59**	48.55	**78.02**	55.73
Euro 1 - Buying	**260.15**	199.96	**312.85**	213.59
Euro 1 - Selling	**260.58**	200.41	**313.30**	214.03

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')	
2023			
Foreign currencies	**+10%**	**60,145**	**60,145**
Foreign currencies	**-10%**	**(60,145)**	**(60,145)**
2022			
Foreign currencies	+10%	87,095	87,095
Foreign currencies	-10%	(87,095)	(87,095)

42.3.2 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	**2023**	2022
		(Rupees in '000')	
Financial assets			
Investment - at amortised cost	25.1	**123,449**	71,824
Bank balances	27	**1,043,880**	620,882
		1,167,329	692,706
Financial liabilities			
Financing - secured	9	**(1,740,409)**	(2,607,637)
		(573,080)	(1,914,931)

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, 2023 would decrease / increase by Rs. 1,615 thousand (2022: decrease / increase by Rs. 8,092 thousand). This is mainly attributable to the Group's exposure to markup rates on its variable rate borrowings.

Price risk

The Group's price risk arises from investments in units as disclosed in note 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. 5,436 thousand (2022: Rs.11,112 thousand).

42.4 Financial instrument by category

2023	Amortised cost	Fair value through profit or loss	Total
		(Rupees in '000')	
Financial assets			
Maturity upto one year			
Trade debts	**1,366,122**	**-**	**1,366,122**
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**
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**

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

42.5 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:

	2023		2022	
	Carrying value	**Fair value**	Carrying value	Fair value
	(Rupees in '000')			
Assets carried at amortised cost				
Long term deposits	**104,330**	**104,330**	89,093	89,093
Trade debts	**1,366,122**	**1,366,122**	964,769	964,769
Other receivables	**225,175**	**225,175**	212,356	212,356
Markup accrued	**2,077**	**2,077**	2,129	2,129
Other financial assets	**123,449**	**123,449**	71,824	71,824
Cash and bank balances	**2,322,666**	**2,322,666**	2,468,500	2,468,500
	4,143,819	**4,143,819**	3,808,671	3,808,671
Assets carried at fair value				
Other financial assets	**430,903**	**430,903**	837,801	837,801
Liabilities carried at amortised cost				
Long term financing - secured	**868,611**	**868,611**	1,273,101	1,273,101
Deferred Liabilities	**24,570**	**24,570**	-	-
Lease liabilities	**297,008**	**297,008**	435,708	435,708
Trade and other payables	**4,421,544**	**4,421,544**	3,207,198	3,207,198
Unclaimed dividend	**36,955**	**36,955**	40,778	40,778
Markup accrued	**70,874**	**70,874**	35,658	35,658
Current portion of long term financing - secured	**871,798**	**871,798**	1,334,536	1,334,536
Current portion of lease liabilities	**169,979**	**169,979**	173,173	173,173
	6,761,339	**6,761,339**	6,500,152	6,500,152

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.

43 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.

44 DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC INDEX

		2023	2022
Description	**Explanation**	**(Rupees in '000')**	
Bank balances	Placed under interest	**273,136**	211,700
	Placed under sharia permissible arrangement	**770,744**	409,182
		1,043,880	620,882
Return on bank deposit for the year	Placed under interest	**7,750**	6,121
	Placed under sharia permissible arrangement	**34,413**	10,230
		42,163	16,351
Interest and dividend income on investment for the year	Placed under interest	**11,553**	19,221
	Placed under sharia permissible arrangement	**109,936**	69,386
		121,489	88,607
Segment revenue	Disclosed in note 28		
Exchange gain earned	Disclosed in note 29		
Loans obtained as per Islamic mode		**1,601,160**	2,172,438
Mark up paid on Islamic mode of financing		**305,023**	275,864
Interest paid on any conventional loan		**1,896**	5,392

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Relationship with sharia compliant banks

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

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

45 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, 2023 are located in Pakistan. There is no customer with more than 10% of total revenue of the Group for the year.

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

The board of directors of SIHL in its meeting held on September 30, 2023 has proposed a final cash dividend for the year ended June 30, 2023 @ Rs. 1.5 per share, amounting to Rs. 94,822 thousand for approval of the members in the Annual General Meeting to be held on October 27, 2023. The consolidated financial statements for the year ended June 30, 2023 do not include the effect of the final dividend which will be accounted for in the year in which it is approved.

47 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for better presentation. However, no major reclassification has been made during the year.

48 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 30, 2023.

49 GENERAL

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

CHAIRMAN | CHIEF EXECUTIVE | CHIEF FINANCIAL OFFICER