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ASIRI HOSPITAL HOLDINGS PLC

ANNUAL REPORT

2017 / 18



AN EXPERT MEDICAL TEAM...
TECHNOLOGY THAT ENABLES ACCURATE DIAGNOSIS...
EVIDENCE BASED CARE BY SKILLED PROFESSIONALS...
AND THE BEST PATIENT OUTCOMES...

IT'S HERE

About Us

Asiri Hospital Holdings PLC is the largest hospital chain in Sri Lanka's private sector healthcare industry. Since first commencing operations in 1986, the Group has evolved rapidly over the past three decades.

Today, the Group's flagship brand; Asiri Health is represented by four fully-fledged hospitals; Asiri Medical Hospital, Asiri Surgical Hospital PLC, Asiri Central Hospital, Asiri Hospital - Matara, as well as Asiri Laboratories, the country's largest island-wide private laboratory service, all of which are dedicated to serve the people of Sri Lanka in line with the Group's mission "To care for and improve the quality of human life, through the provision of ethical healthcare solutions together with cutting-edge technology".

The Asiri Health Centres of Excellence offer some of the most advanced clinical programmes in Sri Lanka and the wider Asian region. Focusing on certain critical disciplines such as Cardiac, Brain & Spine, Oncology, Bone Marrow Transplant and Stroke Care, these Centres of Excellence bring new hope to thousands of patients each year.

The commitment to quality is at the very core of the Asiri Health DNA. Testifying to this, Asiri Central Hospital is JCI (Joint Commission International) accredited, earning the Gold Seal of Approval in quality and patient safety, while Asiri Surgical, Asiri Medical and Asiri Hospital - Matara are all working towards obtaining the ACHS (Australian Council on Healthcare Standards) accreditation.



ASIRI HOSPITAL HOLDINGS PLC

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SCAN
TO READ ON
CENTRES OF
EXCELLENCE



PATIENT CARE THAT
IS ELEVATED TO NEW
HEIGHTS...

IT'S HERE

ASIRI BONE MARROW TRANSPLANT UNIT

Charuni, who was diagnosed with Thalassemia, was one of the first patients to undergo a Bone Marrow Transplant at the Unit, in 2014. She has recovered completely now and sat her GCE Ordinary Level examination in December 2017. She got through with flying colours and is a source of great pride to the dedicated team who worked with her.

"I have no words to express my gratitude for the Asiri BMT unit staff who cared for me more than anyone has in this world. I was in a lot of pain and the team's patience and caring words of encouragement gave me hope and strengthened me through the 45 day transplant process."

- Ms. Charuni Apsara (16 Years)



ASIRI BONE MARROW TRANSPLANT UNIT

The BMT unit's highly skilled and dedicated medical and nursing team work round-the-clock to provide the best possible patient outcomes, including a multidisciplinary approach that enables patients to benefit from the opinions of many experienced physicians, not just one.

In operation since 2014, the Asiri Bone Marrow Transplant (BMT) unit holds the distinct honour of being Sri Lanka's pioneer facility geared to perform bone marrow transplantation for patients with blood and bone marrow cancers, genetic blood-related disorders and other diseases, which cause the bone marrow to fail. The goal of BMT is to cure many diseases and types of cancer. When a person's bone marrow has been damaged or destroyed due to a disease, a bone marrow transplant is probably the only hope for long term survival.

The Asiri BMT programme has changed the lives of many families and brought new hope to dozens of patients since its launch in 2014.

A JCI (Joint Commission International) accredited facility in Sri Lanka, the facilities at Asiri Health BMT unit are among the best in the wider South Asian region and include;

- ◀ The latest and most-advanced testing procedures to ensure accurate donor profiling
- ◀ Apheresis unit for plasma separation and peripheral blood stem cell harvesting
- ◀ State-of-the-art infection prevention facilities including three positive pressure rooms with hepafiltration facilities to prevent infections
- ◀ An in-house blood bank and stand-by transfusion service with irradiated blood products
- ◀ Dedicated facility for outpatient immunotherapy

The BMT unit's highly skilled and dedicated medical and nursing team work round-the-clock to provide the best possible patient outcomes, including a multidisciplinary approach that enables patients to benefit from the opinions of many experienced physicians, not just one.

While working closely to develop care plans to meet the specific needs of each patient our team goes above and beyond, to offer patients, their caregivers, and families the support required to address the emotional, physical, and social challenges that often go along with bone marrow transplantation.

Since its inception a total of 22 patients with Thalassemia have been treated, enabling the Asiri BMT unit solidify its reputation as Sri Lanka's premier facility specialising in curing Thalassemia.

The Asiri BMT Unit has been accredited as a training facility for medical post graduate trainees in clinical haematology and bone marrow transplantation by the Post Graduate Institute of Medicine, University of Colombo.

THE PEACE OF MIND
THAT YOU NEED...

IT'S HERE

ASIRI BRAIN & SPINE CENTRE

Mr. Attanayake, a Designer, suffered from a slipped (herniated) disk due to his work and was in a great deal of pain. He was successfully treated with a Lumbar Discectomy and returned to his daily routine in 3 days.

"After opting for surgery I received constant and ongoing care through continuous post-surgery monitoring. It is the after-care, encouragement and support extended to me by the entire team that helped me get back to my normal life within 3 days."

- Mr. Naline Attanayake (37 years)



ASIRI BRAIN & SPINE CENTRE

The Asiri Brain & Spine Centre is also credited with advancing the field of Neurosurgery in Sri Lanka through new approaches and treatment for neurological disorders. Our world-class Neurosurgical theatres are outfitted with the latest intra-operative monitoring mechanisms including Neurosurgery microscopes and Neuro-navigation systems.

Since its inception in 2010, the Asiri Brain & Spine Centre has continued to evolve on par with global standards and today is the most advanced facility of its kind in Sri Lanka. Located at Asiri Central Hospital, the Asiri Brain & Spine Centre is probably the only facility in the country with the ability to diagnose, treat and care for a wide variety of neurological disorders, all under one roof. Backed by the most extensive diagnostic and imaging facilities available, this unit has the capacity to detect advanced conditions affecting the brain, spine, nervous system and muscles, and rare genetic disorders such as Huntington's disease and multiple system atrophy, as well as multiple sclerosis and specific motor neuron diseases.

One of the most advanced departments of Neuroscience in the country, the Asiri Brain & Spine Centre since its establishment 8 years ago, has pioneered several groundbreaking neuro-diagnostic techniques, among them Sri Lanka's only Biplaner Neuro-angiography unit and the only CT "Brain Lab" currently available in the country's private sector healthcare system.

The Asiri Brain & Spine Centre is also credited with advancing the field of Neurosurgery in Sri Lanka through new approaches and treatment for neurological disorders. Our world-class Neurosurgical theatres are outfitted with the latest intra-operative monitoring mechanisms including Neurosurgery microscopes and Neuro-navigation systems to assist our eminent panel of Neurosurgeons to provide cutting-edge treatment facilities on par with international standards.

The Asiri Brain & Spine Centre also includes a special 12-bed Neuro-Intensive-Care-Unit offering dedicated 24-hour nursing care to deliver patient-centered care tailored for each individual's needs.

A testament to the superlative standards and a source of great pride to Asiri Health was having the Centre selected to host the clinical component of the first International FRCS examination in Neurosurgery, held in Colombo. This prestigious event was organised in conjunction with the Joint Surgical Colleges Fellowship Examination (JSCFE) Board and the Joint Colleges Intercollegiate Examination (JCIE) Board of the Royal Colleges of Surgeons in the UK.

Over the years, the Asiri Brain & Spine Centre has provided a new lease of life to thousands of patients by offering them successful outcomes for some of the most debilitating neurological ailments. Hundreds of successful surgeries are performed at the Asiri Brain & Spine Centre, among them are many firsts, including Sri Lanka's first-ever epilepsy surgery in 2005 and the only Parkinson surgery in the country to date.



THE BEST IN HEALTHCARE
INNOVATION IN
SRI LANKA...

IT'S HERE

ASIRI HEART CENTRE

Mr. Fernando was diagnosed with 2 blocked arteries and was required to undergo immediate heart surgery. He was concerned about the usually long recovery time, but was offered the option of Minimally Invasive Cardiac Surgery (MICS), commonly known as 'key hole' surgery. His treatment was successful and he returned home in just 3 days.

"Key hole surgery made me healthy again and I was able to return to my normal life, which involves a lot of foreign travel, very quickly."

- Mr. G. Gamini Fernando (58 years)

ASIRI HEART CENTRE

Equipped with the latest world-class technology covering every aspect of cardiac care, from prevention to diagnosis and disease management, the Asiri Health Cardiac Care Programme provides a comprehensive suite of diagnostic and treatment facilities.

The Asiri Health Heart Centres are among the few facilities in the country with the advanced capability to diagnose, treat, and rehabilitate acute cardiovascular disease. Combining the world class technology and diagnostic capabilities as well as the country's finest medical professionals, our heart centres located at Asiri Surgical Hospital and Asiri Central Hospital are designed to ensure high quality clinical care and the best possible patient outcomes.

Equipped with the latest world-class technology covering every aspect of cardiac care, from prevention to diagnosis and disease management, the Asiri Health Cardiac Care Programme provides a comprehensive suite of diagnostic and treatment facilities including non-invasive diagnostic facilities, cardiac catheterisation and angiography along with a wide range of interventional cardiac and vascular procedures, to give a 360° assessment of the patients' potential heart condition.

Our Cardiac Programme benefits from advanced Cardiac Catheterisation Laboratories located at Asiri Central Hospital & Asiri Surgical Hospital. Both are staffed by nurses who have undergone specialised training in post-surgical cardiac care; post pacemaker insertion care; and monitoring of patients who have had heart attacks, angioplasty, or stent placement. A higher staff to patient ratio is maintained at each Cardiac Unit, to ensure individual patients and their families receive the support needed to help them to adjust to some of the lifestyle changes that are necessary to improve the future health of the patients. The Asiri Health Cardiac Care programme is probably the only one in the country, where patients, depending on their individual needs, have access to personalised care from a multidisciplinary team of physical therapists, clinical psychologists, dieticians and wound care specialists for the long-term management of their heart conditions.

The Asiri Surgical Heart Centre is also the only facility in the country to have an active community programme that offers free heart surgery for underprivileged children. First launched in 2011, the effort has helped a total of 146 children with congenital heart disease to receive free heart surgery and after care that gives them renewed hope for a normal life.

Based on the belief that prevention is better than cure, the Asiri Heart Centres run regular community outreach programmes to educate the public on the importance of early detection and raise awareness regarding lifestyle and healthcare choices that contribute towards minimising the incidence of heart disease.



**ENSURING TIMELY CARE
IN AN EMERGENCY,
FOLLOWED
BY EFFECTIVE
REHABILITATION...**

IT'S HERE

ASIRI STROKE UNIT

Mrs. Perera entered the Stroke Unit experiencing weakness on her left side. She was treated with the 'clot busting injection', but was slow to show signs of recovery. Hence the team quickly used the 'endovascular clot retrieval' technique to open up the blocked blood vessel. She recovered fully within hours and was able to return home in just 4 days. She was the first-ever patient in Sri Lanka to receive both forms of treatment.

"Thanks to the swift action by the team at the Asiri Stroke Unit, even today, four years on I am able to lead a normal, active life with no after effects normally associated with a stroke survivor."

- Mrs. Prince Perera (80 Years)

ASIRI STROKE UNIT

The only dedicated stroke unit in the country equipped with clot busting and clot retrieval technology for the removal of a clot from a blood vessel to prevent the onset of a stroke.

The Asiri Stroke Unit is the only facility in Sri Lanka with the capacity to offer preventive care, treatment of acute stroke and therapeutic facilities for the on-going rehabilitation following a stroke, all under one roof.

The only dedicated stroke unit in the country equipped with clot busting and clot retrieval technology for the removal of a clot from a blood vessel to prevent the onset of a stroke. The Asiri Stroke Unit is led by a multidisciplinary Stroke Care Team including Consultant Physicians, Interventional Radiologists, Neurologists, Therapists and trained nurses geared to provide world-class treatment 24 hours a day.

Acute treatment for a stroke needs to be provided within 4.5 hours from the onset of a stroke. To cater to this need, our unit is open to receive patients round the clock, 365 days of the year. Our response time from patient entering hospital to receiving treatment (i.e. Door-to-needle time) is less than 30 minutes. This prompt state of the art evidence based process can potentially reverse paralysis within hours.

Each stroke patient is accommodated in an individual room equipped with all the latest facilities to make their stay as comfortable and as convenient as possible, with a dedicated nursing team being assigned for acute stroke rehabilitation in order to prevent long-term disability.

With a stroke, rehabilitation begins immediately, and our team works to develop a customised treatment plan that takes into account each patient's overall condition, special needs, personal goals and specific challenges. We see each person as an individual and aim to work in partnership with our patients and their family to ensure the best medical care and fullest possible recovery following a stroke.

The Asiri Stroke Unit provides the ideal environment for rehabilitation through its on-site facilities for exercise and activities. Occupational Therapists carry out physical and cognitive assessments, planning goal-related treatment interventions to prevent disability and promote independence, while at the special on-site gym and hydrotherapy unit, physical therapists work with patients to optimise muscle tone and help them regain strength, balance and coordination. Meanwhile speech and language therapists work to help the patient to overcome swallowing and communication difficulties, while dieticians are available to provide acute and long term nutritional advice and education to the patient and their caregivers.

The Unit also has a dedicated kitchen and bathroom, where occupational therapists teach patients to use techniques and tools that can make everyday activities simpler and safer when they continue their recovery at home.

For stroke patients suffering with persisting functional problems, the Asiri Stroke Unit also offers outpatient rehabilitation facilities to enable them to lead a normal life.

THE TECHNOLOGY THAT
SUPPORTS MINIMALLY
INVASIVE PROCEDURES
FOR ACCURATE
TREATMENT...

IT'S HERE

ASIRI INTERVENTIONAL RADIOLOGY UNIT

Mr. Dias had been suffering with severe headaches for several weeks with episodes of losing consciousness. Entering Asiri Central Hospital, he was found to have a ruptured aneurysm. He was treated successfully with an endovascular coiling procedure.

"I had lost all hope. I did not want open brain surgery. My survival is a miracle and it is all thanks to the great doctors and the team who saved my life with endovascular coiling."

- Mr. Kalyana Dias (51 Years)



ASIRI INTERVENTIONAL RADIOLOGY UNIT

Today, many conditions that once required surgery can be addressed through interventional procedures with equal or better outcome, and in some situations, it is the only available treatment modality to prevent mortality or significant morbidity.

The division of Interventional Radiology at Asiri Central Hospital was established in 2013 with the installation of the first biplane neuro digital subtraction angiography unit in Sri Lanka. The fully fledged unit is functional 24/7 with dedicated and trained interventional Radiologists, Anaesthetists and a team of supporting staff dealing with any interventional procedure from minor peripheral interventions to complex neuro interventions, with results comparable to any centre of excellence in the world.

The unit has its own well equipped patient receiving area and recovery area with facilities for anaesthesia.

Interventional Radiology is one of the most technically advanced and rapidly developing fields in current day medical practise. It is a practice where patients are treated with minimally invasive techniques using image guidance. Today, many conditions that once required surgery can be addressed through interventional procedures with equal or better outcome, and in some situations, it is the only available treatment modality to prevent mortality or significant morbidity.

Neuro interventional procedures in patients with haemorrhage due to ruptured aneurysms and arteriovenous malformations have replaced major neurosurgery, in most instances with excellent results. These procedures, routinely performed in the unit as emergency and elective procedures, minimise physical and psychological trauma to the patient with faster recovery and better outcomes, changing horizons for the patients facing these acute problems. Placement of flow diverter stent as definitive treatment for giant and recurrent aneurysms was performed for the first time in Sri Lanka in 2015 in the unit, and has become a routine procedure for these patients.

Endovascular management of acute ischaemic stroke, has revolutionised the potential outcome for patients facing this debilitating condition, which if not treated promptly will result in a lifetime of disability and agony for both the patient and care-givers. The first mechanical clot retrieval in Sri Lanka was performed successfully at Asiri Central Hospital in 2013. Since then it has become standard treatment for suitable patients presenting to hospital within the window period, with great success.

The unit routinely performs a wide variety of life altering peripheral interventions as well. These include treating acute bleeding, formation of porto systemic shunts, embolisation of tumours, placement of Biliary and ureteric stents, treatment of aortic aneurysms.

**THE ONLY FULLY FLEDGED
DEPARTMENT OF
NUCLEAR MEDICINE IN
SRI LANKA ...**

**IT'S
HERE**

ASIRI DEPARTMENT OF NUCLEAR MEDICINE

The only facility in the country that provides a full range of services in Nuclear medicine, the Asiri Department of Nuclear Medicine is equipped with cutting edge technology to provide high-resolution imaging to support diagnosis of cancer, staging of cancer and also provides information on effectiveness of treatment following radiotherapy and chemotherapy.

Manned by a highly specialised team of experienced radiologists, radiographers and physicists, every patient who visits the Asiri Surgical Hospital, Department of Nuclear Medicine benefits from customised investigation protocols similar to any international facility around the world.

Patients have access to the latest PET imaging technology, a minimally invasive diagnostic imaging procedure based on Radioactive Isotopes that scan the entire body in a single exam to detect cancer cells the size of a pea. Our state-of-the-art PET/CT scanner generates the highest quality images using the lowest radiation doses and shortest scan times possible, with the goal of providing each patient with the safest and most effective imaging examination available.

In 2017, a new Gamma Camera also known as scintillation camera was added to the resources at the Asiri Department of Nuclear Medicine. Being the most advanced Gamma Cameras in operation in the country, the new unit has made it possible for clinicians to obtain very precise pictures of the area of the body being imaged, making invasive procedures unnecessary. Our team works to combine the results obtained from X-rays, CT Scans, ultrasounds, and magnetic resonance imaging (MRI) to ensure the best possible outcomes for stepping in to fill another void in cancer treatment, Asiri Surgical hospital commenced radioactive Iodine treatment for patients with Thyroid cancer and thyrotoxicosis as an effective treatment delivered through the nuclear medicine department from early 2018.



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Vision, Mission and Values

Vision

To be a leading healthcare provider in South Asia with highest quality of clinical standards

Mission

To care for and improve the quality of human life, through the provision of ethical healthcare solutions together with cutting-edge technology

Values

- ◀ Caring with a human touch
- ◀ Respect for all stakeholders
- ◀ Innovation and forward focus
- ◀ Caring for society
- ◀ Caring for our employees



Key Milestones

2004

- ◀ 1.5 Tesla Multifunctional MRI scanning system that supports high-resolution whole body imaging

2005

- ◀ Blood Irradiator which uses X-Ray irradiation to irradiate blood and blood products
- ◀ Extra-corporeal Shock Wave Lithotripsy that uses external shock wave treatment to fragment renal stones

2008

- ◀ 64 Slice CT scanner that produces precise images of rapidly moving organs like the heart and lungs

2011

- ◀ PET / CT scan, an advanced nuclear imaging technique that delivers information about both the structure and function of cells and tissues in the body during a single imaging session

2012

- ◀ Megapulse Stone Laser unit to vapourise kidney stones through an Ureteroscope
- ◀ Thromboelastometry to determine the interaction of blood coagulation factors during clotting and subsequent fibrinolysis

2013

- ◀ The first Bi Planer Neuro Cath lab, to assist in advanced neurovascular and cardiac procedures
- ◀ Setting up of a dedicated Stroke Unit

Key Milestones

2014

- ◀ Bone Marrow Transplant Unit to treat blood and bone marrow cancers, including multiple myeloma, leukemia and thalassemia
- ◀ Digital Mammogram Machine for the early detection of breast cancer

2015

- ◀ Minimal Invasive cardiac surgery performed for the first time in Sri Lanka

2016

- ◀ Fully-fledged Liver transplant unit providing both in-patient and outpatient services

2017

- ◀ The first intraoperative CT Scan (BrainLab-Aero) with intraoperative neuro and spinal navigation
- ◀ A fully fledged oncology unit, with the latest linear accelerator for radiation therapy for cancer patients, is being set up

2018

- ◀ Scheduled launch of the Asiri-AOI Cancer Centre

2019

- ◀ Scheduled opening of Asiri Hospital Kandy, 175 bed facility, with latest technology

Highlights of the Year

2017

September

- Asiri Surgical Hospital enters JV with American Oncology Institute**
 A world class Cancer Treatment Centre complete with nuclear medicine and radiotherapy treatment will open second half 2018.

October

- Asiri Central Hospital, Bone Marrow Transplant Unit**
 Selected as a training facility for medical post graduate trainees in clinical haematology and bone marrow transplant. The programme is approved by the Post Graduate Institute of Medicine, University of Colombo.

 The unit has performed 22 bone marrow transplants in its 4 years of operations.
- Asiri Surgical Hospital, Centre for Nuclear Medicine**
 Introduced the Gamma Camera SPECT scanner. This latest imaging technique plays a vital role in oncology treatment.
- Asiri Surgical Hospital, Geriatric Care programme**
 Enriching everyday living for seniors through a collection of specialised medical services provided by a team of elder-care professionals
- Asiri Medical Hospital**
 Phase 1 of a complete overhaul of this esteemed institution was completed, giving patients arguably the nicest OPD experience in Colombo. Phase 2 is now in progress and will offer patients the best in modern hospital facilities when completed.

2018

January

- Asiri Central Hospital launched the Asiri Breast Care Centre**
 A unique service model where a Multi-disciplinary team of Specialist Consultants provide end-to-end solutions for all breast related concerns.

February

- Asiri Central Hospital, Brain & Spine Centre**
 The Centre was selected to host the clinical component of the first International FRCS examination in Neurosurgery, held in Colombo. This prestigious event was organised in conjunction with the Joint Surgical Colleges Fellowship Examination (JSCFE) board and the Joint Colleges Intercollegiate Examination (JCIE) Board of the Royal Colleges of Surgeons in the UK.

 Forty-four candidates from different parts of the world sat the examination with a contingent of eighteen Senior Consultant Neurosurgeons arriving from the UK.

March

- Asiri Central Hospital, Brain & Spine Centre**
 Life changing Scoliosis Surgery was performed by the Neurosurgical team at the hospital, for the first time.
- Asiri Surgical Hospital, 2nd Cardiac Catheterisation Laboratory**
 Our Cardiac Cath Labs offer the most current and state of the art facilities for diagnostic & stenting procedures.

 A second Cath Lab will be introduced at Asiri Central Hospital too within the year, making Asiri's Heart Centres, by far the largest in the private sector, in Sri Lanka.
- Asiri Medical Hospital, In Vitro Fertility (IVF) Treatment Centre**
 The hospital will extend its expertise in Mother & Baby and Neonatal Care, to offer a complete IVF Treatment Centre, within the year.

Board of Directors

01

02

03

04

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08

01. Mr. Vishal Bali - Director

02. Mr. Samantha Rajapaksa - Director

03. Mr. Ankur Thadani - Director

04. Dr. Manjula Karunaratne - Group Chief Executive Officer

05. Mr. Ashok Pathirage - Chairman/Managing Director

06. Dr. Sivakumar Selliah - Deputy Chairman

07. Mr. Harris Premaratne - Director

08. Mr. Jeremy Huxtable - Director

Board of Directors

Mr. Ashok Pathirage

CHAIRMAN/MANAGING DIRECTOR

Mr. Pathirage is one of the country's leading entrepreneurs and business leaders. He is the founder and Chairman/Managing Director of Softlogic Group.

Mr. Pathirage is also Chairman/Managing Director of the Asiri Hospital chain and the Chairman of Softlogic Capital PLC, Softlogic Finance PLC, Softlogic Life Insurance PLC and Odel PLC which are listed public companies on the Colombo Stock Exchange in addition to the other companies of the Group operating in Leisure and Restaurants, Retail, Automobile and ICT industries.

He is also the Deputy Chairman of National Development Bank PLC and the Chairman of NDB Capital Holdings Limited.

Dr. Sivakumar Selliah

MBBS, M.Phil

DEPUTY CHAIRMAN

Dr. Selliah holds an MBBS Degree and a Master's Degree (M.Phil), and has over two decades of experience in diverse fields, which include manufacturing, healthcare, plantations, packaging, insurance, retail and logistics.

Dr. Selliah is currently the Deputy Chairman of Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC and Central Hospitals Private Ltd. He is a Director of Lanka Tiles PLC, HNB Assurance PLC, Softlogic Holdings PLC, ODEL PLC, Lanka Walltiles PLC, Lanka Ceramic PLC, Swisstek (Ceylon) PLC and Swisstek Aluminium Pvt Ltd. Dr. Selliah is also the Chairman of JAT Holdings Pvt Ltd, Vydexa (Lanka) Power Corporation Pvt Ltd and Cleanco Lanka Pvt Ltd.

Dr. Selliah also serves on the Audit Committee, Investment Committee, Strategic Planning

Committee, Related Party Transaction Committee and Human Resource & Remuneration Committee which are sub committees of the Board, of some of the companies listed above.

Dr. Manjula Karunaratne

MBBS, M.Sc (Trinity, Dublin),

Dip. MS Med (UK) MSOrth Med. (Eng)

GROUP CHIEF EXECUTIVE OFFICER

Dr. Manjula Karunaratne was appointed to the Board of Asiri Hospital Holdings PLC and Asiri Surgical Hospital PLC in 2006, and currently serves as the Chief Executive Officer of the Asiri Group. He also serves on the Boards of Central Hospital Ltd., Asiri Central Hospitals Ltd., Asiri Hospital Matara (Pvt) Ltd., Asiri Diagnostic Services (Pvt) Ltd. and Asiri Hospital Kandy (Pvt) Ltd., He previously held the positions of Medical Director, Asiri Hospital Holdings PLC and was Group Chief Operating Officer, Asiri Hospitals Group. Dr. Karunaratne is a Specialist in Sports/ Orthopedic Medicine.

He possesses over 25 years of experience in the field of healthcare, and is responsible for the overall medical policy of the Group. Under his guidance the Group has introduced over twenty five new medical procedures and technologies to Sri Lanka amongst which are the country's first Bone Marrow Transplant Unit, minimally invasive cardiac surgery service, first fully fledged stroke unit and a high end interventional neuroradiology unit. In addition a 'live donor' Liver Transplant service is currently being set up.

Mr. Harris Premaratne

DIRECTOR

Mr. Premaratne was appointed to the Board in March 2008 after 40 years of banking experience with Commercial Bank. He is specialised in Corporate Banking, and is an Associate of the Chartered Institute of Bankers of London. He

served as the Managing Director of Sampath Bank from 2009 to December 2011. He was the Managing Director of Cargills Bank Limited from 2012 to 2014. He held the position of Chairman of Sri Lanka Banks' Association. He was the Deputy Chairman of Pan Asia Bank in the year 2017, and Deputy Chairman of Softlogic Finance PLC during 2015-2017.

He is a Director of Softlogic Holdings PLC and Softlogic Capital Limited and also serves on the Board of Asiri Hospital Holdings PLC, Asiri Surgical Hospitals PLC and Central Hospital Limited. He functions as the Chairman of the Remuneration Committee and also a member of the Audit Committee of all three hospitals.

Mr. Samantha Rajapaksa

DIRECTOR

Mr. Rajapaksa is a Fellow member of the Institute of Chartered Accountants of Sri Lanka, the Chartered Institute of Management Accountants of UK and the Chartered Institute of Marketing of UK. He also holds an MBA from the University of Sri Jayewardenepura.

He began his career at Ms. Ernst & Young. He went on to serve as Director/General Manager at Informatics International.

Thereafter, he took on the appointment of Director/Chief Executive Officer of CF Venture Fund Ltd. He was also appointed as a Group Director of Central Finance Co. PLC during the same period. He thereon took a posting overseas as Senior Project Manager at AT&T Inc. USA.

He returned to Sri Lanka in 2008 to take up the appointment as Group Director of Kshatriya Holdings PLC and thereafter joined as a Group Director of the Softlogic Group responsible for Group business development initiatives and

Board of Directors

as Director/ Chief Executive Officer of Softlogic Communications Ltd handling the Nokia operations in Sri Lanka and the Maldives.

Mr. Rajapaksa thereafter in 2012 took up the position of Group Managing Director of Associated Motorways (Pvt) Ltd.

Mr Rajapaksa currently serves as the Chairman of Kitra Holdings (Pvt) Ltd. and the Rakuen Group of Hotels. He also currently serves as Director of Bank of Ceylon, Asiri Hospitals Holdings PLC and Asiri Surgical Hospital PLC.

He is also the recipient of the Platinum Honors Award in recognition of Professional Excellence in the field of Management from the Postgraduate Institute of Management from the University of Sri Jayawardenepura,

Mr. Jeremy Huxtable DIRECTOR

Mr. Huxtable was appointed to the position of Group Chief Officer – Enterprise Business of Dialog Axiata PLC with effect from 19th April, 2012. He counts a total of 20 years industry experience in telecommunications on the backdrop of a multi-country and multi-sector management career spanning over 3 decades.

Mr. Huxtable joined the Group Senior Management Team of Dialog following a stint close upon 7 years as the Managing Director of Suntel Ltd. Prior to taking the helm at Suntel in 2005, he held several senior management positions in the Scandinavian region with Orange International, the mobile arm of France Telecom including that of CEO of Orange Sweden, a 3G green-field start up and that of Director for Strategy and Planning at Orange Denmark. Prior to joining Orange, he held the position of Vice President at Fortunecity.com an internet start-up that was listed on the German Neuer Market.

Mr. Huxtable also serves as a Board Member on the Board of Dialog Broadband Networks (Private) Limited and Headstart (Pvt) Ltd.

Mr. Vishal Bali DIRECTOR

Mr. Bali brings with him 27 years of experience in building and leading global healthcare delivery organisations through organic and M&A driven strategic growth initiatives across Asia Pacific. His experience of managing a billion dollar integrated healthcare delivery organisation comprising Hospitals, Diagnostics, Primary Care and Daycare Speciality in diversified geographies of India, Australia, New Zealand, Hong Kong, Singapore, Vietnam, Sri Lanka and Dubai has given him the exceptional opportunity to transform healthcare businesses in both developing and developed countries.

Mr. Bali is currently Asia Head - Healthcare , TPG Growth which is amongst the leading private equity firms globally. He is also Executive Chairman, Asia Healthcare Holdings Pte.

Prior to his current assignment he was the Group CEO for Fortis Healthcare Limited which is the leading provider of healthcare services in India with a network of 68 hospitals and had earlier built Asia's leading integrated healthcare delivery system with presence across 12 countries and a human capital base of more than 20,000 people. His earlier roles also include CEO for Fortis Healthcare International in Singapore and CEO for Fortis Hospitals in India. His past assignment also includes spearheading the growth and transformation of Wockhardt Hospitals from a single hospital to one of India's largest speciality hospital chains as its CEO & Managing Director. He has successfully led post merger integration and divestments of multiple healthcare delivery assets in different countries. His expertise in

integrating healthcare strategy with operations and management has set industry benchmarks. Mr. Bali completed his Bachelors in Science and Post graduation in Business from Bombay University and completed an advance programme in hospital management from Harvard Medical, Boston. He sits on the board of leading healthcare organisations and has been an invited member of the Strategic Initiatives group of Joint Commission International, US and a past member of the Global Agenda Healthcare Council of the World Economic Forum. His keen interest in education and globalisation of healthcare takes him to leading Healthcare Education Institutes and Business Schools globally which include case studies at the Harvard Business School. He is an active member of various Industry bodies and globally recognised industry public speaker.

Mr. Bali Co-Chairs Healthcare Services for Federation of Indian Chamber of Commerce and Industry.

Mr. Ankur Thadani DIRECTOR

Mr. Thadani is a Vice President with TPG Growth and is focused on healthcare and consumer sectors. He joined TPG in 2013 and has worked on multiple investments in India and the broader south Asia region. He currently serves on the board of CTSI, Rhea Healthcare, Fourth Partner Energy Pvt. Ltd. and Asiri Hospitals. Prior to joining TPG, Mr. Thadani was working with India Equity Partners, an India focused private equity fund where he worked across consumer, financial services and healthcare sectors. Mr. Thadani received his MBA from IIFT, Delhi where he was awarded the Gold Medal for outstanding overall achievement. He completed his Bachelors in Engineering from Mumbai University.

Group Senior Management Team



Seated form Left to Right

Mr. N. P. John - Director Laboratory Services | **Dr. Samanthi De Silva** - Director Operations - Asiri Medical & Surgical Hospitals
Dr. Ruwan Senatilleke - Medical Director - Asiri Central Hospital | **Mrs. Mihiri Cabandugama-Kuruppu** - Director Strategic Planning & Laboratory Development | **Mrs. Thelani Weerasinghe** - Director Nursing

Standing Left to Right

Dr. Hasanthie Iddamalgoda - Medical Director - Asiri Medical Hospital | **Dr. D. H. K. Baranage** - Medical Director - Asiri Surgical Hospital
Mr. Nihal Rathnayake - Director Operations - Asiri Central Hospital | **Mrs. Indresh Puvimanasinghe Fernando** - Chief Process Officer
Mr. Ajith Karunarathne - Chief Financial Officer | **Mrs. Hasanthi De Saram Karandagaspiya** - Group Head HR & HRD
Mr. N. P. Pasqual - General Manager - Asiri Hospital Matara | **Mrs. Rochelle Rodé de Silva** - Director Marketing
Mr. Anthony Benjamin - Head of Business Development

Group Consultant Medical Team

Dr. S D Athukorala
Consultant Clinical Bacteriologist



Prof. L R Amarasekara
Consultant Histopathologist



Dr. Y K M Lahie
Consultant Cardiothoracic Surgeon



Dr. Anil Perera
Consultant/Head - Dept. of Anaesthesiology - Asiri Medical & Asiri Surgical Hospital



Dr. Himaru Wirithamulla
Consultants General Surgeon



Dr. Thushara Fernando
Consultant Anaesthesiologist



Dr. Gamini Jayaweera
Consultant/Head - Dept. of Transfusion Medicine - Asiri Group



Dr. Gayani Senanayake
Consultant Anaesthesiologist



Dr. Hiranthi Abeysinghe
Consultant Anaesthesiologist



Dr. Vernon Manil Fernando
Consultant Orthopedic Surgeon



Dr. Rangika Goonaratne
Consultant Eye Surgeon



Dr. Saman Perera
Consultant Radiologist

Group Consultant Medical Team

**Dr. Lallindra Gooneratne**

Director- Bone Marrow Transplant
& Clinical Haematology Unit - Asiri
Central Hospital

**Dr. Rohini Ranwala**

Clinical Director - Dept. of Neuro
Science, Asiri Central Hospital

**Dr. Gulpa Subasinghe**

Consultant Radiologist

**Dr. Sumedha Amarasekara**

Consultant Orthopaedic Surgeon

**Dr. Darshani Amarasinghe**

Consultant Anaesthesiologist

**Dr. Stella Fernando**

Consultant Anaesthesiologist

**Dr. Romanie Nishanthi Fernando**

Consultant Obstetrician &
Gynaecologist

**Dr. Dinesh De Silva**

Consultant Eye Surgeon

**Dr. V P Gamage**

Consultant Surgeon

**Dr. Chrisantha Mendis**

Consultant/Head - Dept. of
Anaesthesiology - Asiri Central
Hospital

**Dr. Vivek Gupta**

Senior Consultant Cardiothoracic
Surgeon

**Dr. Shantha Hettiarachchi**

Consultant/Head - Dept. of Radiology
- Asiri Medical and Asiri Surgical
Hospital

Group Consultant Medical Team

**Dr. Lakmali Paranaheva**

Consultant/Head - Dept. of Radiology
- Asiri Central Hospital

**Dr. Sunil Perera**

Consultant/Head - Dept. of Neuro
Science, Asiri Central Hospital

**Dr. Kantha Samarawickrema**

Consultant/Head - Dept. of Nuclear
Medicine

**Dr. Ajith Karunaratne**

Senior Consultant Cardiothoracic
Surgeon

**Dr. Shama Goonathilake**

Consultant Clinical Oncologist - Asiri-
AOI Cancer Centre (PVT) Ltd.

**Dr. Rajeeva Pieris**

Consultant Cardiothoracic Surgeon

**Prof. Vajira Dissanayake**

Consultant Medical Geneticist

**Dr. Menik Goonewardhene**

Consultant Neonatologist

**Dr. Thurul Attygalle**

Resident Physician - Stroke Unit

**Dr. Gitanjali Jayathilaka**

Consultant Anaesthesiologist

**Dr. Nihal Wijewardhana**

Consultant Interventional Radiologist

**Dr. Philomena Chandrasiri**

Consultant Microbiologist/
Head of Infection Control

Group Consultant Medical Team



Dr. Natasha Peiris
Consultant Resident Physician



Dr. Kalyani Miranda
Consultant Radiologist



Dr. Dishna De Silva
Consultant Paediatrician

Not Pictured

Dr. Chandana Kanakarathna
*Consultant Physician and Elderly Care
Specialist (Geriatrician)*

Group Structure



Asiri Hospital Holdings PLC

Identified as the parent to the Asiri Group of Hospitals, Asiri Medical Hospital has grown into a leading health care provider with a 110 bed hospital. It provides total in-patient care consisting of Medical, Maternity, Paediatric and Critical Care wards. Asiri Hospital consists of two Intensive Care Units including a state-of-the-art Neonatal Intensive Care Unit, Dialysis Unit, well equipped Operating Theatres and Emergency Medical Service Unit etc.



Asiri Surgical Hospital PLC

With a bed capacity of 150, Asiri Surgical Hospital offers specialised surgical care and treatments using the latest medical technology, inclusive of several Intensive Care units, Emergency Treatment services, Modern Operating Theatre suites, fully fledged Urology services and a state of the art Heart Centre which offers world class Cardiac Care. It is recognised as the most technologically advanced private hospital in the country.



Central Hospital Ltd

Offering international standards in healthcare, Asiri Central Hospital is a flagship entity of the Asiri Group of Hospitals. With its luxurious advanced medical facilities, this 13-storey 264-bed multi-specialty general hospital is a one-stop medical centre that offers diagnostic, therapeutic and intensive care facilities. Asiri Central specialises in Neuro Sciences and Cardiac Care and is equipped with the latest medical facilities which can cater to any emergency in those fields.



Asiri Hospital Matara (Pvt) Ltd

Providing the people of southern Sri Lanka with convenient access to treatment and services, Asiri Hospital Matara is a fully owned subsidiary of the Asiri Group of Hospitals. Incorporated in 2007, it acquired Matara Medi House (Pvt) Ltd in 2010. It now consists of two hospitals that function as one entity with a bed capacity of 60. The Hospital offers a range of general and surgical care facilities.



Asiri Hospital Kandy (Pvt) Ltd

A 175 bed multi discipline hospital housing state of the art technology, some of which will be the first for the Central Province. The Hospital is scheduled to commence operations in the first quarter of 2019.



Asiri Laboratories

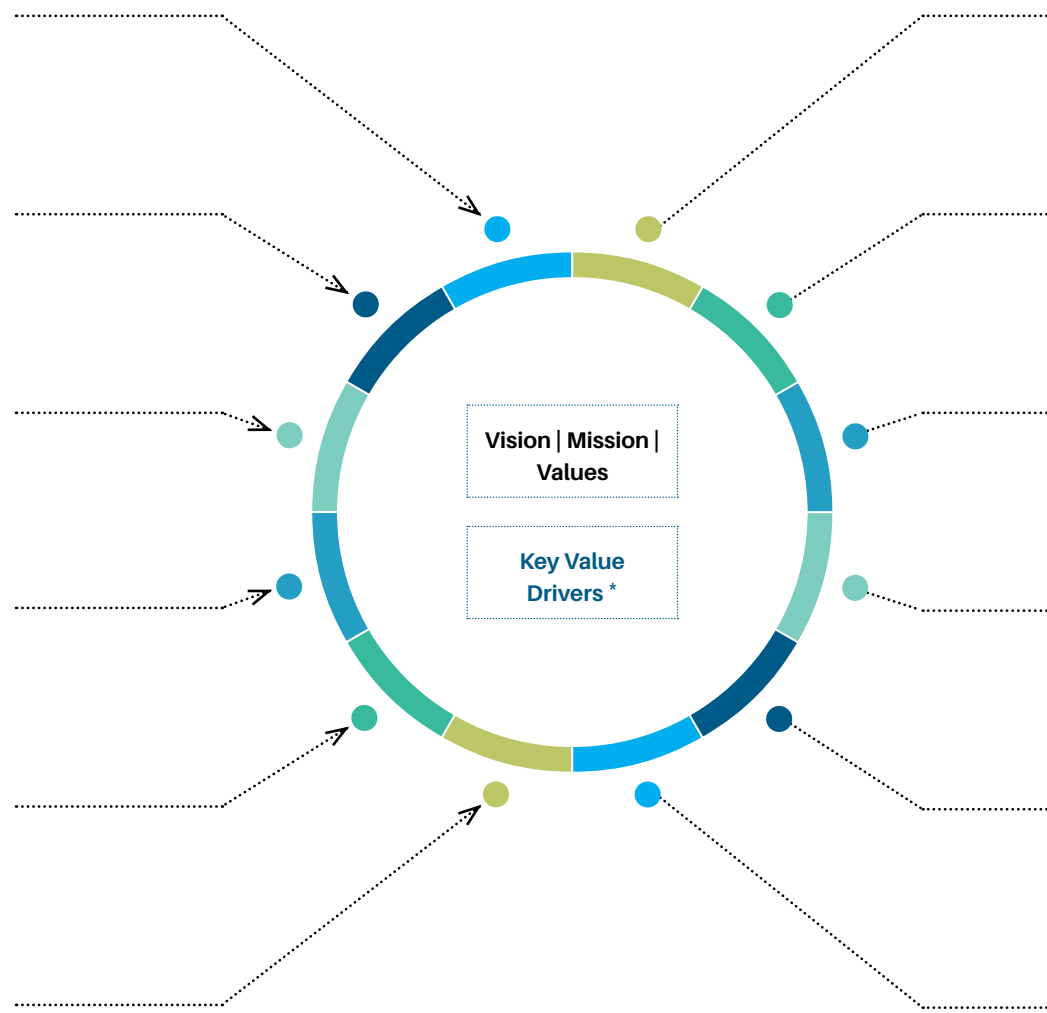
Being the largest laboratory network with the largest portfolio of diagnostic analyses in Sri Lanka, Asiri Laboratories has well cemented not only an enviable market share but is unequivocally the singular most referred to testing facility by nearly every hospital in the country both in the private and public sectors.

Value Creation Process

CAPITAL INPUTS

- Financial Capital**
The pool of funds consisting of funds reinvested in the Group, revenue generated, long- and short-term loans and equity
- Manufactured Capital**
The Group's physical infrastructure consisting of buildings, equipment, facilities, IT systems etc. that are required to conduct day-to-day operations
- Intellectual Capital**
The intangible assets including the brand reputation, quality certifications and other accreditations that are unique to the Group
- Human Capital**
The skills and experience of our employees that enable us to implement our strategy and deliver our products and services
- Social and Relationship Capital**
The long-term relationships that we have cultivated with suppliers, business partners and other key stakeholders
- Natural Capital**
The natural resources that we use for the delivery of our service

EXTERNAL ENVIRONMENT



Value Creation Process

STAKEHOLDER DELIVERABLES

Patients

Excellent patient-centered care on par with international standards

Employees

Safe, secure and progressive work environment to promote professional and personal growth

Shareholders

Greater financial stability and improved returns

Suppliers

Better overall standards through ethical business practices

Community

Access to free healthcare services

Regulator

Raising nation-wide healthcare standards

*** Key Value Drivers**

- ◀ **Capacity** - 05 fully-fledged hospitals (+ 1 under construction) + 08 Centres of Excellence + island-wide laboratory network
- ◀ **Quality and Safety** - centered culture - Accreditations from JCI (Joint Commission International), ISO 14001: 2015 (Environmental Management System), ISO 9001: 2015 (Quality Management System), OHSAS 18001 : 2007 (Occupational Health and Safety Management System), ISO 22000 : 2005 (Food Safety Management System)
- ◀ **Fully-fledged healthcare solutions** - Our Centres of Excellence across clinical and medical specialties, together with our ambulatory services, provide patients with integrated care and solutions.
- ◀ **Professional Expertise** - experienced team of personnel, including; medical specialists, nurses, allied health personnel as well as hospital management and the operations team
- ◀ **Sustainability** - delivering sustainable value to all stakeholders through the Commitment to Quality and Patient Safety, Focus on our People, Care for the Environment and Support for Communities
- ◀ **Innovation** - bringing in new medical knowledge into the country through investments the latest medical equipment, operations and systems infrastructure, which enable patients to benefit from the latest breakthrough medical treatment at a fraction of the cost of obtaining treatment overseas
- ◀ **Ethics and Governance** - build a strong foundation for responsible healthcare practices that serve the best interest of patients
- ◀ **Collaborative Partnerships** - value-adding strategic tie-ups to generate a sustainable competitive advantage for the long term

Key Financial Highlights

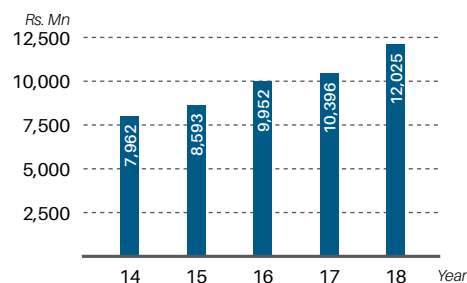
Group	2017/18	2016/17
Financial Performance (Rs. Mn)		
Revenue	12,025	10,396
Operating Profit	2,585	2,041
Pre-tax Profit	2,599	1,297
Income Tax Expense	699	177
Net Profit	1,900	1,120
Financial Position (Rs. Mn)		
Total Assets	21,730	18,841
Borrowings	10,486	9,325
Shareholders Funds	7,491	6,412
Information per Ordinary Share (Rs.)		
Earnings per Share	1.53	0.90
Dividend per Share	0.60	0.95
Market Price per Share	27.50	25.80
Net Asset Value per Share	6.59	5.64

12,025 Mn

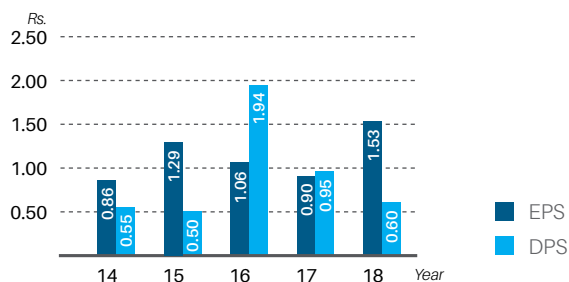
Revenue (Rs.)

2,585 Mn

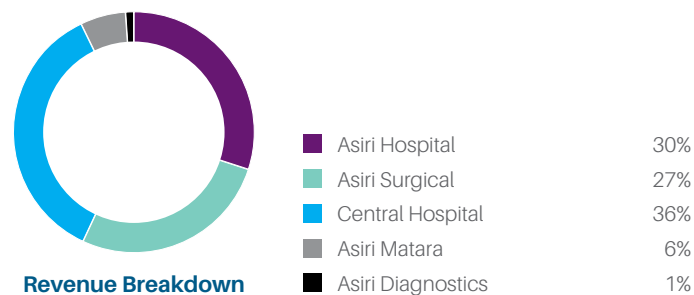
Operating Profit (Rs.)



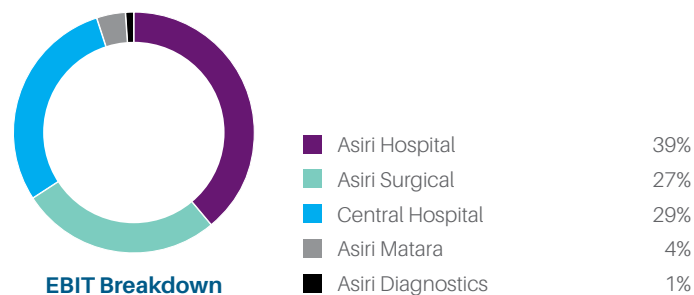
Revenue Breakdown



EPS/DPS









Revenue Breakdown



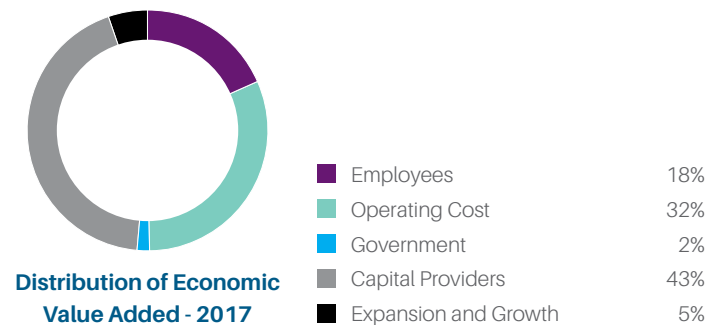
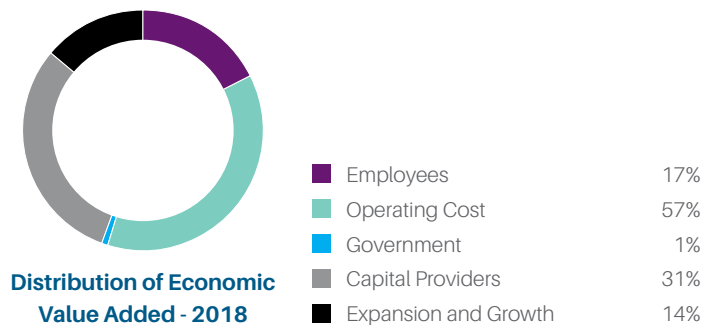
EBIT Breakdown

Group Certifications & Accreditations

		Asiri Central Hospital	Asiri Surgical Hospital	Asiri Medical Hospital	Asiri Laboratories
	Joint Commission International (JCI) Accreditation The gold standard in global healthcare, JCI is widely accepted to be the author and evaluator of the most rigorous international standards in patient safety and quality.	■			
	ISO 22000:2005- Food Safety Management Demonstrates the organisation's ability to control food safety hazards in order to ensure that food is safe.	■	■	■	
	ISO 14001:2015 Environmental Management Systems Design and implementation of a set of standards of effective Environment management.	■	■		
	OHSAS 18001:2007 Occupational Health & Safety Management Systems Certification.	■	■		
	ISO 9001:2015 Quality Management Systems Certifications.	■			
	Member of CLINICAL AND LABORATORY STANDARDS INSTITUTE Member ID # 383029 Member of AACC Member Number: 4790 ISO 15189 ML 009-01				■

Economic Value Added Statement

	31-Mar-2018	%	31-Mar-2017	%
	Rs. '000		Rs. '000	
Direct Economic Value Generated				
Turnover	3,731,903	72%	3,239,834	75%
Finance Income	42,164	1%	18,496	1%
Other Income	1,397,120	27%	1,048,907	24%
	5,171,187	100%	4,307,237	100%
Employees				
Employee wages & Benefits	914,158	18%	792,934	18%
Economic Vale Distributed				
Operating Cost	1,910,634	37%	1,359,646	32%
Government				
Taxes Paid	37,551	1%	72,627	2%
Capital Providers				
To lenders as Interest	906,274	18%	776,819	18%
To Shareholders as Dividends	682,520	13%	1,080,657	25%
Currency Fluctuation	-	0%	-	0%
Expansion and Growth				
Depreciation	144,434	3%	123,210	3%
Retained Earnings	575,616	11%	101,344	2%
	5,171,187	100%	4,307,236	100%



Report Overview

Report Profile

This is the 3rd integrated annual report published by Asiri Hospital Holdings PLC (Asiri Health). The contents of this integrated annual report are deemed to be useful and relevant to our stakeholders, with due regard to our stakeholders' expectations through continuous engagement, or that the Board believes may influence the perception or decision-making of our stakeholders. The information provided aims to provide our stakeholders with a good understanding of the financial, social, environmental and economic impacts of the Group to enable them to evaluate the ability of Asiri Health to create and sustain value for our stakeholders.

Scope, Boundary and Reporting Cycle

This integrated annual report presents the economic, social and environmental performance, as well as the financial results of the Group for the financial year ended 31st March 2018. The report covers all our operations in Sri Lanka including Asiri Surgical Hospital PLC, Asiri Medical Hospital, Asiri Central Hospital, Asiri Hospital Matara and Asiri Laboratories.

Reporting Principles

This integrated annual report was prepared in accordance with the Listing Requirements of the CSE, as well as the Companies Act No. 7 of 2007. In reporting on sustainability indicators, every effort has been made to align with the guidelines set out under the Global Reporting Initiative (GRI).

Assurance

Internally, the Group has adopted a combined assurance approach, where the report content is reviewed and approved by the Executive Committee, the Audit Committee and the Board.

The consolidated financial statements contained in this report have been audited by the Group's independent external auditors, Messrs Ernst & Young Chartered Accountants and their report is included on page 68 of this integrated annual report.

Board Responsibility

The Board of Directors of Asiri Hospital Holdings PLC acknowledges its responsibility for ensuring the integrity of this integrated report. The board confirms that it collectively reviewed the report's contents in conjunction with the assurance reports obtained from our various internal and external assurance providers, including assessments on risk and internal controls.

Accordingly, the board is of the view that this integrated report addresses key material matters to its stakeholders' decision-making.

Forward-looking Statements

Certain statements in this document may constitute forward-looking statements. Such statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Group to be materially different from the future results, performance or achievements expressed or implied by such forward looking statements. The Group undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this document, or to reflect the occurrence of anticipated events.



Ashok Pathirage

Ashok Pathirage
Chairman

Chairman's Message

I believe that achieving international accreditation for our entire portfolio of hospitals will certainly give the Group a strategic advantage in the market and more importantly elevate our credentials as one of the few world-class hospital chains in the Asian sub-continent.

12Bn

REVENUE FOR THE YEAR

Dear Stakeholder,

We undertake this, our 3rd integrated report, believing that after a year of considerable progress on all fronts, Asiri Health has made great strides in improving its financial and non-financial performance. Hence we continue onward in our integrated reporting journey to illustrate the Group's efforts in creating sustainable value for all stakeholders. My message serves to provide but a brief recap of the notable highlights for the year.

Financial Performance

The Group tabled a strong financial performance for 2017/18, with both revenue and profits reporting a solid year-on-year improvement. Revenue for the year crossed the Rs. 12 Bn to reach a historical high of Rs. 12.02 Bn. Profits too were at an all-time high of Rs. 1.9 Bn, up by a phenomenal 70% from the Rs. 1.12 Bn recorded in the previous financial year.

Group Strategy

We updated our strategy in line with the current and expected future operating environments and in doing so intensified our focus vis-à-vis three key interconnected themes; growth, efficiency and quality.

As always efforts to scale up operations across the Group took precedence, as we accelerated our programme to build more diversified offerings that would enable each hospital to broaden their respective revenue streams. While increasing our leverage, curative medicine has remained the key priority of our investment agenda, 2017/18-year marked a turning point where equal emphasis was placed on preventive medicine, especially in the areas of wellness and wellbeing. The move forms part of our commitment to respond effectively to the visible demographic trends in our country, in particular the ageing population and the high incidence of NCDs.

To further complement our growth plans we intensified our focus on building efficiencies, with our teams actively pursuing various productivity improvement initiatives, to help reduce cost of care, where possible, while maintaining the same high quality care delivery model. The move is also part of a broader strategy to make healthcare more affordable to the wider public.

I must also reiterate that we remain strongly focused on quality and strive to achieve high standards that set the Asiri Health brand apart from peers. We have traditionally always set ourselves higher targets than those expected by regulatory bodies or industry benchmarks. To ensure a standardised globally accepted care delivery model across all our hospitals, we've begun the journey towards securing the Australian Commission of Healthcare Standards (ACHS) for three of our hospitals – Asiri Surgical, Asiri Medical and Asiri Hoispital – Matara. Asiri Central already a JCI accredited facility. I believe that achieving international accreditation for our entire portfolio of hospitals will certainly give the Group a strategic advantage in the market and more importantly elevate our credentials as one of the few world-class hospital chains in the Asian sub-continent.

Chairman's Message

The Asiri Group will stay focused on maximising potential growth opportunities while providing high quality patient-centered care and excellent clinical outcomes across our hospitals.

Ethics and Governance

We understand that our mission to help save lives and create a safer world depends on good governance and ethical behaviour. Hence we take great pride in conducting our business with integrity and remain fully committed to building a culture where ethical conduct is seen as a key imperative at every level across all Asiri hospitals. Part of this commitment includes encouraging our teams to be more proactive and transparent about their work. Specific efforts in this regard were spearheaded by your Board of Directors, who took steps to further reinforce the compliance culture across the Group through a structured training initiative aimed at encouraging the adoption of a transparent incident reporting mechanism in line with globally accepted best practices.

Future Outlook

Despite the somewhat bleak economic outlook for the country, going forward there are strong indications to suggest that the demand for quality medical services will only continue to grow. Amidst this environment, the Asiri Group will stay focused on maximising potential growth opportunities while providing high quality patient-centered care and excellent clinical outcomes across our hospitals. This I believe will be crucial in strengthening our competitive position in the local healthcare industry.

Further, we realise that making our services more widespread will be the key to deepening our penetration in the market in the years to come. I believe we are well placed in this regard too, for our newest venture Asiri Hospital – Kandy, which is due to be launched early 2019. The event would not only make the Asiri Group the largest private healthcare provider in country, but more importantly give the people of the Central, North Central, Northern and Sabaragamuwa provinces access to an unprecedented level of healthcare services in the year ahead.

Appreciations

To conclude, I would like to thank our panel of doctors, nursing teams and employees for their continued support. Thank you for your continuous and ongoing commitment to bring to life, the Asiri Health mission each and every day. I also wish to thank my colleagues on the board for assisting me at all times.

Finally, while thanking our shareholders for the trust and confidence placed in the Asiri Group, I reiterate our commitment to keep on surpassing your expectations in the years ahead.

Sgd.

Ashok Pathirage

Chairman

Media Highlights

Central Hospital BMT Unit celebrates four years of success

More than 20 successful transplants completed
80% success rate, more focus on blood and bone cancer
Stem cells imported from India also an option for patients



Asiri Central Hospital CEO Dr. Manjula Karunaratne, Haematology Consultant Dr. Lasinda Gooneratne, Physician Specialist Panduka Karunasinghe, Paediatrician Consultant Dr. Ruemugi Dissanayake

THE Bone Marrow Transplant (BMT) Unit of Asiri Central Hospital is celebrating its fourth anniversary.



Since last year, we have moved on to transplants, where the stem cells are brought down from India. We have successfully completed the treatment of a 16-year old boy to incur a cost of Rs 4 million. For an adult with a type of bone marrow cancer, the cost would be about Rs 2 million to Rs 4.5 million, "he said. The project, established in 2014 mainly for the treatment of

ASIRI SURGICAL – FOR ALL UROLOGICAL DISEASES



ආසිරි සෞඛ්‍ය රෝහලේ කොදරුචි පෙළේ සාර්ථක සත්කමක්

Asiri Health holds first aid dansala for Vesak



Asiri Health staff members participating in the Vesak festival.

Asiri Hospitals to bring world-class cancer care to Sri Lanka

Cancer services in the US first centre in Hyderabad, India and since then has established a network of centres in the region incorporating US University standard protocols in treatment of cancer at each centre. The incidence of cancer is rising in Sri Lanka. As per number of new cancer registers

Comprehensive Cancer Care is an immediate priority for the country particularly in the area of Radiation Therapy. The collaboration between Asiri Hospitals and AOI is aimed at bridging this gap and giving our clinicians the technology and oncologists. AOI also administers an International Tumour Board which will offer the best



the top down to the toes where every second there is a signal that passes to the brain to the toes and if there is any disruption then you know. Post-surgery, Lasinda has been cured and will soon resume normal school activities. "It went well and the child has gone home," Dr. Perera noted. Commenting on prevalence of scoliosis in the country, Dr. Perera noted, "Statistically, about 3% of children

Asiri Breast Care Centre

Globally, the rising rate in the occurrence of cancers is very disturbing. In Sri Lanka too, a marked increase in the reported cases of the disease has been witnessed especially breast cancer - the highest contributor with over 40000 new cases reported annually. However, it has been documented that mortality from this disease can be reduced through early detection, by emphasizing the importance of routine screening. For any woman, discovering a breast lump is frightening, yet over 90% are benign. In the event it is not, early detection followed by treatment and care through an experienced, multi-disciplinary professional approach is vital. This helps to minimise patient anxiety in addition to using the least radical treatment available. Delivering the



நாம்மியல் இடையீட்டு சிகிச்சை முறையை வழங்கி வரும் ஆசிரி சேன்ட்ரல் வைத்தியசாலை



சிறுநீரகம் தொடர்பான சகல நோய்களுக்கும்மான சிகிச்சைகளை வழங்கும் ஆசிரி சேன்ட்ரல் வைத்தியசாலை

இலங்கையில் காணப்படும் முன்னணி சிகிச்சைகளையும் சேவைகளை வழங்கும் வைத்தியசாலைகளில் ஒன்றான ஆசிரி சேன்ட்ரல் வைத்தியசாலை, அனுபவம் வாய்ந்த மருத்துவ நிபுணர்களின் தலைமையில் கொண்டுள்ளது. சிறுநீரகம் தொடர்பான சகல நோய்களையும், மிகவும் சிறந்த மருத்துவ சிகிச்சைகளை வழங்கும் ஆசிரி சேன்ட்ரல் வைத்தியசாலை, இலங்கையின் மிகவும் முன்னணி சிகிச்சைகளை வழங்கும் வைத்தியசாலைகளில் ஒன்றாக மாறும்.



Commemorating Vesak with caring gifts



Asiri Health staff members participating in the Vesak festival.



Dr. Manjula Karunaratne
Group Chief Executive Officer

CEO's Review

In our quest to maintain our dominance in clinical excellence we continued investing to build capacity to ensure that every one of our hospitals is equipped to offer a truly world-class healthcare proposition.

1.9Bn

PROFIT FOR THE YEAR

At the conclusion of another successful year, Asiri Health reported a strong all-round performance, a testament to our clearly articulated growth strategy, and the commitment of our employees and doctors to deliver high standards of clinical care to patients across all our hospitals.

Financial Results

I am happy to report the Group not only met but exceeded all financial targets for 2017/18. Revenue for the year under review increased to Rs. 12.02 Bn from Rs. 10.39 Bn in 2016/17, a solid 16% year-on-year increase. Led by higher Revenues, Group profits too grew by a staggering 70%, from Rs. 1.12 Bn in 2016/17 to Rs. 1.9 Bn in 2017/18.

A world-class portfolio

It has been an exceptionally busy and exciting year for Asiri Health. We continued to experience high demand for our services, with a record number of patients frequenting our hospitals. Together the Group reported a total of close to a million patients patronising our facilities during the twelve months ending 31st March 2018. This I believe is confirmation that the facilities and quality of care we offer our patients is not just the industry-best, but rather world class.

In our quest to maintain our dominance in clinical excellence we continued investing to build capacity to ensure that every one of our hospitals is equipped to offer a truly world-class healthcare proposition.

At Asiri Surgical Hospital (ASH) our central focus was the Asiri-AOI Cancer Centre, a project that is the result of a partnership between Asiri Health and the American Oncology Institute (AOI). Upon its completion in September 2018, the Asiri-AOI Cancer Centre will not only be Sri Lanka's latest and most comprehensive Cancer Treatment Centre, but also would most likely be positioned as one of the top Oncology facilities in the region.

While we have traditionally focused on strengthening ASH's capability in curative medicine, in the year under review a strategic decision was made to expand our capacity in preventive care, concentrating specifically on wellness and eldercare, two areas that I feel are becoming increasingly relevant given Sri Lanka's current health concerns in the form of NCDs and an ageing population. At the same time we expanded our programme of wellness clinics to include a series of geriatric clinics aimed at raising public awareness regarding the issues associated with an ageing population. As part of the ongoing emphasis on geriatrics, ASH also began offering outpatient care at subsidised rates for elderly patients over the age of 60.

At Asiri Medical Hospital, the Group's longest-serving facility, all efforts were focused on the ongoing renovation project. Phase 1, which got off the ground in the previous year was successfully concluded with the ground floor OPD consultation rooms receiving a complete facelift. Moving on to Phase 2 in the latter part of 2017, I am happy to see that good progress was made in renovating the first floor OPD consultation rooms and patient rooms, which I expect would be completed on target

CEO's Review

by March 2019. We also acquired another block of land located adjacent to the hospital, which at present has been developed to provide much needed parking facilities for patients and visitors.

Not forgetting to strengthen AMH's core proposition as a Mother-and-child hospital, a new Paediatric Respiratory Disease Centre was opened in August 2017, making it the country's only dedicated facility for the management of chronic asthma and other respiratory diseases in children under the age of 12.

Meanwhile at the Group's flagship hospital Asiri Central (ACH), capacity building efforts were mainly directed towards augmenting the facilities at our Centres of Excellence, specifically at the Brain & Spine Centre where we invested in a range of new equipment to support our ability to perform scoliosis surgery. With this new development, ACH becomes the first and only private hospital in Sri Lanka equipped to perform this precision-driven procedure on a regular basis. The ACH Brain & Spine Centre continued making history by becoming the first-ever facility outside the United Kingdom to be appointed as an accredited examination centre for the prestigious Royal College of Surgeons, UK. While acknowledging this as one of the most significant achievements in ACH's 8-year history, I must admit that is an unmistakable acknowledgement of all the hard work and effort put in over the years to pivot ACH as a world-class facility.

At Asiri Hospital – Matara (AH-M) now in its 11th full year of operation, a specialised Neurology unit was commissioned, as part of our strategy to place AH-M as the only fully equipped private hospital serving the people of the Southern, Sabaragamuwa and Uva Provinces of the country.

In our Laboratory operation too we continued building capacity to boost our footprint and increase our outreach, particularly in areas emerging as high population density belts. A total of 3 new satellite laboratories and 12 new collection centres were opened during the year under review, bringing the total network to 13 and 51 respectively as at 31st March 2018. I am also pleased to report that in recognition of our consistent commitment to quality, Asiri Laboratories secured the Silver Award at the Quality Circle competition, the fourth consecutive year in which the laboratories segment has been the recipient of this award presented by the National Convention on Quality and Productivity 2017.

Meanwhile work on our newest and most ambitious project to date, Asiri Hospital – Kandy (AH-K) remains on track, with equipment sourcing as well as staff recruitment and training activities commencing in March 2018 in anticipation of the Qtr 1-2019 launch date.

With over 60% of the structural construction work including mock-up rooms completed, procuring of equipment commenced and recruitment for key positions having begun, I am now able to visualise the end result and can confidently state that AH-K is likely to be the only hospital in Sri Lanka built in line with globally accepted green building standards.

Commitment to Quality

At Asiri Health, our systems and processes for quality, safety, compliance and incident management are geared to ensure that each patient who enters any Asiri Group facility receives high quality clinical care and the best possible outcomes.

While we are extremely proud of our safety record and our reputation for high quality clinical outcomes, we believe quality and safety leadership can only be sustained through the active and ongoing commitment towards continuous improvement. In fact it is this belief that inspired three of our hospitals – ASH, AMH and AH-M to begin working towards the ACSHI (Australian Council on Healthcare Standards International) accreditation.

I expect that the rigorous and challenging process needed to achieve accreditation will not only transform our operational framework on par with globally accepted best practice benchmarks, but also give each hospital a leading edge within their immediate peer group. Since undertaking the accreditation process in mid-2017, we have made great strides in strengthening quality and safety protocols, with more initiatives due to be rolled out over the coming months in line with our mid-2019 accreditation target.

While I must admit that accreditation certainly adds to our credentials, we are not looking to be defined solely by it. Crucially, we also want to be recognised as the most-trusted and truly patient-centric hospital brand in Sri Lanka. Our patient-centric attitude cascades through to all our activities to ensure we put the patient at the center of everything we do. Echoing this commitment, a comprehensive digital data capture mechanism was rolled out with effect from September 2017 to determine ongoing basis, patient satisfaction levels with regard to clinical outcomes as well as administrative procedures.

CEO's Review

Recognising Our People

People are a crucial part of our DNA for it goes without saying that the success of our business relies heavily on the knowledge, skills, empathy and dedication of our employees.

However with Sri Lanka's healthcare industry facing a critical shortage in skilled labour, at Asiri Health we are now exploring a variety of bold new strategies to attract, retain and develop the best in-class talent that exemplifies our brand promise.

Service to the Community

Service to the community is one of our core values. Although our proposition is to offer paid healthcare, Asiri Health has a dedicated community service programme focused on providing free healthcare facilities and healthcare education to uplift the quality of life of the community.

Our flagship community effort is the free-heart surgery initiative, which since its launch in 2011 has helped 146 underprivileged children to receive free surgery and aftercare at the Asiri Surgical Heart Centre. The Healthcare education pillar meanwhile is designed to raise community awareness on current health topics including NCDs, wellness etc.

The Next Steps

The next few months are likely to be a time of heightened activity for the Group as we prepare for the launch of the Asiri-AOI Cancer Centre in September 2018 followed by the unveiling of Asiri Hospital Kandy in the first quarter of 2019, not to mention the ACHSI accreditation later that same year.

We are also working on a collaboration programme to facilitate an MBBS degree

programme in partnership with the University of Aberdeen. Approved by General Medical Council of UK, the degree programme would enable medical students to complete the first three pre-clinical years in Aberdeen followed by two clinical years at our hospitals. Not only would this be a further endorsement of our high clinical standards, it also supports our position as the only private teaching hospital in the country. However, what I consider to be most important is that when it is launched in 2020, the programme would make international medical education more affordable to Sri Lankan students and reduce significantly the drain on the nation's foreign exchange.

I do look forward to these events with a great deal of anticipation, as they constitute significant achievements that reinforce our world-class status.

At the same time we will focus on finding solutions for the current and future healthcare challenges facing our nation, most notable among them the ageing population and the rise of NCDs. As a leading healthcare service provider in Sri Lanka, these are areas that Asiri Health will continue to address going forward.

Appreciations

In conclusion, I wish to thank my colleagues on the Board for their guidance and enthusiastic participation in all board matters. I also take this opportunity to thank our panel of esteemed doctors, nurses and employees for their commitment towards maintaining the high standards of clinical care patients have come to expect from Asiri.

I also wish to thank the Group's strategic partners and shareholders, for their support over the years. I look forward to working together as Asiri Health enters a new and exciting growth phase in the coming years.

Sgd.

Dr. Manjula Karunaratne

Group Chief Executive Officer

Healthcare in Sri Lanka

Overview

Sri Lanka boasts some of the best quality healthcare in South Asia at surprisingly low cost. The achievement of Sri Lanka's healthcare sector is mainly driven by its effective public delivery system, which provides free treatment to all citizens, inclusive of all preventative care and most inpatient treatment. The provision of public health service in Sri Lanka takes place at the central, provincial, district and divisional levels, with most people having access to some form of public healthcare facility within a 2 km radius of their homes.

The private sector has participated in the healthcare industry since the 1980s when government-employed doctors were allowed to have their own private institution to provide consultation and treatment. Since then the health care in the private sector has grown rapidly and today, plays an important role in offering advanced healthcare facilities at a relatively low-cost compared to other countries in the region.

According to the Demographic and Health Survey recently conducted by the Department of Census and Statistics, 55% - 60% of households receive services from private and government hospitals respectively, in the form of out-patient treatment indicating the notable importance of private sector healthcare.

Over the years, Sri Lanka's healthcare system has demonstrated a consistent improvement thanks to the commitment by the government and the private sector to invest in building capacity in all spheres of healthcare.

Sri Lanka's Healthcare Track Record

The government has done well to maintain a low-cost healthcare system with good quality treatment, enabling Sri Lanka's healthcare system to maintain an impressive track record. Spearheaded by the vision "A healthier nation that contributes to its economic, social,

mental and spiritual development", Sri Lanka has succeeded in achieving one of the most effective healthcare systems among developing nations. In testimony to this, WHO indicators pertaining to maternal health and infant health show Sri Lanka to be well ahead of other developing nations in the Asian region. The improvement of these indicators is predominantly attributed to the Maternal and Child Care Programme implemented nationally as an integral component of the state healthcare system. Similarly, the current infant mortality rate has been achieved thanks to the widely accessible preventive and primary healthcare strategies including the treatment of minor infections.

Notably Sri Lanka has successfully eradicated smallpox and polio through its widespread Child Immunisation programme, and has brought under control several communicable diseases such as malaria.

Ongoing Challenges

Despite its many successes, Sri Lanka continues to face ever-more challenges. In recent times the country has been plagued by outbreaks of several communicable diseases, including high prevalence and a record number of deaths related to dengue. In 2017, Dengue prevalence increased by 237.4% compared to the preceding year, with 186,101 registered Dengue cases, translating into 868 cases per 100,000 of the population. The fatality rate related to Dengue (i.e. deaths as a percentage of total number of Dengue cases reported for the period) was 0.24% during 2017, higher than the 0.18% recorded in the preceding year.

Another worrying health trend appears to be emerging, with the country's disease burden shifting significantly towards non-communicable diseases (NCDs). Over time infectious diseases have declined in prevalence while NCDs in particular have been rising due to the ageing population, urbanisation, changes to a more sedentary and unhealthy lifestyles and associated risk factors. One out of three people have high blood pressure, while one in three adults are either overweight or obese and one in five is diabetic. In fact, NCDs have become the leading cause of death, accounting for three in every four deaths in Sri Lanka. According to available statistics each year, over 100,000 Sri Lankans die from NCDs, such as heart disease, lung disease, stroke, cancer and diabetes.

Sri Lanka's recent public health achievements demonstrate that the country is well placed to combat communicable diseases and provide inspiration for other countries who continue to struggle to eliminate vector borne and neglected tropical diseases.

In the long-term the country's healthcare system would also be required to evolve in order to address the present day challenges caused by economic, epidemiological, demographic and technological transitions.

Sources:

- ◀ *Annual Health Statistics 2016 publication released by the Medical Statistics Unit of the Ministry of Health, Nutrition and Indigenous Medicine*
- ◀ *Commonwealth Health - Sri Lanka (website)*
- ◀ *Joint publication by the WHO and the Ministry of Health, Nutrition and Indigenous Medicine*
- ◀ *WHO Sri Lanka Annual Report 2016*
- ◀ *CBSL Annual Report 2017*

Operations Review



AMH's core Mother-and-Baby unit too, tabled higher revenues. The unit continued to attract large numbers, with the antenatal programme launched in the previous year proving to be a big draw.

Asiri Medical Hospital

Performance Summary

Asiri Medical Hospital (AMH) ended the year on a high note, marked by consistent performance across all fronts. Revenue indicators suggest a 15% growth from Rs. 3.2 Bn in the previous year to Rs. 3.7 Bn in the year under review, indeed a commendable result given the disruptions caused by the ongoing phase 2 of the hospital renovation project.

Marking its first full year following its relocation under phase 1 of the renovation project, the hospital Pharmacy reported a solid performance with revenues showing a significant year-on-year improvement notwithstanding the government-imposed price control on 30 essential drugs.

AMH's core Mother-and-Baby unit too, tabled higher revenues. The unit continued to attract large numbers, with the antenatal programme launched in the previous year proving to be a big draw.

Admissions at AMH peaked in the first two quarters following the Dengue outbreak during May - August 2017, with bed occupancy reaching maximum levels before settling at an average of 60% for the rest of the year.



Operations Review

The hospital also began working towards the ACHSI (Australian Council on Healthcare Standards International) accreditation, with the initial gap analysis study in progress as 31st March 2018.



The Diabetes Centre opened in the previous year also yielded good results, thanks to a strong demand for the facilities available at the Centre for screening of non-communicable diseases.

From a cost perspective, AMH too was hit by the severe cost escalation in imported consumables following the Rupee depreciation in the latter half of 2017. Furthermore, having the most senior medical team in the Group, AMH continues to face higher fixed costs, all of which meant EBIT only managed to stay on par with the previous year.

Operational Developments

With cost management an absolute priority, several cost saving initiatives were launched wherever possible and practical, including the amalgamation of certain non-core activities to benefit from Group synergies.

As part of the commitment to ongoing improvement, the recertification of the ISO 22000 (Food Safety Management Systems) was completed for the AMH kitchens. The hospital also began working towards the ACHSI (Australian Council on Healthcare Standards International) accreditation, with the initial gap analysis study in progress as 31st March 2018.

Capacity Building Initiatives

The main capacity building initiative for this year too was the massive 3-year renovation project undertaken in the previous financial year. Phase 1, which involved completely renovating the ground floor OPD consultation rooms concluded in mid-2017. Phase 2, which commenced in the latter part of 2017 saw the commissioning of a much-needed elevator, while the renovation of the first floor OPD consultation rooms as well as the patient rooms are ongoing. Moreover, to facilitate AMH's long-term capacity expansion programme, another 66 perch block of land was acquired. The property located adjacent to the East end of the hospital was developed as a car park.

With the Diabetes Centre continuing to attract more patients and endocrinologists who appreciate the holistic services extended to diabetics facilities at the centre, were further enhanced during the year. The chronic wound management and diabetic foot care services provided by the centre were further strengthened, while the centre also began undertaking to provide customised footwear for diabetic patients based on their unique needs.

Meanwhile to strengthen AMH's profile as a specialised mother-and-baby hospital, a paediatric respiratory disease centre was opened to facilitate the long-term management of chronic asthma and other respiratory diseases in children under the age of 12.

Operations Review



The largest contribution to the revenue mix came from the Cardiac unit, where a year-on-year growth of 19% was reported, supported by the cardiologists island wide who used our cardiac catheterisation laboratories.

Asiri Surgical Hospital

Performance Summary

Concluding a successful year, Asiri Surgical Hospital (ASH) reported notable improvements in all KPI's. Revenue for the year under review touched Rs. 3.2 Bn, up by 14% from the Rs. 2.8 Bn registered in the previous financial year.

The largest contribution to the revenue mix came from the Cardiac unit, where a year-on-year growth of 19% was reported, supported by the cardiologists island wide who used our cardiac catheterisation laboratories, coronary care unit and the cardiothoracic intensive care teams who work hard to bring out best clinical outcomes for our patients and the Cardiac clinics conducted to raise public awareness regarding the importance of early detection of cardiac issues.

Other major disciplines including; Urology, Radiology and Orthopedics as well as General Surgery also reported higher revenues and thereby increased their contributions to the total revenue mix for the year. With these major surgical specialties reporting higher numbers, admissions increased by 11% year-on-year, while bed occupancy levels averaged 63% throughout the year.



Operations Review

Healthy topline results helped boost ASH's Gross Profits, where a strong year-on-year increase was reported over the previous year, notwithstanding the rising cost of imported consumables on the back of sharp depreciation in the Rupee from about September 2017.

Operational Developments

Faced with the unforeseen escalation in costs, the main operational priority shifted towards cost management, prompting increased emphasis on streamlining the procurement mechanism and operational efficiency.

At the same time in an attempt to exercise greater control over costs, the market-driven pricing strategy rolled out in the previous year was further refined.

Meanwhile in the interest of promoting greater transparency, ASH expanded its Bill Estimate programme to cover all surgical procedures, giving the patient greater clarity regarding the ultimate cost associated with a specific treatment or surgical procedure.

Other noteworthy operational developments included the recertification of the ISO 22000 (Food Safety Management Systems) certification for the ASH kitchen. ASH also made good progress in its efforts to work towards the ACSHI (Australian Council on Healthcare Standards International) accreditation. Having kick started the process in the previous financial year, the initial gap analysis study was completed in October 2017, enabling ASH to proceed with necessary qualifying action to complete the accreditation process by mid-2019. The OHSAS 18001 (Occupational Health and Safety Management Systems) audit was also in progress at the end of the financial year and is

due to be completed in August 2018, which would enable ASH to secure the OHSAS recertification for a further period of three years.

Capacity Building Initiatives

Continuing with the key underlying strategy, capacity building initiatives were carried out with the intention of strengthening ASH's position as a surgical hospital.

The major development in this regard, was the ongoing effort to set up a fully fledged Cancer Treatment Centre in partnership with the American Oncology Institute (AOI). With the initial groundwork completed in the previous year, construction of the new Asiri-AOI Cancer Centre commenced in February 2018. The first phase of the construction of a bunker to house the Linear Accelerator for radiotherapy treatment also began in the early part of 2018 and is due to be completed ahead of the launch date in September 2018. It is expected that the Asiri-AOI Cancer Centre fitted with the latest equipment including the country's most advanced linear accelerator and the Brachytherapy machine for advanced treatment of specific forms of cancer, will be positioned among the top Cancer Treatment Centres in the sub-continent.

Other noteworthy capacity building efforts for the year included the investment in a fully equipped ENT console with the latest diagnostic equipment, surgical capabilities and a comprehensive treatment unit capable of handling a range of high-end precision-driven ENT surgeries. And to maximise ASH's leverage in specialised medical treatments, a fully-fledged 03-bed dialysis centre was commissioned in the year under review.

The wound care centre was expanded with the most modern treatment facilities consisting of 5 treatment cubicles to cater to chronic wounds, varicose veins, stoma care, plaster casts and splints in a coordinated service and follow up.

Strong emphasis was placed on building capacity in other disciplines as well, especially in the sphere of preventive medicine. Several important steps were taken to develop the wellness centre suite targeting specific segments of the market. In this regard the Healthy Teen Outreach Programme was launched to create awareness on psychological and stress related issues faced by modern-day teens. Group sessions of mindfulness and memory training activities for young children organised with the clinical psychologist has gained popularity and has filled a void in the country. A range of structured corporate wellness packages were also rolled out to address the growing incidence of NCDs in over-40s.

The eldercare centre was further expanded with a series of geriatric clinics being held to raise public awareness, regular outpatient care at a subsidised rate for those over 60 years and short term residential care to optimise health conditions of the elderly. A new palliative care team was formulated to ensue better outcomes for end stage patients with cancer, organ failure and other terminal illnesses.

Operations Review



The Brain & Spine Centre too continued to perform well. Averaging approximately 90 surgeries for the 2017/18 financial year, enabling the ACH Brain & Spine Centre maintain the record for the highest number of annual surgeries reported in the private sector.

Asiri Central Hospital

Performance Summary

Delivering yet another stellar performance, Asiri Central Hospitals (ACH) tabled revenue of Rs. 4.4Bn up by 17% from Rs. 3.8Bn in the previous year. The impressive result was driven by a 43% year-on-year increase in Cardiac Revenue, where an average of 269 Cath Lab procedures were performed in the year under review compared to 181 in 2016/17. The number of Cardiac surgeries also increased from an average of 22 per month in the previous year to a monthly average of 26 in the current year.

The Brain & Spine Centre too continued to perform well. Averaging approximately 90 surgeries for the 2017/18 financial year, enabling the ACH Brain & Spine Centre to maintain the record for the highest number of annual surgeries reported in the private sector.

The Bone Marrow Transplant (BMT) unit reported a 52% year-on-year growth in revenue, primarily thanks to the recognition the unit continues to receive due to the high success rate in clinical outcomes.

Another segment that increased its contribution to the revenue mix was the ACH pharmacy.

Overall bed-occupancy levels held firm at an average of 60% for the year, after peaking at 63% in the first two quarters, mainly on account of Dengue-related admissions. Consultation numbers at ACH averaged 888 per day, a considerable improvement from the 826 daily average registered in the previous year.



Operations Review

While stringent cost management was seen as an important area of focus, the major operational priority for ACH was to strengthen its reputation for excellence across all spheres of the medical field.

This is believed to be the result of the strategic decision to encourage many leading specialists to include Sunday consultation sessions as part of their weekly channeling roster at ACH. Welcomed by the market, the move has been tremendously successful in boosting the consultation numbers for the year.

Improved topline results coupled with strict cost control measures saw ACH's profits for the year register a 65% increase over the previous year. This is seen as a considerable achievement, particularly given the added cost burden brought on by the depreciation of the Rupee.

Operational Developments

While stringent cost management was seen as an important area of focus, the major operational priority for ACH was to strengthen its reputation for excellence across all spheres of the medical field. This was alongside ongoing efforts to improve efficiency and productivity across operational models.

Special Achievements

In what is perhaps the most significant endorsement of the unit's standing, as a Centre of Excellence, the ACH Brain & Spine Centre became the first-ever facility outside the UK to be selected to host the clinical component of the FRCS examination in Neurosurgery. Made possible by a collaboration between the Joint Surgical Colleges Fellowship Examination (JSCFE) Board and the Joint Colleges Intercollegiate Examination (JCIE) Board of the Royal Colleges of Surgeons in the UK and Asiri Health, this prestigious programme was inaugurated in Colombo in February 2018, where forty-four candidates from different parts of the world sat for the examination with a contingent of eighteen Senior Consultant Neurosurgeons arriving from the UK to conduct the examinations.

In yet another notable accolade, the ACH Bone Marrow Transplant Unit was selected by the Post Graduate Institute of Medicine - University of Colombo, as an approved training facility for medical postgraduate trainees in disciplines of clinical hematology and bone marrow transplantation.

Capacity Building Initiatives

As always, capacity building initiatives were aimed at strengthening ACH's position as the premier multi-disciplinary hospital in Sri Lanka. Accordingly, investments for the year focused on building capacity in a number of high-profile disciplines, namely Neurology and Oncology. In related developments, the Asiri Breast Care Centre was launched in January 2018, bringing together a Multi-Disciplinary Team of doctors and medical professionals to offer end-to-end care for women who suffer from any breast related issues. Meanwhile as part of the broader objective to promote early detection, the Unit began running free consultation clinics twice a week and also offering discounted screening packages to encourage women to take the necessary initiatives for early detection and treatment. This is seen as a timely move, especially with Breast Cancer becoming the commonest form of Cancer among females in Sri Lanka and the second most widespread Cancer among the country's entire population.

Expanding the scope of the Brain & Spine Centre, investments were made in the latest range of equipment to enable ACH to perform scoliosis surgery - a precision-driven procedure, which until now was rarely performed in Sri Lanka.

Operations Review



The laboratories segment reported an average of 11,500 tests being conducted per day, with the total number of patients served across the network during the year hitting 1.3 Mn, up from 1.2 Mn in the previous year.

Asiri Laboratories

Performance Summary

Asiri Laboratories tabled a strong financial performance to close the financial year ended 31st March 2018 on a high note. Significantly higher revenues were reported in the year under review, largely as a result of the Dengue epidemic, while other indicators for the year, such as the number of tests also showed considerable improvement. The laboratories segment reported an average of 11,500 tests being conducted per day, with the total number of patients served across the network during the year hitting 1.3 Mn, up from 1.2 Mn in the previous year.

Despite strong topline growth, profitability of the laboratories segment was affected by two main factors; the ceiling price imposed by the government on two of the leading Dengue tests and also the substantially higher overheads due to the unprecedented increase in volumes, both of which led to the dilution of profitability compared to previous years.

Operational Developments

Operationally, Asiri Laboratories made steady progress on several fronts. The product suite was expanded with the introduction of 19 new tests, among them the liquid biopsy for early detection of Cancer cells, Mumps & Measles Antibody, MMR Panel, NTx (Collagen cross-linked N-Telopeptide) and Immunoglobulin subclasses, are a few to be launched in Sri Lanka for the first time.



Operations Review

The strong emphasis on quality continued to dominate the operational agenda for the year. In this context, the ISO 15189:2012 accreditation for Clinical / Medical Laboratories was renewed for Asiri Laboratories, while the ISO 9001:2015 Quality Management Standards recertification process was successfully completed at several centres and laboratories across the network.

In testimony to its ongoing commitment to quality, Asiri Laboratory Services received the Silver Award at the Quality Circle competition conducted by the National Convention on Quality and Productivity 2017. This is the fourth consecutive year in which the laboratories segment has been the recipient of this award. The award is noteworthy, in that it is presented annually in recognition to organisations demonstrating year-on-year achievements in quality.

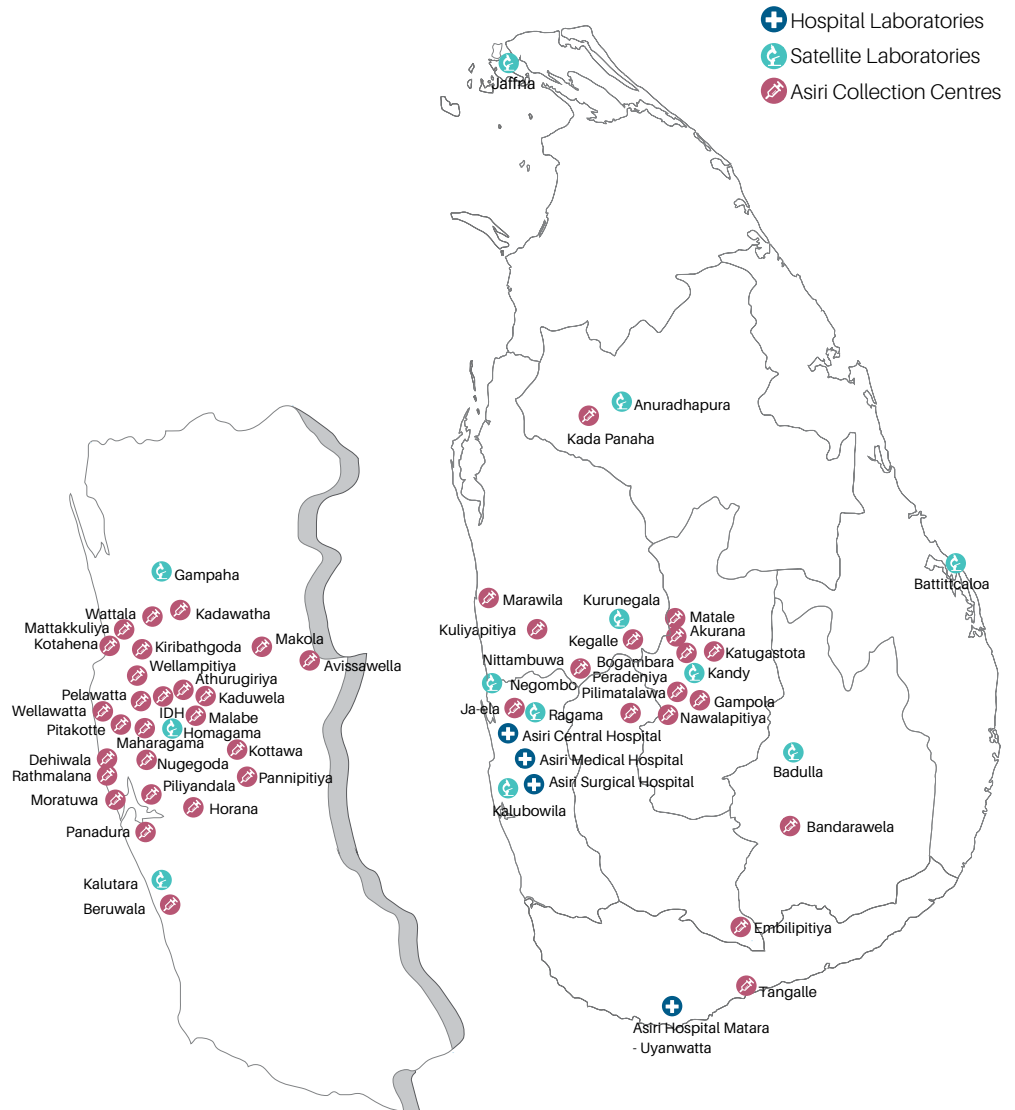
Furthermore Asiri Laboratory - Anuradhapura was the recipient of the Suwa Wishistathama award, presented by the North Central Province Private Health Services Regulatory Council for the best Laboratory 2017.

Capacity Building Initiatives

The key thrust in this regard was to further strengthen Asiri's position as the #1 private laboratory service in the country. As a priority, this entailed widening the island-wide lab footprint, which led to a total of 3 new satellite laboratories and 12 new collection centres to be opened during the year under review, bringing the total network to 13 and 51 respectively as at 31st March 2018. At the same time, a new initiative to create more visibility for centres and laboratories was also launched during the year, where the visual appeal of the existing logo was further enhanced to reinforce the Asiri brand identity.

Meanwhile to mark the opening of each new laboratory or centre, a "Wellness Week" was held in key towns and cities surrounding each new location with the aim of raising awareness among communities in the area regarding the services offered by Asiri Laboratories. Participants at each wellness programme were also offered free health screening facilities, an effort that helped reach out to over 6,000 people over the course of the year.

Asiri Laboratories and Collection Centres



Operations Review



Specialties such as Orthopaedics, General Surgery, Obstetrics & Gynaecology and Paediatrics reported growth, as did the hospital outpatient department.

Asiri Hospital - Matara

Performance Summary

Completing its 11th year in operation, Asiri Hospital – Matara (AH-M) reported a satisfactory performance, with revenue growing by 13% from Rs. 665 Mn in 2016/17 to Rs. 751 Mn for the year under review. Specialties such as Orthopaedics, General Surgery, Obstetrics & Gynaecology and Paediatrics reported growth, as did the hospital outpatient department.

The bed occupancy of the hospital varied during the year with the dengue epidemic in the first 2 quarters leading to higher occupancy and later dipping to its lowest following the floods in the 3rd quarter. The overall bed occupancy for the year settled at 53% as a result of these fluctuations. Moreover, less availability of specialist doctors during the weekend contributes to the low occupancy of the hospital during the weekend.

Despite positive revenue indicators, AH-M too had to contend with a sharp cost escalation following the Rupee depreciation in September 2017, which brought undue pressure on the bottom line for 2017/18.

Operational Developments

Proactive efforts to refine the operational cost structures of a number of key functions at AH-M saw a strong emphasis on streamlining procurement and improving efficiency of the pharmacy.

In parallel, the ACHSI gap analysis was also concluded, with appropriate corrective action being initiated within the year itself. In this context, additional resources were allocated to develop quality and safety systems, with leadership teams being entrusted with a series of key deliverables.

Capacity Building Initiatives

Notable capacity building initiatives for the year included the launch of the Sleep Apnea Laboratory, a move that has generated considerable public interest and resulted in a strong demand for the services provided in this area. The commissioning of the CT Scanning machine at the beginning of the fiscal year too has added significantly to business volume.

Initial efforts aimed at setting up a specialised Neuro unit saw investments being made in a new EMG machine for the diagnosis of neurological and neuromuscular problems. A Neurology clinic was also held to raise awareness among the general public in the Southern province. Held jointly with Asiri Central Hospital, the Neurology clinic saw the participation of several eminent neurologists and neuro surgeons.

The appointment of an endocrinologist to the southern province also broadens the specialty services offered by AH-M, particularly to address the threat of NCDs, while the mother-and baby programme was re-launched as part of a broader effort to standardise the services offered through baby delivery programmes across Asiri Health.

Operations Review



Following the completion of the mock up rooms, a pre-launch walk through the site is scheduled to promote the facility among several key specialist doctors in the country.

Asiri Hospital - Kandy

Work on Asiri Hospital – Kandy (AH-K), the Group’s newest venture reached its third phase in the year under review. With over 60% of construction work being completed, procuring of equipment commenced by end-January 2018, with equipment for diagnostic radiology and imaging and out patients department services being prioritised.

The focus on cadre planning and staff recruitment was also intensified, while efforts to build a patient database were initiated in March 2018.

Meanwhile following the completion of the mock up rooms, a pre-launch walk through the site is scheduled to promote the facility among several key specialist doctors in the country.

With all activities progressing smoothly, AH-K remains on track for its scheduled launch in early 2019.



Schematic Proposal - Asiri Hospital, Kandy

Group Sustainability Report

Stakeholder Engagement and Materiality Determination

Stakeholder Engagement marks the starting point of our journey towards becoming a more sustainable business economically, socially and environmentally. We find that interacting with our stakeholders helps us understand their most pressing concerns and incorporate these material aspects into our strategic plans. We are thus able to overcome challenges and build trust in our brand.

To maximise the value generated through our Stakeholder Engagement Process, we have established a set of Group-wide policy guidelines to govern our interactions with all key stakeholder groups.

Stakeholder Group	Engagement Methodology	Key Expectations
Patients	<ul style="list-style-type: none"> ◀ One-on-one interactions with doctors, nursing staff and other medical personnel ◀ Customer feedback survey ◀ Corporate website 	<ul style="list-style-type: none"> ◀ Ease of admission, billing and discharge procedures ◀ Quality nursing care ◀ Internationally benchmarked clinical best practice that promote quality care and improved patient outcomes ◀ Low infection rates and medication errors ◀ Latest state-of-the-art technology and clinical facilities ◀ Access to multi-disciplinary health services ◀ Positive hospital experience
Employees	<ul style="list-style-type: none"> ◀ Open door policy ◀ Performance appraisal discussion ◀ Grievance handling mechanism ◀ Regular divisional staff meetings ◀ Staff newsletter ◀ Whistle blower policy 	<ul style="list-style-type: none"> ◀ Recognition and reward for quality performance ◀ Training and personnel development ◀ Equal opportunity in non-discriminatory culture ◀ Competitive remuneration and benefits package ◀ Structured ethical working environment ◀ Access to a wellness programme ◀ Work environment focused on safety and minimising of occupational risks ◀ Employee engagement
Doctors	<ul style="list-style-type: none"> ◀ Regular one-on-one open communication with doctors ◀ Participation in medical advisory committees ◀ CME programmes 	<ul style="list-style-type: none"> ◀ High-quality support with regard to nursing, hospital facilities, technology and equipment ◀ Access to multi-disciplinary health services ◀ Participation in medical advisory committees ◀ Access to quality consulting rooms

Group Sustainability Report

Stakeholder Group	Engagement Methodology	Key Expectations
Suppliers	<ul style="list-style-type: none"> ◀ Ongoing interaction with suppliers in reviewing and renewing contracts and procurement initiatives ◀ Regular meetings and negotiations with strategic supply partners ◀ Transparent tender process 	<ul style="list-style-type: none"> ◀ A reputation for ethics and fairness in dealings with suppliers ◀ Negotiations with suppliers built on mutual respect and fair pricing structure
Government	<ul style="list-style-type: none"> ◀ Ongoing interaction with the Ministry of Health at an executive level ◀ Ongoing communication on private/public sector issues ◀ Participation in government forums and priority projects 	<ul style="list-style-type: none"> ◀ Compliance with regulations ◀ Assisting in the development of appropriate healthcare regulation ◀ Access to affordable healthcare
Shareholders	<ul style="list-style-type: none"> ◀ Annual general meeting ◀ Corporate website 	<ul style="list-style-type: none"> ◀ Sustained growth and financial stability ◀ Strong corporate and clinical governance to safeguard business ◀ Clear and transparent communication of the Group's strategy and results ◀ Business outreach ◀ Market share ◀ Environmental sustainability

Sustainability Framework

The Group Sustainability Framework serves as a catalyst in positioning Asiri Health to achieve sustainability leadership through the delivery of industry-best value for our patients, employees, local communities and the environment.



Group Sustainability Report

Commitment to Quality and Patient Safety

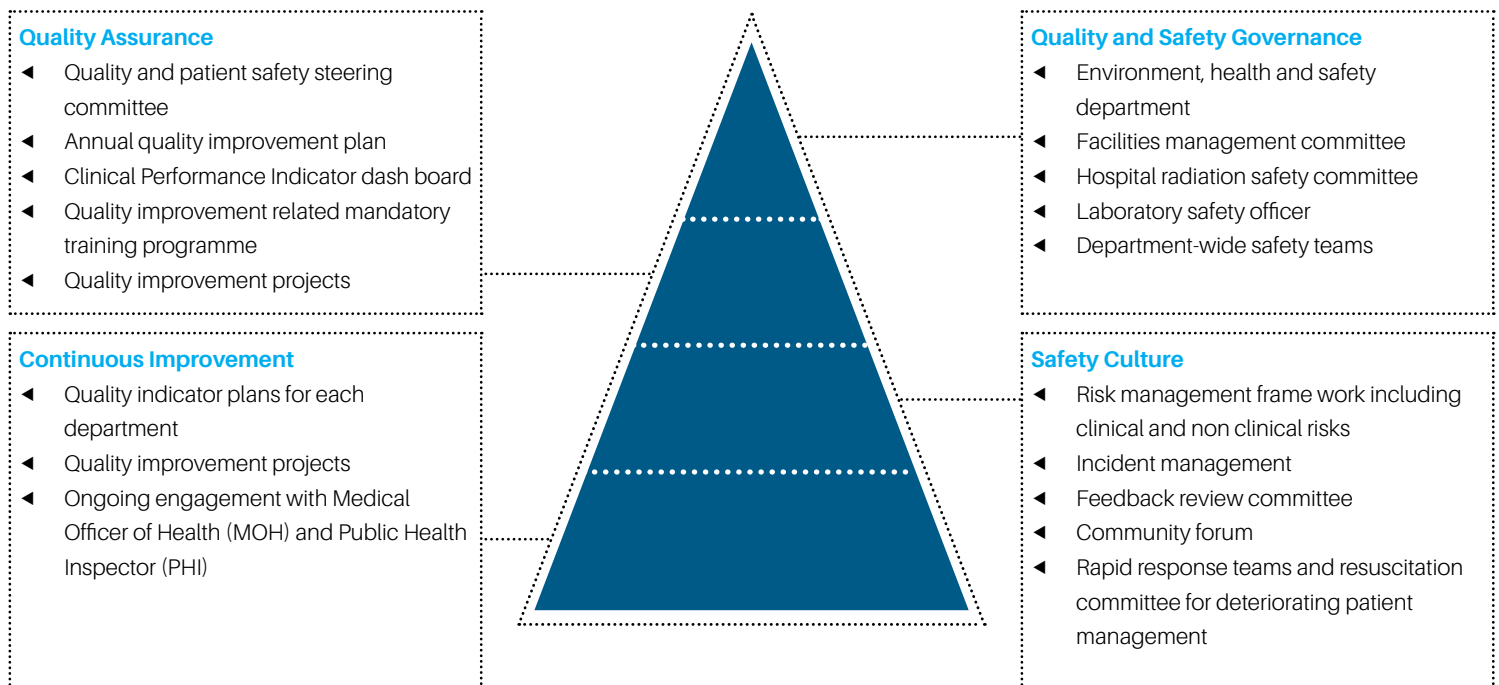
At Asiri Health, we are committed to continuously improve the quality of clinical care provided to patients and in doing so seek to foster a quality culture where all employees are held accountable for the delivery of safe, high quality care for our patients.

Across the Group the commitment to quality and patient safety, is driven by three pillars;

Quality and Safety Framework

The Asiri Health Quality and Safety Framework serves as a formal mechanism that facilitates the implementation of Group-wide quality and patient safety initiatives and to promote responsibility and teamwork. It also provides guidelines for evaluating results, documenting, reporting and communicating quality gaps by encouraging a blame-free reporting culture to identify areas that require improvement.

Asiri Group Quality and Safety Framework



Group Sustainability Report

Accreditation

We believe accreditation provides a benchmark to measure our performance against global best practices for healthcare service providers, thereby creating a platform to integrate the latest healthcare standards as part of our continuous improvement programmes.

Through its accreditation efforts, the Asiri Group strives to maintain leadership in raising the standard of clinical quality across the local healthcare industry.

Asiri Group Accreditation Record		
	Accreditation/Certification	Status
Asiri Central Hospital	Joint Commission International (JCI)	Accredited since September 2016
	ISO 9001:2015 - Quality Management Systems Certifications	Certified since November 2012
	ISO 22000:2005 - Food Safety Management	Certified since July 2012
	ISO 14001:2015 - Environment Management System	Certified since November 2012
	OHSAS 18001:2007 - Occupational Health & Safety Assessment Series	Certified since November 2012
Asiri Surgical Hospital	Australian Council on Healthcare Standards International (ACHSI)	In-progress. Due to be completed by mid-2019
	ISO 22000:2005 - Food Safety Management	Certified since March 2013
	ISO 14001:2004 - Environment Management System	ISO 14001:2004 Certified since November 2011 Recertification with new version of ISO 14001:2015 due to be completed by August 2018
	OHSAS 18001:2007 - Occupational Health & Safety Assessment Series	Certified since November 2012, recertification due to be completed by August 2018
Asiri Medical Hospital	Australian Council on Healthcare Standards International (ACHSI)	In-progress. Due to be completed by mid-2019
	ISO 22000:2005 - Food Safety Management	Certified since June 2017
	ISO 14001:2004 - Environment Management System	ISO 14001:2004 Certified since November 2011 Recertification with new version of ISO 14001:2015 due to be completed by November 2018
	OHSAS 18001:2007 - Occupational Health & Safety Assessment Series	In-progress. Due to be completed by November 2018
Asiri Hospital - Matara	Australian Council on Healthcare Standards International (ACHSI)	In-progress. Due to be completed by mid-2019
Asiri Laboratories	ISO 15189:2012 for Clinical / Medical Laboratories	Accredited since mid-2019
	ISO 14001:2015 - Environment Management System	Certified since September 2017
	ISO 9001:2015 - Quality Management System	Certified Since May 2018

Group Sustainability Report

Patient Feedback

We see Patient feedback as a key enabler in maintaining our commitment to quality and patient safety. Effective and ongoing patient feedback helps to strengthen, personalise and enhance the relationship between patients and our healthcare teams. Moreover, complaints and compliments offer a unique opportunity to evaluate the appropriateness of our care delivery model and identify areas for improvement.

The standard patient feedback mechanism in place across the Group was further enhanced in September 2017. The existing feedback form was revised to cover a broader range of areas such as pain management, cost of treatment, etc., while new digital tablets were provided in addition to the paper-based forms to make it more convenient for patients to provide their feedback. Following the introduction of a digital feedback tool, a marked increase was seen in the number of patients providing feedback.

At a strategic level, a dedicated Feedback Review Committee was set up, headed by the Director Operations. Consisting of a cross-functional team, the Feedback Review Committee is tasked with analysing feedback information, identifying trends in complaints, etc. and implementing necessary corrective action to prevent the recurrence of negative feedback. Several new safety initiatives were implemented within the year based on patient feedback, among them the floor-level safety signage, directional signage, amenity kit, the car park emergency call-in system and most notably the Bill Estimate.

To address the complaints regarding excessive discharge time, an in-depth quality assessment study was carried out during the year to identify potential choke points. Based on these findings, a number of administrative processes were

streamlined to increase productivity and improve efficiency with the aim of cutting patient discharge time in half, while a new digital tracking system was introduced to monitor and highlight lag times at each stage of the discharge process. Furthermore having determined the pharmacy procedure to be excessively time consuming, a new system was designed with several interconnected processes being automated to expedite the data capture and thereby enhance the overall quality of the discharge process.

Focus on Our People

As a leading private healthcare service provider in the country, our people have a profound impact on our business. Our aim is to support and safeguard these extraordinary people, and do so by focusing on four key themes;

Responsible People Management

We realise that central to our mission to provide high quality healthcare is the ability to have the best talent in the industry. At an industry-level we continue to be challenged by the dearth in skilled labour. However to overcome these challenges and attract and retain the best in-class talent, we offer competitive remuneration above-and-beyond industry benchmarks and in compliance with all national regulations. Regular reviews are conducted to assess the effectiveness of our remuneration policies and to determine their relevance to current industry norms.

Staff Composition as at March 2018

Company	Managerial	Consultants	Medical & Para-medical	Operational	Admin	Total Staff Count
Asiri Hospital Holdings PLC	55	-	612	712	99	1,478
Asiri Surgical Hospital PLC	14	1	401	497	46	959
Asiri-AOI Cancer Centre (Pvt) Ltd	-	-	-	-	1	1
Central Hospital Ltd.	21	8	480	675	30	1,214
Asiri Hospital Matara (Pvt) Ltd.	4	-	134	284	39	461
Asiri Diagnostic Services (Pvt) Ltd.	1	-	11	14	3	29
Asiri Kandy Hospital (Pvt) Ltd.	1	-	-	-	1	2
Total	96	9	1,638	2,182	219	4,144
Percentage	2.32%	0.22%	39.53%	52.65%	5.28%	

Group Sustainability Report

Gender Breakdown - as at March 2018

Hospital	Male	Female	Total
Asiri Hospital Holdings PLC	487	991	1,478
Asiri Surgical Hospital PLC	358	601	959
Asiri-AOI Cancer Centre (Pvt) Ltd	1		1
Central Hospital Ltd.	417	797	1,214
Asiri Hospital Matara (Pvt) Ltd.	126	335	461
Asiri Diagnostic Services (Pvt) Ltd.	16	13	29
Asiri Kandy Hospital (Pvt) Ltd	1	1	2
Total	1,406	2,738	4,144

At present, in addition to their salary, all Asiri Health employees are entitled to a comprehensive range of benefits that include flexible working hours, subsidised accommodation, staff meals, staff discounts offered by Softlogic Group companies, comprehensive Life and Personal Accident Cover medical insurance and child care facilities, etc. The Group maintains a total of 15 hostels for all employees who request this facility.

Moreover our strong performance culture ensures our people remain aligned with our business strategy and values. At the end of each financial year all employees receive a formal performance review to determine their performance against pre-agreed KPIs and ensure they are suitably rewarded for their contribution to the Group's operating, strategic and financial performance for the particular year under review.

Creating a Robust and Inclusive Workplace

At Asiri Health, we believe that inclusion promotes diversity of thought, new ideas and a range of perspectives, allowing us to continually improve the care and service we deliver. As such we strive to create an inclusive workplace that has the capacity to attract and retain a talented and diverse workforce of clinical and non-clinical staff.

We are an equal opportunity employer and adhere to a non-discriminatory policy that ensures we do not discriminate against sex, religious beliefs, marital status or any other status protected by law. These principles are applied throughout the employment cycle, covering recruitment, retention, promotion and eventual exit.

Our commitment to diversity is led by a strong focus on gender equality. In this regard we promote equal pay between men and women and have further implemented a wide range of supportive policies and practices to help achieve gender equality in the workplace.

Taking our diversity policy a step further by recognising the diverse talents of our employees through various platforms that allow them to showcase their unique abilities.

Training and Development

We invest in our people by providing them with the requisite training needed to perform their job roles as well as to support their personal career growth.

At Asiri Health, training begins at the point of recruitment, with all new recruits enrolled in the Group Induction programme, to help them learn the demands of the job, integrate into the Group culture and values, as well as understand our quality and safety standards.

Thereafter based on the annual training needs analysis, we provide targeted training and development activities to support our people to improve their skills (Clinical and non-clinical) and fulfill the Group's mission to deliver exceptional patient care and customer service.

	Number of Programmes Held	Total Number of Man Days
Clinical Trainings	441	1,924
Non Clinical Trainings	1,002	5,612
Total	1,443	7,536

Given the nature of our business, on-the-job training is a crucial component of our talent development model, especially for nursing staff. Nurses are the largest professional group in our

Group Sustainability Report

workforce, and we support the professional development of our nurses through on-the-job experiential learning, in-house programmes, external training and overseas training opportunities for selected talent in the Group.

All trainee-nurses while on the job, are required to complete a three-year Diploma course at the Asiri Nurses Training School, which is a Ministry of Health accredited training facility. In 2017, a batch of 52 nurses graduated from The Asiri Nurses Training School; the 52nd batch to do so since the inception of the school in 1986.

In addition to job-related training, we also provide employees with opportunities for greater career mobility. Underpinned by our succession planning strategy, suitable employees are provided with leadership training and have access to mentoring and coaching opportunities to prepare them to take on bigger roles and responsibilities in the future.

Workplace Health and Safety

We firmly believe that our employees have the right to a safe and healthy workplace and strive to create a positive work environment to ensure the health, safety and wellbeing of our people.

To foster a safety culture, we promote active engagement of our workforce on health, safety and wellbeing topics and continue to raise awareness to improve our peoples' knowledge and capability on these matters.

We also place special emphasis on identified high-risk areas with risk mitigation plans drawn up and supported by relevant preventative programmes. Facility Management & Safety Committees are in place to provide necessary oversight to ensure effective execution

of preventive programmes for Radiation Safety, Laboratory Safety, and Hazardous Material Management, etc.

The incident command centre records work-related accidents and incidents, which are further investigated by the Group Environment, Health & Safety (EHS) Department to identify root causes and recommend necessary corrective action.

As part of a recent effort to strengthen the safety culture, the Group began working towards obtaining the OHSAS 18001:2007 (Occupational Health and Safety Standard) for Asiri Surgical Hospital, Asiri Medical Hospital and Asiri Hospital – Matara. Asiri Central Hospital secured the OHSAS 18001 certification in 2012.

Several new initiatives were rolled out across the Group in line with the OHSAS 18001 process, among them is the establishment of department-wise safety teams to ensure safety compliance as well as to monitor and report on potential safety gaps.

Care for the Environment

The Group recognises environmental sustainability as an important issue that needs to be given due consideration in our day-to-day business activities. Accordingly, we remain fully committed to conduct our operations in full compliance with all environmental regulations in effect for our industry.

Further we have identified that the greatest environmental impact of our businesses arise as a result of the energy consumed and the waste generated on a daily basis. In addressing these concerns, we look to integrate environmentally sustainable practices as part of our day-to-day activities focusing on the following areas;

Energy Management

Given the nature of our business, our energy bill is occupies nearly 7% of annual overheads. We are well aware that reducing this will directly benefit the bottom line and have set ourselves a goal to bring down energy costs by 3% year-on-year.

Reinforcing our commitment to effectively manage and reduce the energy we consume each day, we have implemented specific guidelines that underpin our long-term energy reduction targets. Continuous improvement in the way we manage and monitor energy consumption across all divisions of the business is a big part of this equation. Equally important are the ongoing investments in energy efficient equipment and the special projects we undertake to further reduce overall energy consumption. As part of this effort, we have begun upgrading to energy-efficient lighting, heating and cooling solutions across the Group.

Employee support is critical to the success of our energy management programme, which has led us to conduct regular training to raise awareness and strengthen accountability at all levels.

Group Sustainability Report

Electricity Consumption (kWh)	2017/18	2016/17	Variance Compared to year 2016/17	Comments
ASH	5,357,410	5,117,077	4.69%	Increase is due to business growth
AMH	2,753,880	2,767,010	-0.47%	Improvement is due to energy management efforts
ACH	6,312,066	6,426,000	-1.8%	Improvement is due to energy management efforts
AH-M	912,197			

Waste Management

Given that a considerable volume of waste is generated across the Group each day, the aim of our waste management programme is to minimise its harmful impact on the environment.

While the 3R (Reduce-Reuse-Recycle) is an important aspect of our waste management programme, we are mindful that for safety reasons, hazardous waste cannot be recycled. Hence all clinical waste is sent for incineration to a CEA-approved contractors. E-waste and Mercury waste are also outsourced to CEA-approved contractors for appropriate disposal.

Meanwhile to come up with a sustainable solution for the disposal of solid (non-hazardous) waste in an environmental friendly manner, a new pilot project was initiated at ASH. The initiative, which commenced in August 2018, is a collaborative effort between ASH, the National Solid Waste Management Centre, CMC and the CEA.

Recyclable items Recovered from Non-Clinical Waste (Kg)	2017/18	2016/17	Variance Compared to year 2016/17	Comments
ASH	19,214	9,068	52.80%	Improvement is due to the waste management programme
AMH	2,151	429	80.05%	Improvement is due to the waste management programme
ACH	16,800	22,710	-35.17%	
AH-M	9,769			

Extending our commitment to recycle wherever possible and practical, the Group invested Rs. 2.8 Mn in commissioning a new effluent treatment plant at ASH. The investment adds to the effluent treatment plants already in use at ACH and AH-M.

Supporting Communities

As a healthcare services provider, we consider it our duty to share our knowledge and expertise for the betterment of the community. Our community outreach efforts are operationalised on multiple platforms;

Access to Free Healthcare for the Underprivileged

The Group's flagship community effort is the free-heart surgery initiative that provides the opportunity for underprivileged children to receive free surgery and aftercare through the Asiri Surgical Cardiac Care unit. Patients for the programme are identified either at the free health camps organised by the Asiri Heart Centre in remote areas, or through referrals received from the Lady Ridgeway Hospital. The cost of each surgery is partly or fully funded by donors who either make direct contributions to the Group or do so anonymously through the Gift of Life fund. In the event of partial donations, the remainder of the cost is met by the President's Fund.

With an average of three surgeries being performed per month, the initiative has supported 146 children since first being launched in 2011.

Group Sustainability Report

Free Health Clinics

Our free health clinics are primarily aimed at raising community awareness regarding matters of topical importance in today's healthcare environment.

Free Consultation Clinic	No. of Clinics Held	Location	Total No. of Beneficiaries
Cardiac Care	6	ACH/ASH	76
Brain & Spine	77	ACH	1,428
Antenatal Programme	42	AHH	462
Asiri Breast Care	54	ACH	133
Liver Transplant	6	ASH	24
Well Women's Clinic	7	AHH	18
Total			2,141

Continuous Medical Education Programmes (CME)

Often held in collaboration with industry stakeholders, Asiri Health's CME initiatives are rolled out as special knowledge sharing or topical discussion forums to enable Medical Officers and Nurses to enhance their knowledge on current developments.

Asiri Group - CME Programmes 2017/18			
Target Group	Topics	No. of Participants	Date
Paediatricians, VOGs, Consultants & Medical officers	World Asthma Day 2017 - Paediatric Asthma	More than 80	May 2nd 2017
Young Family Doctors' Movement of South Asia Region	Dexa Scan interpretation, pitfalls and management of osteoporosis, rational antibiotic prescription for common infections	90 Young GPs	February 17th 2018
SLMA Members	Medical ethics & accountability, End of life care & palliative care, Genetics in Primary care, Fever & use of antibiotics, Antimicrobial Resistance	Over 100 Doctors	February 28th 2018

Medical Internship Programme

The Group has a formal structured internship programme to assist university undergraduates to complete their mandatory internship requirement attached to their degree programme. During the FY 2017/18, approximately two dozen internships were granted in clinical as well as several administrative areas.

Special Projects

Batticaloa Teaching Hospital Emergency and Accident Project (BEAP)

The BEAP Project was initiated in 2015 by Dr. David A Young and his team of volunteers attached to the "Foundation Supporting a National Trauma Service in Sri Lanka". Asiri Health being the Platinum Sponsor for the project, donated a total sponsorship of Rs. 20M towards the BEAP project. The construction of the Accident & Emergency Care Unit at the Teaching Hospital, Batticaloa was completed and the facility was declared open on 17th June 2018.

Annual Blood Donation Campaign

Conducted for the fifth consecutive year, the annual blood donation campaign is a commitment made by the staff of Asiri Health to donate blood to the National Blood Transfusion Service (NBTS).

Group Sustainability Report



Blood Donation Campaign



Community Wellness Programmes – Free Clinics



Beach Cleanup Programme



Health Awareness Programmes – Diabetes Walk



Fire & Safety Drill



Medicare - National Healthcare Exhibition

Risk Management Report

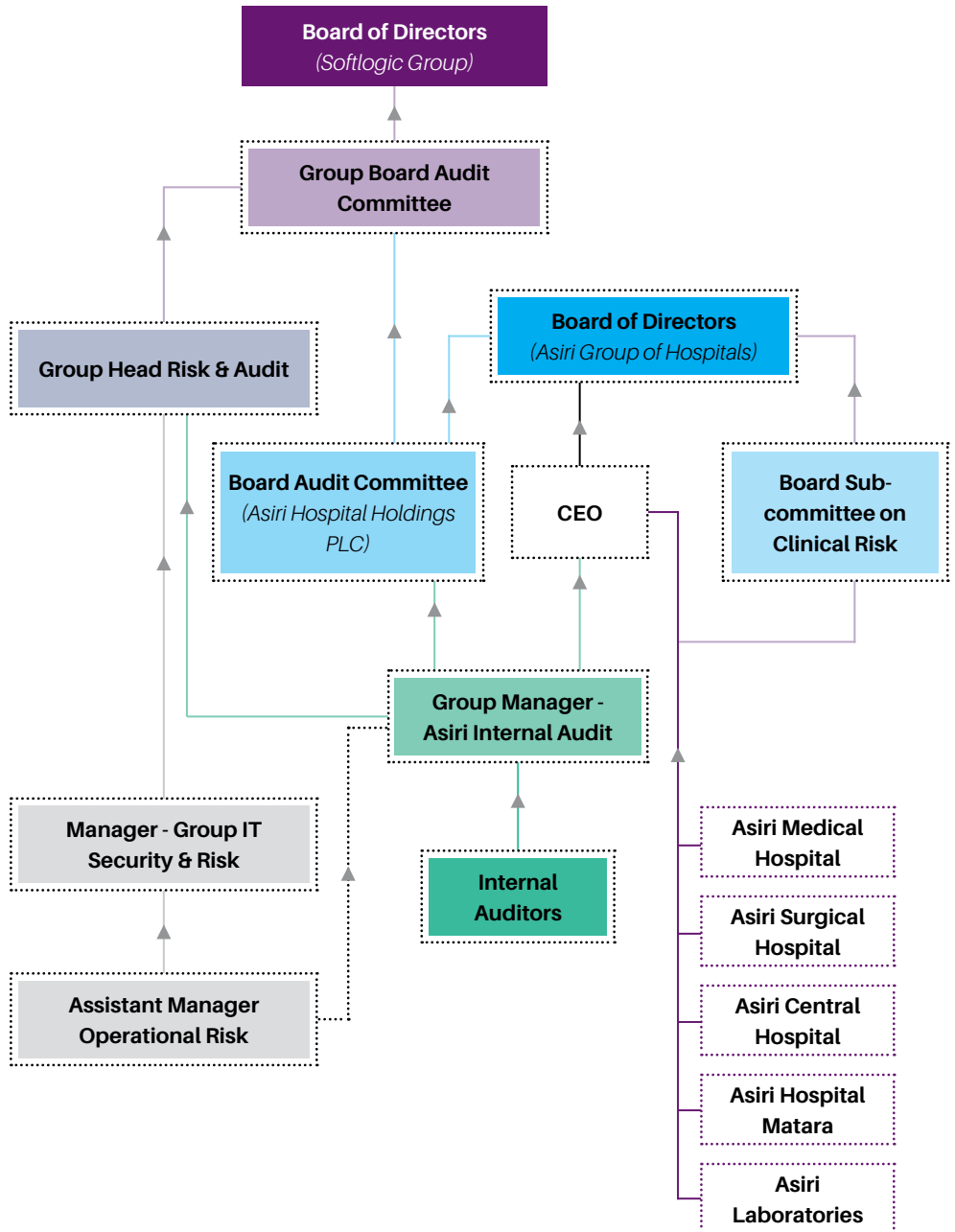
Integrated Risk Management

With an understanding that the decisions made by healthcare providers directly impact public health and safety, Asiri Group of Hospitals has taken sphere of strategies to effectively manage emerging risks in the business. Since a single error could cause irreversible damage to a patient's life, and lead to expensive lawsuits and excessive damages to the reputation, the Group has implemented a robust risk management framework that is based on industry standards and best practices, and is efficient, transparent and proactive.

While managing risk is a key responsibility of the Board of Directors, each and every employee of the Group is responsible for Risk Management in their sphere of operations. The Group has established an integrated and effective Risk Management framework where significant risks are identified, assessed, prioritised and managed by implementing appropriate risk mitigation actions. These actions are monitored through management systems where the heads of the business units act as first line of defense and provide useful information and feedback on risks.

Asiri Group of Hospitals has in place a comprehensive system of internal controls, which is designed to ensure that risks are mitigated and Group's objectives are attained. The Board Audit Committee reviews the effectiveness of the risk management process periodically and recommend required changes to Board of Directors.

The Functional Structure of Risk Management



Risk Management Report

Key Risks

Presented below is an account of key risks identified by Asiri Group of Hospitals together with potential impact and measures taken to mitigate those risks.

Risk	Potential Impact	Mitigation Strategy
<p>Clinical Risk</p> <p>The events or incidents occur in our daily practice will potentially affect the quality of patient care.</p> <p>Asiri Group is keen on the patient care and safety, thus; we have prioritised most of the clinical risks and new additions are promptly identified through patient feedbacks and industry analysis.</p>	<p>Risks associated with patient care are vital in Healthcare industry. Clinical Risks can mediate other risks including reputation and legal risk while incurring significant financial losses.</p> <p>Since the likelihood and consequences of Clinical Risks may frequently change, it has become the most significant and vulnerable area to Asiri Group of Hospitals in terms of Risk.</p>	<p>Asiri Group of Hospitals has provided stringent guidelines for incident reporting, utilisation of informed consent documents and related defensible documentation.</p> <p>Constant monitoring and review of Clinical Risks are performed to ensure that the organisation's Clinical Risk Management plan is adequate and effective.</p> <p>The Management swiftly takes measures to address the identified risk areas and in the event any risk cannot be eliminated, steps have been taken to minimise such risks to a tolerable level. The attempt to achieve international accreditation is to drive quality improvement and risk minimisation strategy across the hospitals within the Group. Joint Commission International (JCI) for all aspects of its operations, including patients care & health, food and safety, quality management and laboratory management.</p> <p>Specialist doctors and medical officers who join Asiri Group are subjected to a credentialing and privileging process to ensure they possess required skill and competence to deliver good clinical care to our patients. Similarly, the nursing professionals as well as the para medical staff are recruited with careful evaluation of their skill and competencies and there after encouraged on continuous professional development to keep up with evolving trends in technology.</p>
<p>Infections Risk</p> <p>Healthcare-acquired infections (HAIs) would be critical to healthcare industry and mostly the medical staff of the hospitals and would hinder the operational effectiveness in long-term.</p>	<p>The Hospital acquired infections due to cross contamination would lead to prolong stay for some patients or undue complications with escalation of treatment costs. HAI may affect the smooth operation of the hospital if health care professionals get affected with infectious diseases.</p>	<p>Asiri Group of hospitals has initiated comprehensive infection control strategies. Among many solutions, the Group ensures all sanitation systems are up to date, operational and ensure that staff understands how to properly use the systems to keep patients safe. These initiatives continue to remind staff and visitors about basic infection control techniques</p>

Risk Management Report

Risk	Potential Impact	Mitigation Strategy
Strategic Risks		
<p>Failure to anticipate essential market needs on a timely manner and develop strategies to have competitive edge over rivals refers to Strategic Risk. It also relates and depends on future business plans and strategies including mergers & acquisitions, restructuring activities and innovations.</p>	<p>Incompetent strategic decisions will adversely affect shareholder objectives while failure to execute innovative decisions will hinder the expansion and opportunities in the emerging markets.</p>	<p>All strategic decisions are scrutinised by the Board of Directors who have expertise knowledge and vast experience in the industry. Recommended decisions are reviewed by the Softlogic Holdings Group Executive Board of Directors and thorough evaluations and assessments are been carried out prior to execution.</p>
Reputational Risk		
<p>A threat or danger to the good name or standing of the Asiri Group of Hospitals. Reputational risk will occur;</p> <ul style="list-style-type: none"> ◀ Due to failure of internal processes ◀ Due to the negligence or malicious actions of employees or ◀ Due to action of peripheral parties, like suppliers 	<p>This type of risk may be difficult to realise financially. It is a matter of corporate trust, which has a great influence on damaging the reputation and has a severe impact on shareholder value.</p>	<p>Asiri Hospitals maintain positive correlation with its stakeholders by developing trust, confidence and win-win relationships while conforming international best practices. Well established complaint handing process is in place to address the issues expeditiously.</p> <p>The Ethics Committee, comprising of industry specialists, provides an advisory role on matters relating to research and clinical trials.</p> <p>The hospitals' nursing and other staffs undergo extensive training on patient management and customer service on a continuous basis.</p>
Operational Risk		
<p>These are the risk of losses resulting from inadequate or failed internal processes, people and systems or from external events.</p>	<p>Operational risk exists in the natural course of business activity. Failure to manage operational risks can expose the Group to significant losses.</p>	<p>The Group is promoting and enhancing the effectiveness of Operational Risk Management process which includes identification, assessment, treatment, monitoring and controlling.</p> <p>We cannot identify all the risks we may come across, some maybe latent. So we have crisis management processes and business continuity responses designed to improve our resilience to unforeseen events - such as a supply chain disruption, employee repatriation, natural disasters, cyber-attacks, technical mishaps - and to minimise their impact on our stakeholders, reputation and performance.</p> <p>This encompasses basic escalation and communication rules, guidelines for anticipation and action, and clear roles and responsibilities.</p> <p>Additionally, IT Security policies and policy on confidentiality and security of information management have been implemented and frequent IT audits reviews are performed.</p>

Risk Management Report

Risk	Potential Impact	Mitigation Strategy
Internal Processes		
<p>The dynamic operational environment requires effective and efficient internal processes to achieve the edge of industry competition and gain economical advantage.</p> <p>Inadequate internal controls may adversely affect the continuity or effectiveness of internal processes.</p>	<p>Internal processes are predominant in achieving business objectives and ineffectiveness of which will lead to severe financial or business losses.</p> <p>The impact is specific to each process and its contribution to the continuity of the service. When several processes failed, the cumulative impact might be greater than what is expected.</p>	<p>We minimise operational risks by maintaining proper internal control systems and initiating prompt responses to evolving risks. All the processes are continually reviewed by the Internal Audit department to ensure that none of the risks been un attended.</p> <p>Internal processes have been standardised in accordance with JCI and other accreditation requirements. Audit trails are checked in an appropriate manner and red flags (if any) are raised to draw the attention and ensure proper action is been taken and implemented on a timely manner.</p>
Human Resources (People)		
<p>Service industry, in which the Group operates, is heavily depending on human resources.</p> <p>Risks may arise from employee negligence, conflict of interest, fraud or misappropriation and due to poorly trained employees. The human capital may affect by failure to attract, develop and retained skilled workforce.</p>	<p>Failures in human resource could affect the continuity of business operations. The consequences could be serious, when loss of key executives without suitable replacement.</p> <p>Thus ability to recruit and retain qualified and skilled healthcare professionals are crucial for the success of the organisation.</p>	<p>While ensuring the safety and welfare of the employees, our risk management approach is directed towards minimising the Human related concerns.</p> <p>The Group has introduced a comprehensive recruitment and retention process. Qualified people are recruited after a proper screening. Employee requirements and satisfaction levels are efficiently and effectively monitored through surveys. The gaps are addressed promptly.</p> <p>A succession planning program is in place which includes; regular trainings, developments, promotions, KPI and supervision.</p>
External Events		
<p>External events including natural disasters and other similar types of emergencies that confront organisations on a daily basis which affects the Continuity of Business.</p>	<p>Some extreme events can interrupt the entire service function whilst keeping the alternate options limited.</p> <p>Unlike other industries, due to the necessity of business continuity in a disaster situation, stretched disaster recovery time may incur more financial and business losses.</p>	<p>The events are identified by analysing historical data and conducting proper assessments based on the real time information from external sources. Adequate business continuity measures have been taken to ensure that an uninterrupted service is provided. Additionally the revenue has been insured against uncontrollable events.</p> <p>Regular reviews are undertaken to ensure that adequate insurance covers are available to compensate financial losses.</p>

Risk Management Report

Risk	Potential Impact	Mitigation Strategy
Cyber and Information Security Risk		
<p>The healthcare industry has moved to electronic healthcare records, whilst exposing to new patient privacy concerns as these records are targeted by cyber criminals.</p> <p>Increasing use of technology has hosted new levels of complexity and threats such as: security breaches, system failures, malicious attacks, IT fraud and many other issues.</p>	<p>Invades into information systems will affect the business continuity of the hospitals and will incur both monetary and non-monetary damages.</p> <p>Failure to adopt robust information security controls could lead to potential risks of;</p> <ul style="list-style-type: none"> ◀ Unauthorised access to information and associated information systems. ◀ Unauthorised modifications and manipulations on information and databases. ◀ Unavailability of access to critical systems for the authorised users <p>Financial and business losses arise due to failure of IT systems are difficult to predict.</p>	<p>The Group has identified the importance of Information Security and has deployed numerous controls at both database and application levels. Information Security policies & procedures have been developed based on ISO 27000.</p> <p>Independent third party reviews and vulnerability assessments are carried out frequent. Regular maintenance of IT infrastructure, scheduled data backups, offsite storage and round-the-clock IT support by the parent Group are some of the strategies adopted to ensure zero losses of data during a system failure. Regular IT disaster recovery testing are carried out to ensure the resilience.</p>
Technological Risk		
<p>The industry in which our Group operates is exposed to frequent technological revolutions.</p> <p>Failure to adopt latest technologies will drive the company towards technological obsolescence.</p>	<p>Inability to adopt the latest pioneering technology could result in loss of customers, leading to fall in revenue and erosion of profits.</p>	<p>We constantly pursue adoption of most innovative & advance methods for diagnostics and treatments. Research and innovations in Healthcare industry are regularly monitored.</p> <p>The Group makes regular investments in pioneering technology and training of staff for optional application of existing technology.</p>

Risk Management Report

Risk	Potential Impact	Mitigation Strategy
Credit Risk		
<p>There is a risk of a patient not having adequate funds to settle his / her bills at the time of discharge.</p>	<p>Credit Risk will lead the Group to financial concerns such as liquidity and profitability. Cash flow issues may have a direct impact on its service quality.</p>	<p>We educate our customers of the services, associate cost and evaluate credit worthiness of corporates before granting credit facilities. Insurance policies of in-patients are validated at the time of patient registration.</p> <p>Regular reviews are done to ensure that the introduced systems are functioning effectively and any impact on the performance of the assets of the Group. Interim bills are issued for in-patients for periodic bill settlements.</p>
Interest Rate Risk		
<p>Interest rate risk exists in interest bearing liabilities, such as loans and overdrafts where the financial expenses will increase due to increased interest rates.</p>	<p>The Company has obtained multiple facilities from various banks for working capital, capital expenditure and investments.</p> <p>Fluctuations of interest rates will adversely affect the business by increasing financial costs.</p>	<p>To mitigate the impact of Interest rate risk, more consideration is given to maintain minimum interest spreads during the rates are declining while fixed rates are encouraged during rising periods.</p> <p>Close monitoring and supervision is given for macroeconomics trends to understand the market behaviour and to enable firm decision making.</p>
Legal and Compliance Risk		
<p>Healthcare is one of highly regulated industry and is bound with many laws and regulations adopted by the authorities.</p> <p>Compliance risk arises when the Group fails to act in accordance with industry laws and regulations, internal policies or prescribed best practices.</p>	<p>The Group will be exposed to legal penalties, financial forfeiture and material losses and the consequences of litigation are difficult to predict or quantify.</p> <p>Non- compliance would cause severe reputation damages as well.</p>	<p>Asiri Group of Hospitals is engaged in good corporate practices which ensure the transparency, compliance with laws & regulation and ethical business in all affairs with stakeholders.</p> <p>In addition to complying with the Colombo Stock Exchange, Securities and Exchange Commission and Companies Act disclosure requirements, the Group also complies with Sri Lanka Accounting Standards.</p> <p>Related Party Transaction Review Committee has been established to assure the highest level of integrity and transparency.</p>

Corporate Governance Report

Board of Directors

The Board of Directors are responsible to shareholders of creating and delivering sustainable shareholder value through to the management of the Group's operations. The committees assist the Board in its responsibilities, rendered in the form of reports and recommendations submitted to the Board.

Board Composition

The Board consists of eight directors, with a split between 2 executive and 6 non-executive directors, out of whom 4 are independent. The composition of the Board is in compliance with the Corporate Governance Rules of the Colombo Stock Exchange. The Directors provide the objectivity and are equipped with the skills and experience required to discharge their responsibilities in an effective manner. (Refer to page 6 and 7 for the full profiles of the Directors).

Responsibilities of the Board

The key roles and responsibilities of the Board are as follows;

- ◀ Exercise leadership, enterprise, integrity and judgment in directing the Company so as to achieve continuing prosperity in a manner based on transparency, accountability and responsibility.
- ◀ Ensure a managed and effective process of Board appointments
- ◀ Determine the Company's purpose, values and strategy and ensure that procedures and practices are in place
- ◀ Monitor and evaluate the implementation of strategies and policies for better management performance
- ◀ Ensure compliance with the relevant laws, regulations and codes of best practice on corporate governance

- ◀ Communicate with shareholders effectively and serve the legitimate interest of the shareholders
- ◀ Periodic and timely reporting to shareholders of the progress and performance of the Company
- ◀ Review processes and procedures regularly and ensure that internal control is effective
- ◀ Identify key risk areas and ensure that these risks are addressed and managed effectively
- ◀ Appoint and evaluate the performance of the Managing Director
- ◀ Approve the Annual Budget
- ◀ Authorisation of Directors' conflicts or possible conflicts of interest
- ◀ Determination of independence of non-executive Directors
- ◀ Ensure the continuation of the Company as a going concern

Appointment and Re-election to the Board

Directors are appointed by the Board in a structured and transparent manner. Appointments are made with due consideration given to the diversity of skills and experience within the Board. As per the Company's Articles of Association, one third of the Directors shall retire from office at each Annual General Meeting and offer themselves for re-election. All directors appointed during the year seek re-election at the subsequent AGM. The Managing Director is not subject to retirement by rotation.

Board Meetings and Attendance

The Board meets on a quarterly basis and additional meetings are convened when necessary. Scheduled board meetings are arranged well in advance to ensure, as far as possible, that Directors can manage their time commitments. All Directors are provided with supporting documents and relevant information for each meeting and are expected to prepare themselves for and to attend all board meetings, shareholders meetings and all meetings of the committees on which they serve, unless there are exceptional circumstances that prevent them from doing so. Directors have full access to Group information and are entitled to obtain independent professional advice at the Group's expense in appropriate situations.

Chairman

The Chairman leads the Board in order to ensure that it operates effectively and fully discharges its fiduciary and regulatory responsibilities. The Chairman is also responsible for ensuring that no single individual has autonomous decision making powers, thus protecting stakeholder interests. Within the Group, the Chairman also serves as the Managing Director and together with the Senior Management Committee is responsible for recommending the strategic direction to be followed by the Group and for implementing the decisions of the Board. The performance of the Managing Director is reviewed by the Board on an annual basis.

Remuneration of the Board

The remuneration of the Directors is determined by the Board and is disclosed on page 93 of this Annual Report.

Corporate Governance Report

Company Secretary

Messrs Softlogic Corporate Services (Pvt) Ltd function as Company Secretaries to the Group. The Company Secretary provides guidance to the Board as a whole and to individual directors with regard to how their responsibilities should be discharged. The Company Secretary is also responsible for ensuring that the Board is compliant with the applicable rules and regulations and that all activities of the Board are in line with the appropriate procedures.

Board Committees

The Board has delegated certain authorities to the Board Committees in order to manage the affairs of the Board. The committees operate under terms of reference approved by the Board.

Audit Committee	
Duties and Responsibilities	Composition
<ul style="list-style-type: none"> ◀ Review the Group's annual and interim financial statements and compliance reports. ◀ Review the performance of the internal audit function. ◀ Review the effectiveness of the Group's internal controls. ◀ Periodically approve and review the appointment and retirement of external auditors and their relationship with the Group. 	<p>Chairman Mr. S A B Rajapaksa <i>Independent Non-executive Director</i></p> <p>Committee members Mr. G L H Premaratne <i>Independent Non-executive Director</i></p> <p>Mr. J E Huxtable <i>Independent Non-executive Director</i></p> <p>Frequency of meetings Committee meets quarterly</p>
Remuneration Committee	
Duties and Responsibilities	Composition
<p>Provide recommendations to the Board on the following;</p> <ul style="list-style-type: none"> ◀ Remuneration policy for executive directors ◀ Remuneration policy and specific incentives for certain senior executives ◀ Employee benefits and long-term incentive schemes <p>Principles governing the Group's remuneration policy</p> <ul style="list-style-type: none"> ◀ To deliver improved shareholder value by ensuring that individual performance and reward reflect and reinforce the business objectives of the Group. ◀ To support the recruitment, motivation and retention of high quality senior executives ◀ To ensure that performance is the key factor in determining individual reward ◀ To communicate the reward structure clearly and effectively to executives and shareholders 	<p>Chairman Mr. G L H Premaratne <i>Independent Non-executive Director</i></p> <p>Committee members Dr. S Selliah <i>Independent Non-executive Director</i></p> <p>Frequency of meetings Committee meets once a year</p>

Corporate Governance Report

Related Party Transactions Review Committee	
Duties and Responsibilities	Composition
<ul style="list-style-type: none"> ◀ Review in advance all the related party transactions carried out by the Company and its listed companies in the Group except related party transactions set out in Rule 9.5 of the Listing Rules of the Colombo Stock Exchange. ◀ Formulating policies and procedure to review related party transactions of the company and of the Group and overseeing existing policies and procedures. ◀ Determining whether the relevant related party transactions are fair to, and in the best interest of the company and/or companies in the Group and its stakeholders. ◀ Determining whether the related party transactions that are to be entered into by the company or companies of the Group require the approval of the shareholders. ◀ Where necessary, the Committee may request the Board to approve related party transactions, which are under review by the Committee. ◀ Ensure that immediate market disclosures and disclosures in the Annual Report as required by the applicable rules and regulations are made appropriately. 	<p>Chairman Mr. J E Huxtable Independent Non-executive Director</p> <p>Committee members Mr. G L H Premaratne Independent Non-executive Director</p> <p>Mr. S A B Rajapaksa Independent Non-executive Director</p> <p>Frequency of meetings Committee meets at least once a quarter</p>

Independence of the Directors

Dr. S Selliah, Mr. G L H Premaratne, Mr. S A B Rajapaksa and Mr. J E Huxtable function as independent directors of the Company.

As per the Rules issued by the Colombo Stock Exchange, Dr. S Selliah and Mr. G L H Premaratne meet all the criteria of independence except one.

Dr. S Selliah and Mr. G L H Premaratne are Directors of Softlogic Holdings PLC which has a significant shareholding in the Company.

The Board having evaluated all the factors concluded that their independence have not been impaired due to them serving on the Board of another company which has a significant shareholding in the Company.

Compliance with Corporate Governance Rules of the CSE

The following disclosures are made in conformity with Section 7 of the Listing Rules of the Colombo Stock Exchange;

Section	Criteria	Has the Company met the Criteria
7.10.1	Non-executive directors	Complied with. Out of 8 directors 6 are non-executive directors.
7.10.2	Independent directors	Complied with. There are four independent directors on the Board. All non-executive directors have submitted the declaration with regard to their independence/non-independence.
7.10.3	Disclosures relating to directors	Dr. S Selliah and Mr. G L H Premaratne meet all the criteria except one.
7.10.5	Remuneration Committee	Complied with. Comprises of two independent non-executive directors. The names of the members of the committee are given in the page 56 of the Annual Report.
7.10.6	Audit Committee	Complied with. Comprises of three independent non-executive directors. The names of the members of the committee are given in the page 56 of the Annual Report. The report of the committee is given on page 59. The Chief Financial Officer attends all the meetings.

Ethics Committee Report

The Ethics Committee of the Asiri Group of Hospitals was constituted to serve as an advisory body on matters relating to the conduct of research and clinical trials within the Asiri Group of Hospitals. Also, the matters concerning ethics issues in patient care as described in the Standard Operating Procedures, referred to it by the Management and also the visiting and resident staff. The committee reports all its decisions to the Management.

The committee is entrusted with the task of perusing on behalf of the Management, all proposals for research that are proposed to be carried out on patients from the Asiri Hospital Group:

- ◀ To verify that the proposed investigators have obtained ethics approval from Ethics Review Committee/s that have Strategic Initiative for Developing Capacity in Ethical Review [SIDCER] recognition from the Forum for Ethical Review Committees in the Asian and Western Pacific Region [FERCAP];
- ◀ To verify that the proposed investigators have obtained all other approvals and permissions necessary depending on the nature of the research and the proposed research subjects; and
- ◀ Also to verify that it meets other requirements that may be decided from time to time and set out as Committee Decisions.

The committee is constituted and operates in accordance with an SLMA Ethics Committee proposal for the establishment of Hospital Ethics Committees in Sri Lanka.

Members:

- ◀ **Prof. Rohan W Jayasekara, (Chairperson)**
(Emeritus Professor of Anatomy / Medical Geneticist, Faculty of Medicine, University of Colombo.)
- ◀ **Dr. Malik Fernando**
(Retired Physician/Member of Ethics Review Committee of the Sri Lanka Medical Association- sometime Chair, Ethics Committee SLMA)
- ◀ **Dr. Ariththa Wickramanayake**
(Attorney at Law /Precedent Partner, Nithya Partners)
- ◀ **Dr. Siva Selliah**
(Deputy Chairman of Asiri Group of Hospitals / Senior Lecturer, Dept. of Physiology, Faculty of Medicine University of Kelaniya)
- ◀ **Prof. Kemal I Deen**
(Consultant General Surgeon -Intestinal)
- ◀ **Dr. Indrani Amarasinghe**
(Consultant Oncologist)
- ◀ **Prof. Chandani Wanigatunga**
(Professor in Pharmacology and Consultant Physician)
- ◀ **Dr. Kamal Weerapperuma**
(Company Director)
- ◀ **Prof. Shalini Sri Ranganathan**
(Professor in Pharmacology and Specialist Paediatrician)

Sgd.

Prof. Rohan Jayasekara
Chairman - Ethics Committee

29 June 2018

Audit Committee Report

Purpose of the Committee

The Committee is established to assist the Board of Directors in fulfilling its oversight responsibility for the company's financial reporting system, system of internal controls, risk management process, internal audit function, compliance with legal and regulatory requirements and review of independence and external auditors performance.

Composition of the Committee and Meetings

The Audit Committee is appointed by the Board of Directors and comprises of three independent Non-Executive Directors. The Names of the Committee members are stated in the Corporate Governance Report on Page 56.

The Audit Committee met on five occasions during the year under review. The activities of the Audit Committee are quarterly reported to the Board of Directors. The attendance at these meetings was as follows:

Name of Director	Attendance
Mr. S A B Rajapaksa	5/5
Mr. G L H Premaratne	5/5
Mr. J E Huxtable	3/5

The Group Head of Risk & Audit of the Softlogic Group and Group Manager - Audit of Asiri Hospitals were permanent attendees of these meetings. The Group Chief Financial Officer of Softlogic Group, Chief Financial Officer of Asiri Hospitals, Directors of Operations and the External Auditors attend the meeting by invitation when required and the Company Secretary acted as the Secretary to the Committee.

Duties and Responsibilities

The duties of the Audit Committee includes keeping under review the scope and results of the audit, its effectiveness, and the independence and objectivity of the Auditors.

The committee carries out the following responsibilities:

Financial Statements, Financial Reporting Process and Accounting Policies	<p>The Audit Committee review;</p> <ul style="list-style-type: none"> ◀ The quarterly and annual Financial Statements prior to its publication. ◀ Appropriateness and changes in Accounting Policies. ◀ Significant estimates and judgement made by the management. ◀ Compliance with relevant Accounting Standards and applicable regulatory requirements. ◀ Issues arising from the Internal Audit and Independent External Audit. ◀ The Company's ability to continue as a going concern.
Internal Controls and Risk Management	<p>The Committee review and assess;</p> <ul style="list-style-type: none"> ◀ The internal control environment and areas of significant risks. ◀ Effectiveness of the company's internal control system, including information technology security and control. ◀ Policies and practices with respect to risk assessment and risk management ensuring that a process of sound system of internal control is in place. ◀ Scope of internal and external auditors' review of internal control over financial reporting and obtain reports on significant findings and recommendations, together with management's responses.
Internal Auditing	<p>The Audit Committee review and approve;</p> <ul style="list-style-type: none"> ◀ The internal audit charter ◀ Internal audit budget, resource plan including staffing, activities, and organisational structure of the function. ◀ Annual audit plan and all major changes to the plan and review the internal audit activity's performance. ◀ No unjustified restrictions or limitations to carry out duties. ◀ The work of the internal audit function and the effectiveness of the internal audit function.
IT Systems Auditing	<p>The Audit Committee review and asses;</p> <ul style="list-style-type: none"> ◀ Effectiveness and efficiency Information System Audits for IT operations, technologies, systems, structures and processes. ◀ IT assets are safeguarded in terms of integrity, confidentiality and availability and effective IT risk management measures are in place. ◀ Information system audit plans. ◀ IT Governance activities.

Audit Committee Report

External Audit	<p>The Audit Committee review;</p> <ul style="list-style-type: none"> ◀ The external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit. ◀ The performance of the external auditors, and exercise final approval on the appointment or discharge of the auditors. ◀ Review and confirm the independence and objectivity of the external auditors. ◀ Make recommendations to the Board, pertaining to appointment, re- appointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors. ◀ Resolve any disagreements between management and the external auditor regarding financial reporting.
Compliance	<p>The Audit Committee review;</p> <ul style="list-style-type: none"> ◀ Effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation. ◀ The findings of any examinations by regulatory agencies, and any auditor observations. ◀ Review the process for communicating the code of conduct to company personnel, and for monitoring compliance therewith. ◀ Obtain regular updates from management and company legal counsel regarding compliance matters.

The Audit Committee recommended to the Board of Directors that M/s Ernst & Young be re-appointed as the auditors of the Company for the financial year ending 31st March 2019, subject to the approval of the shareholders at the Annual General Meeting.

Evaluation of the Effectiveness of the Committee

The Audit Committee conducts an annual evaluation of its own in terms of audit committee's purpose, authorities, duties and responsibilities.

Sgd,

S.A.B Rajapaksa

Chairman - Audit Committee

29 June 2018

Remuneration Committee Report

The Remuneration Committee is a sub-committee of the Board constituted under the Company's Corporate Governance policies for the purpose of recommending the remuneration of Senior Management. The members, of the Committee comprise of 1 Non-Executive Independent Director and 2 Non-Executive Directors. The names of the Committee members are stated in the Corporate Governance Report on page 56.

The Directors' emoluments are disclosed on page 93.

The Committee meets annually. The Committee has acted within the parameters set by its terms of reference.

Sgd.

G L H Premaratne

Chairman - Remuneration Committee

29 June 2018

Related Party Transactions Review Committee Report

Purpose

The Related Party Transaction Review Committee was established by the Board in order to comply with the Listing Rules of the Colombo Stock Exchange governing related party transactions in respect of listed companies as per the Code of Best Practice on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka (SEC) (the "Code") and Section 9 of the Listing Rules of the Colombo Stock Exchange (the "Rules").

The Board Related Party Transactions Review Committee (the "Committee") assists the Board in reviewing all related party transactions carried out by the Company and its listed companies in the Group by early adopting of the Code of Best Practice on Related Party Transaction as issued by the Securities and Exchange Commission of Sri Lanka.

Composition

The Related Party Transactions Review Committee is appointed by the Board of Directors of the company and the following directors were served on the Committee as at 31st March 2018.

- ◀ Mr. J. E. Huxtable - Independent Non-executive Director (Chairman)
- ◀ Mr. S. A. B. Rajapaksa - Independent Non-executive Director
- ◀ Mr. G. L. H. Premaratne - Independent Non-executive Director

The Chief Financial Officer attends all meetings by invitation.

Softlogics Corporate Services (Pvt) Ltd., Secretaries of the Company function as the Secretary to the Related Party Transactions Review Committee.

Roles and Responsibilities

1. Reviewing in advance all proposed related party transactions of the Company and its listed companies in the Group in compliance with the Code.
2. Adopting policies and procedures to review related party transactions of the Company and its subsidiaries and reviewing and overseeing existing policies and procedures.
3. Determining whether related party transactions that are to be entered into by the Company and/or its subsidiaries require the approval of the Board or Shareholders of the respective companies.
4. If related party transactions are ongoing (recurrent related party transactions) the Committee establishes guidelines for senior management to follow in its ongoing dealings with the relevant related party.
5. Ensuring that no director of the Company shall participate in any discussion of a proposed related party transaction for which he or she is a related party, unless such Director is requested to do so by the Committee for the express purpose of providing information concerning the related party transaction to the Committee.
6. If there is any potential conflict in any related party transaction, the Committee may recommend the creation of a special committee to review and approve the proposed related party transaction.
7. Ensuring that immediate market disclosures and disclosures in the Annual Report as required by the applicable rules/regulations are made in a timely and detailed manner.

The Committee on behalf of the Board of Directors has given the following statement in respect of the related party transactions.

The related party transactions of the Company during the financial year have been reviewed by the committee and are in compliance with the section 09 of the Rules.

Sgd.

J. E. Huxtable

Chairman - Related Party Transactions review Committee

29 June 2018

Statement of Directors Responsibility

The responsibilities of the Directors, in relation to the financial statements of the Company differ from the responsibilities of the Auditors, which are set out in the Report of the Auditors on Page 68.

The Companies Act No. 07 of 2007 stipulates that the Directors are responsible for preparing the Annual Report and the financial statements. Company law requires the Directors to prepare financial statements for each financial year, giving a true and fair view of the state of affairs of the Company at the end of the financial year, and of the Statement of Comprehensive Income of the Company and the Group for the financial year, which comply with the requirements of the Companies Act.

The Directors consider that, in preparing financial statements set out on Pages 72 to 133 of the Annual Report, appropriate accounting policies have been selected and applied in a consistent manner and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed. The Directors confirm that they have justified in adopting the going concern basis in preparing the financial statements since adequate resources are available to continue operations in the foreseeable future.

The Directors are responsible for keeping proper accounting records, which disclose reasonable accuracy, at any time, the financial position of the Company and to enable them to ensure the

financial statements comply with the Companies Act No. 07 of 2007 and are prepared in accordance with Sri Lanka Accounting Standard (SLFRS/LKAS).

They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities. In this regard the Directors have instituted an effective and comprehensive system of internal control.

The Directors are required to prepare financial statements and to provide the external auditors with every opportunity to take whatever steps and undertake whatever inspections they may consider to be appropriate to enable them to give their independent audit opinion.

The Directors are of the view that they have discharged their responsibilities as set out in this statement.

Compliance Report

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and other known statutory dues as were due and payable by the Company as at the date of the Statement of Financial Position have been paid or, where relevant provided for, in arriving at the financial results for the year under review except as specified in note 25.3 to the financial statements covering contingent liabilities.

Compliance with Related Party Transactions Rules

Transactions of related parties (as defined in LKAS 24 – Related Parties Disclosure) with the Company are set out in Note 28 to the Financial Statements.

For and on behalf of the Board of Asiri Hospital Holdings PLC

Sgd.

Softlogic Corporate Services (Pvt) Ltd

Secretaries

29 June 2018

Colombo

Annual Report of the Board of Directors on the Affairs of the Company

The Directors of Asiri Hospital Holdings PLC have pleasure in presenting to the members their report together with the audited financial statements of the Company and the audited consolidated financial statements of the Group for the year ended 31st March 2018.

Principal Activities and Nature

The principal activity of the Company continues to be carrying out Health Care and Hospital Services.

There has been no significant change in the nature of the Company's principal activities during the year.

Review of Operations

A review of the operations of the Group and its performance during the year is contained in the Chairman's Review on pages 21 to 22 of the Annual Report. This review together with the Financial Statements reflects the state of affairs of the Company and the Group. These reports form an integral part of the Directors' Report.

Financial Statements

Section 168 (b) of the Companies Act require that the Annual Report of the Directors to include financial statements of the Company, in accordance with Section 151 of the Act and Group financial statements for the accounting period, in accordance with section 152 of the Act. The requisite financial statements of the Company are given on pages 72 to 133 of the Annual Report.

Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Company to reflect a true and fair view of the state of affairs.

The Directors are of the view that these financial statements have been prepared in conformity with the requirements of the Companies Act No. 07 of 2007 and the Sri Lanka Financial Reporting Standards. A statement in this regard is given on page 63.

Auditor's Report

The Auditor's Report on the financial statements is given on page 68.

Accounting Policies

The accounting policies adopted in the preparation of the financial statements are given on pages 80 to 90. There was no change in the accounting policies adopted.

Internal Control

The Board has overall responsibility for the Company's system of internal control and review its effectiveness. The internal control system has been designed to meet the particular needs of the organisation concerned, and the risk to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material mis-statement or loss. The Board is satisfied with the effectiveness of the internal control system for the period up to the date of signature of the accounts.

Directorate

The following Directors held Office during the year under review.

- ◀ Mr. A K Pathirage - Chairman / Managing Director
- ◀ Dr. S Selliah - Deputy Chairman
- ◀ Dr. K M P Karunaratne - Group Chief Executive Officer
- ◀ Mr. G L H Premaratne
- ◀ Mr. S A B Rajapaksa
- ◀ Mr. J E Huxtable
- ◀ Mr. V Narain (Resigned w.e.f. 21st November 2017)
- ◀ Mr. V Bali
- ◀ Mr. A N Thadani - (Appointed w.e.f. 21st November 2017)
- ◀ Mr. A N Thadani - Alternate Director to Mr. V Bali (ceased to be an Alternate Director w.e.f. 21st November 2017)
- ◀ Mr. M M Bajpai - Alternate Director to Mr. V Narain (ceased to be an Alternate Director w.e.f. 21st November 2017)

In terms of Article 24(6) of the Articles of Association of the Company, Dr. S Selliah and Dr. K M P Karunaratne retire by rotation and being eligible offer themselves for re-election.

In terms of Article 24(2) of the Articles of Association of the Company, Mr. A N Thadani retires and being eligible offer himself for re-election.

Annual Report of the Board of Directors on the Affairs of the Company

The Directors have recommended the reappointment of Mr. G L H Premaratne who is 70 years of age, as a Director of the Company; and accordingly a resolution will be placed before the shareholders in terms of Section 211 of the Companies Act in regard to the re- appointment of Mr. G L H Premaratne.

Directors' Shareholding

The relevant interests of Directors in the shares of the Company are as follows:

Name of Director	No. of Shares as at 31/03/2018	No. of Shares as at 31/03/2017
Mr. A K Pathirage	371,664	371,664
Dr. S Selliah	-	-
Dr. K M P Karunaratne	9,074	9,074
Mr. G L H Premaratne	-	-
Mr. S A B Rajapaksa	-	-
Mr. J E Huxtable	-	-
Mr. V Bali -	-	-
Mr. A N Thadani	-	-

Interests Register

The Interests Register is maintained by the Company as per the Companies Act No. 07 of 2007. All Directors have disclosed their interests pursuant to Section 192(2) of the said Act.

Directors' Interests in Contracts and Proposed Contracts with the Company

Directors' interests in contracts, both direct and indirect are referred to in note 28 to the Financial Statements. The Directors have no direct or indirect interest in any other contract or proposed contract with the Company.

Directors' Remuneration

Directors' remuneration in respect of the Company and the Group for the financial year 2017/2018 are given in note 5 to the Financial Statements on page 93.

Donations

The donations made by the Company during the year amounted to Rs. 7,528,890 (2016/2017 - Rs. 6,951,500).

Auditors

Messrs Ernst & Young, Chartered Accountants, are willing to continue as Auditors of the Company and a resolution proposing their reappointment will be tabled at the Annual General Meeting.

As far as the Directors are aware the Auditors Messrs Ernst & Young does not have any relationship (other than that of an auditor) with the Company. The Auditors also does not have any interest in the Company or in the subsidiary companies.

Dividends

The Directors recommend that to the shareholders that the interim dividend of Rs. 0.60 per share paid on 29th March 2018 be considered as the final dividend for the financial year ended 31st March 2018.

Capital Expenditure

The capital expenditure of the Group and the Company during the year amounted to Rs. 2,690 Mn and Rs. 916 Mn respectively (2016/2017 - Group Rs. 2,164 Mn & Company - Rs. 540 Mn) details of which are given in note 9 to the financial statements.

Stated Capital

The Stated Capital of the Company as at 31st March 2018 was Rs. 4,748,108,334 represented by 1,137,533,596 Ordinary Shares.

Reserves

The total reserves of the Group and the Company as at 31st March 2018 amounted to Rs. 2,743 Mn and Rs. 2,781 Mn respectively. The composition of reserves is shown in the Statement of Changes in Equity in the financial statements.

Annual Report of the Board of Directors on the Affairs of the Company

Shareholders' Information

The distribution of shareholders is indicated on pages 134 and 135 in the Annual Report. There were 5,307 registered shareholders as at 31st March 2018.

Share Information

Information on share trading is given on page 135 of the Annual Report.

Events after the Date of the Statement of Financial Position

No circumstances have arisen and no material events have occurred after the date of Statement of Financial Position, which would require adjustments to, or disclosure in the accounts other than those disclosed in Note 27 to the Financial Statements.

Statutory Payments

The Directors, to the best of their knowledge and belief are satisfied that all taxes, duties and levies payable by the Company and the Group, all contributions, levies and taxes payable on behalf of, and in respect of, the employees of the Company and the Group, and all other known statutory dues as were due and payable by the Company and the Group as at the date of the Statement of Financial Position have been paid or, where relevant provided for, except as specified in Note 25.3 to the Financial Statements, covering contingent liabilities.

Going Concern

The Board is satisfied that the Company has adequate resources to continue its operations in the foreseeable future and the Directors have adopted the going-concern basis in preparing the accounts.

Annual General Meeting

The Thirty Eighth Annual general Meeting of the Company will be held at Hotel Janaki, Fife Road, Colombo 05 on Friday the 14th day of September 2018 at 12.00 p.m. The Notice of the 38th Annual General Meeting is on page 138 of the Annual Report.

For and on behalf of the Board

Sgd.

Director

Sgd.

Director

Sgd.

Secretaries

Softlogic Corporate Services (Pvt) Ltd

29 June 2018

FINANCIAL INFORMATION

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Financial Calendar

Financial Year End 31 March 2018

Announcement of Quarterly Financial Performance

1st Quarter	14-Aug-2017
2nd Quarter	13-Nov-2017
3rd Quarter	15-Feb-2018
4th Quarter	31-May-2018
Notice of Annual General Meeting	29-Jun-2018
Annual General Meeting	14-Sep-2018

Independent Auditors' Report



Ernst & Young
Chartered Accountants
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TO THE SHAREHOLDERS OF ASIRI HOSPITAL HOLDINGS PLC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the financial statements of Asiri Hospital Holdings PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2018, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2018, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSS). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in

accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 25.3 to the financial statements which describes a contingent income tax liability. Our opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed

to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Partners: W R H Fernando FCA FCMA M P D Cooray FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W K B S P Fernando FCA FCMA
Ms. K R M Fernando FCA ACMA Ms. L K H L Fonseka FCA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayasinghe FCA FCMA
Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga FCA Ms. P V K N Sajeewani FCA N M Sultaiman ACA ACMA B E Wijesuriya FCA FCMA

Principal T P M Ruberu FCMA FCCA

Independent Auditors' Report

Key Audit Matter	How our Audit Addressed the Key Audit Matter
<p>Revaluation of Freehold Land and Buildings of the Group</p> <p>As of 31 March 2018, the Group carried freehold land and building at fair value amounting to Rs. 11 Bn, which represents approximately 50% of the total assets of the Group.</p> <p>The Group engaged an external valuer in determining the value. The valuation of freehold land and building was significant to our audit due to the use of significant estimates and inputs as disclosed in Note 9.1.9 to the financial statements.</p>	<p>Our audit procedures focused on the valuations performed by the external valuer engaged by the Group, included the following procedures, among others.</p> <ul style="list-style-type: none"> ◀ We evaluated the competence, capabilities and objectivity of the external valuer appointed by the management. ◀ We read the valuation report issued by the valuer to obtain an understanding of the work of the valuer and evaluated its appropriateness as audit evidence for the recorded valuation. ◀ We engaged our internal specialised resources to evaluate the appropriateness of the valuation method used and reasonableness of other key assumptions applied by the external valuer. ◀ We assessed the overall adequacy of the related disclosures in Note 9.1.9 to the financial statements.
<p>Tax-related Contingent Liability in a Subsidiary</p> <p>A dispute has arisen with the Department of Inland Revenue with regard to applicability of the tax exemption period as explained in Note 25.3. Due to the complexity of the matter and the uncertainty around the tax treatment, we considered this as a key audit matter.</p>	<p>Our audit procedures included the following;</p> <ul style="list-style-type: none"> ◀ We assessed the management's judgement and evaluation in respect of tax-related contingent liability. ◀ We inspected the opinions obtained by the management from its tax and legal consultants in connection with the dispute. ◀ We assessed the appropriateness of the disclosures made in Note 25.3 regarding tax related contingent liability.
<p>Interest Bearing Loans and Borrowings of the Group</p> <p>As disclosed in Note 18, the Group's total interest bearing loans and borrowings amounted to Rs. 10.4 Bn, which represents a significant portion of its total liabilities. The maturities of such interest-bearing loans and borrowings are disclosed in Note 18.</p> <p>The management's assessment of Group's ability to continue to meet its financial covenants and liquidity risk aspects were largely based on expectations and informed estimates. Therefore we considered compliance with financial covenants and Group's liquidity risk aspects as a key audit matters.</p>	<p>Our audit procedures included the following;</p> <ul style="list-style-type: none"> ◀ We obtained an understanding of the covenants attached to external borrowings, by reading the loan agreements. ◀ We evaluated the statement prepared by the management and tabled at a board meeting on the Group's compliance with applicable financial covenants as at 31 March 2018. ◀ We obtained confirmations from external lending institutions about compliance by the Group with covenants as at the year end. ◀ We assessed the adequacy of the disclosures made in Note 18 and Note 29 to the financial statements relating to the interest bearing loans and borrowings and liquidity risk aspects.

Independent Auditors' Report

Key Audit Matter	How our Audit Addressed the Key Audit Matter
<p>Revenue of the Group The Group's revenue generated from its healthcare services is disclosed in Note 3.1 together with the related accounting policy in 2.4.4.</p> <p>We considered revenue as a focus area due to the complexity of the pricing structure, its high volume, determination of appropriateness of gross or net basis of revenue recognition in certain arrangements, and reliance on IT controls.</p>	<p>Our audit procedures included the following, among others;</p> <ul style="list-style-type: none"> ◀ We carried out audit procedures over revenue measurement by testing on a sample basis, transactional level pricing and applicable documentary evidence. ◀ We discussed with management regarding the contractual arrangements where consultant medical personnel are involved, and tested on a sample basis the appropriateness of the recognition of revenue on a gross or net basis. ◀ We obtained an understanding about the key IT and manual controls over the occurrence of revenue and tested the same on a sample basis. ◀ We performed specific audit procedures over cash collection related to revenue covering a sample of locations where the Group's business is carried out. ◀ We assessed the adequacy of the disclosures made in Note 3.1 in the financial statement.

Other Information Included in the Group's 2018 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

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

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

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management

determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- ◀ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◀ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.

Independent Auditors' Report

- ◀ 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ◀ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ◀ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

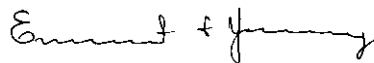
We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, 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

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2199.



29 June 2018
Colombo

Statement of Profit or Loss

	Note	GROUP		COMPANY	
		2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Year ended 31 March 2018					
Revenue	3.1	12,025,177,850	10,396,219,066	3,731,903,045	3,239,833,772
Cost of Services		(6,476,261,852)	(5,683,139,918)	(1,739,368,942)	(1,487,725,028)
Gross Profit		5,548,915,998	4,713,079,148	1,992,534,103	1,752,108,744
Other Income	3.2	910,878,971	178,480,250	1,397,120,434	1,048,906,512
Administrative Expenses		(2,653,561,961)	(2,446,357,229)	(797,108,639)	(644,069,157)
Selling and Distribution Costs		(399,276,597)	(322,670,540)	(155,032,386)	(131,675,304)
Finance Cost	4.1	(869,506,478)	(834,866,565)	(921,127,384)	(803,985,910)
Finance Income	4.2	65,791,023	31,375,734	42,164,298	18,495,832
Share of Loss of Associate		(3,609,444)	(21,832,701)	-	-
Profit Before Tax	5	2,599,631,512	1,297,208,097	1,558,550,426	1,239,780,717
Income Tax Expense	6	(699,567,431)	(177,205,985)	(300,413,973)	(57,780,246)
Profit for the Year		1,900,064,081	1,120,002,112	1,258,136,453	1,182,000,471
Attributable to:					
Equity Holders of the Parent Company		1,738,518,587	1,028,018,555		
Minority Interest		161,545,494	91,983,557		
		1,900,064,081	1,120,002,112		
Earnings Per Share - Basic	7	1.53	0.90	1.11	1.04
Earnings Per Share - Diluted	7	1.53	0.90	1.11	1.04
Dividend Per Share - Ordinary Shares	8	0.60	0.95	0.60	0.95

The Accounting Policies and Notes on pages 80 through 133 form an integral part of these Financial Statements.

Statement of Comprehensive Income

	Note	GROUP		COMPANY	
		2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Year ended 31 March 2018					
Profit for the Year		1,900,064,081	1,120,002,112	1,258,136,453	1,182,000,471
Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Periods (Net of Tax):					
Loss on Available for Sale Financial Assets	13.1 a	(16,539,179)	(71,715,773)	-	-
Net Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Periods (Net of Tax)		(16,539,179)	(71,715,773)	-	-
Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods (Net of Tax):					
Revaluation of Land and Building	9.1	1,003,884,280	693,407,241	458,919,029	280,333,245
Deferred Tax on Land		(701,112,570)	-	(451,868,285)	-
Deferred Tax on Revaluation of Building		(271,094,806)	(31,489,857)	(21,312,479)	(6,018,029)
Actuarial Loss on Post Employment Benefit Liability	21.1	(8,708,294)	(21,512,233)	(16,841,181)	(11,501,970)
Deferred Tax on Post Employment Benefit Liability		2,806,995	2,719,355	4,715,531	1,380,236
Net Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods (Net of Tax):		25,775,605	643,124,506	(26,387,384)	264,193,482
Other Comprehensive Income for the year (Net of Tax)		9,236,426	571,408,733	(26,387,385)	264,193,482
Total Comprehensive Income for the year (Net of Tax)		1,909,300,507	1,691,410,845	1,231,749,068	1,446,193,953
Total Comprehensive Income Attributable to:					
Equity Holders of the Parent Company		1,783,586,065	1,569,204,739		
Minority Interest		125,714,442	122,206,106		
		1,909,300,507	1,691,410,845		

The Accounting Policies and Notes on pages 80 through 133 form an integral part of these Financial Statements.

Statement of Financial Position

	Note	GROUP		COMPANY	
		2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
As at 31 March 2018					
ASSETS					
Non-current Assets					
Property, Plant and Equipment	9	17,118,347,414	14,370,021,407	3,922,641,720	2,701,692,823
Leasehold Property	10	917,568,500	971,366,000	-	-
Goodwill	11	548,706,564	548,706,564	-	-
Investment in Subsidiaries	12	-	-	11,894,844,806	11,594,804,729
Investment in Associate/Joint Venture	12.5	31,557,856	8,167,299	30,000,000	30,000,000
Financial Assets - Available for Sale	13.1	345,761,723	349,972,373	-	-
Deferred Tax Assets	20	-	107,562,373	-	-
		18,961,942,057	16,355,796,016	15,847,486,526	14,326,497,552
Current Assets					
Inventories	14	523,340,748	515,310,787	125,142,265	128,755,785
Trade and Other Receivables	15.1	534,426,511	475,411,929	767,431,341	502,097,251
Advances and Prepayments	15.2	413,747,577	422,235,856	132,465,324	120,055,165
Cash and Short-term Deposits	24.1	1,297,339,711	1,072,828,376	613,715,160	535,703,167
		2,768,854,547	2,485,786,948	1,638,754,090	1,286,611,368
Total Assets		21,730,796,604	18,841,582,964	17,486,240,616	15,613,108,920
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	16	4,748,108,334	4,748,108,334	4,748,108,334	4,748,108,334
Revaluation Reserve	17	2,376,640,086	2,311,856,820	1,250,180,448	1,264,442,182
Available for Sale Reserve		79,448,457	92,512,503	-	-
Reserve on Consolidation		(862,298,509)	(840,431,573)	-	-
Retained Earnings		1,149,356,989	100,010,303	1,530,660,662	967,170,017
Share Holders' Fund		7,491,255,357	6,412,056,387	7,528,949,444	6,979,720,533
Minority Interest		700,716,884	946,374,795	-	-
Total Equity		8,191,972,241	7,358,431,182	7,528,949,444	6,979,720,533
Non-current Liabilities					
Interest Bearing Loans and Borrowings	18	6,611,898,247	6,930,174,630	3,149,739,843	4,055,697,792
Amount due on Leasehold Property	19.1	22,056,667	26,128,667	-	-
Deferred Tax Liabilities	20	1,312,292,329	271,906,389	631,658,329	71,122,763
Post Employment Benefit Liability	21.1	465,672,352	400,972,781	183,489,016	157,581,884
		8,411,919,595	7,629,182,467	3,964,887,188	4,284,402,439

Statement of Financial Position

	Note	GROUP		COMPANY	
		2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
As at 31 March 2018					
Current Liabilities					
Trade and Other Payables	22.1	569,382,541	439,886,417	91,111,628	120,820,206
Other Payables	22.2	313,770,899	300,051,679	88,745,981	77,747,209
Dividend Payable		55,985,987	619,562,063	48,941,353	613,219,417
Interest Bearing Loans and Borrowings	18	3,874,204,421	2,395,026,812	5,581,725,277	3,526,111,612
Amount due on Leasehold Property	19.1	4,072,000	4,072,000	-	-
Income Tax Payable	23	309,488,920	95,370,344	181,879,745	11,087,504
		5,126,904,768	3,853,969,315	5,992,403,984	4,348,985,948
Total Equity and Liabilities		21,730,796,604	18,841,582,964	17,486,240,616	15,613,108,920

I certify that these Financial Statements are in compliance with the requirements of the Companies Act No. 7 of 2007.

Sgd.

Chief Financial Officer

The Board of Directors is responsible for these Financial Statements. Signed for and on behalf of the Board by:

Sgd.

Director

Sgd.

Director

The Accounting Policies and Notes on pages 80 through 133 form an integral part of these Financial Statements.

29 June 2018

Colombo

Statement of Changes in Equity

GROUP	Note	Stated Capital Rs.	Available for Sale Reserve Rs.	Revaluation Reserve Rs.	Reserve on Consolidation Rs.	Retained Earnings Rs.	Minority Interest Rs.	Total Rs.
Year ended 31 March 2018								
As at 01 April 2016		4,748,108,334	159,304,358	1,685,824,175	(832,199,890)	170,703,270	951,522,179	6,883,262,426
Profit for the Year		-	-	-	-	1,028,018,555	91,983,557	1,120,002,112
Other Comprehensive Income		-	(66,791,855)	626,032,645	-	(18,054,606)	30,222,549	571,408,733
Total Comprehensive Income		-	(66,791,855)	626,032,645	-	1,009,963,949	122,206,106	1,691,410,845
Effect of Changes in Holdings of Subsidiary Companies		-	-	-	(8,231,683)	-	(517,738)	(8,749,421)
Final Dividends 2015/16 and Interim Dividends 2016/17	8	-	-	-	-	(1,080,656,916)	-	(1,080,656,916)
Subsidiaries Dividend to Minority Shareholders		-	-	-	-	-	(126,835,752)	(126,835,752)
As at 31 March 2017		4,748,108,334	92,512,503	2,311,856,820	(840,431,573)	100,010,303	946,374,795	7,358,431,182
Profit for the Year		-	-	-	-	1,738,518,587	161,545,494	1,900,064,081
Other Comprehensive Income		-	(13,064,046)	64,783,266	-	(6,651,743)	(35,831,052)	9,236,426
Total Comprehensive Income		-	(13,064,046)	64,783,266	-	1,731,866,844	125,714,442	1,909,300,506
Effect of Changes in Holdings of Subsidiary Companies		-	-	-	(21,866,936)	-	(253,667,410)	(275,534,346)
Final Dividends 2017/18	8	-	-	-	-	(682,520,158)	-	(682,520,158)
Subsidiaries Dividend to Minority Shareholders		-	-	-	-	-	(117,704,943)	(117,704,943)
As at 31 March 2018		4,748,108,334	79,448,457	2,376,640,086	(862,298,509)	1,149,356,989	700,716,884	8,191,972,241

The Accounting Policies and Notes on pages 80 through 133 form an integral part of these Financial Statements.

Statement of Changes in Equity

COMPANY	Note	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.
Year ended 31 March 2018					
As at 01 April 2016		4,748,108,334	990,126,966	875,948,196	6,614,183,496
Profit for the Year		-	-	1,182,000,471	1,182,000,471
Other Comprehensive Income		-	274,315,216	(10,121,734)	264,193,482
Total Comprehensive Income		-	274,315,216	1,171,878,737	1,446,193,954
Final Dividends 2015/16 and Interim Dividends 2016/17	8	-	-	(1,080,656,916)	(1,080,656,916)
As at 31 March 2017		4,748,108,334	1,264,442,182	967,170,017	6,979,720,533
Profit for the Year		-	-	1,258,136,453	1,258,136,453
Other Comprehensive Income		-	(14,261,734)	(12,125,650)	(26,387,383)
Total Comprehensive Income		-	(14,261,734)	1,246,010,803	1,231,749,069
Final Dividends 2017/18	8	-	-	(682,520,158)	(682,520,158)
As at 31 March 2018		4,748,108,334	1,250,180,448	1,530,660,662	7,528,949,444

The Accounting Policies and Notes on pages 80 through 133 form an integral part of these Financial Statements.

Statement of Cash Flows

	Note	GROUP		COMPANY	
		2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Year ended 31 March 2018					
Cash Flows From Operating Activities					
Profit Before Income Tax Expense		2,599,631,512	1,297,208,097	1,558,550,426	1,239,780,717
Adjustments for					
Depreciation	9	862,931,249	784,744,168	144,434,494	123,210,011
Amortisation of Leasehold Assets	10	53,797,500	3,526,646	-	-
Investment in associate loss	12.5	3,609,444	21,832,701	-	-
Net (Profit)/Loss on Sale of Property, Plant and Equipment	3.2	(267,169)	(1,115,543)	1,842,813	1,521,837
Provision for Bad and Doubtful Debts	5	21,810,580	12,532,473	3,623,178	329,282
Provision for Retirement Gratuity	21.1	97,690,066	80,844,508	36,395,542	30,353,674
Finance Expense	4.1	869,506,478	834,866,565	909,477,438	778,914,151
Investment Income		(766,309,077)	(18,893,669)	(1,323,221,375)	(923,348,612)
Guarantee Income	4.2	-	-	(24,505,731)	(17,727,698)
Operating Profit Before Working Capital Changes		3,742,400,583	3,015,545,947	1,306,596,785	1,233,033,362
Changes in Working Capital					
(Increase)/Decrease in Inventories		(8,029,960)	(71,252,583)	3,613,520	(23,269,819)
(Increase)/Decrease in Trade and Other Receivables		(80,577,990)	(91,090,260)	(268,957,271)	131,423,147
(Increase)/Decrease in Advances and Prepayments		8,488,278	138,726,603	(12,410,159)	(36,752,134)
Decrease Amounts Due from Related Parties		-	116,845,380	-	-
Increase/(Decrease) in Trade and Other Payables		122,451,490	(17,868,059)	(29,708,584)	31,088,394
Increase/(Decrease) in Other Payables		13,719,220	(413,428,672)	10,998,773	(13,239,251)
Cash Generated from Operations		3,798,451,621	2,677,478,356	1,010,133,064	1,322,283,699
Income Tax Paid		(306,900,924)	(261,825,847)	(37,551,399)	(72,626,796)
Defined Benefit Plan Costs Paid	21.1	(41,698,789)	(52,666,018)	(27,329,591)	(29,804,917)
Finance Cost Paid		(869,506,478)	(834,866,565)	(909,477,438)	(778,914,151)
Net Cash from Operating Activities		2,580,345,430	1,528,119,926	35,774,636	440,937,835

Statement of Cash Flows

	Note	GROUP		COMPANY	
		2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Year ended 31 March 2018					
Cash Flows From/(Used in) Investing Activities					
Acquisition of Property, Plant and Equipment	9	(2,689,517,653)	(2,152,968,544)	(915,514,715)	(534,579,257)
Investment in Leasehold Property	10	-	(918,825)	-	-
Investment in Associates		(27,000,000)	(30,000,000)	-	(30,000,000)
Investment in Subsidiaries		-	-	(275,534,347)	(8,749,422)
Proceeds from Disposal of Property, Plant and Equipment		82,411,844	87,975,216	7,207,549	25,300,425
Interest/ Dividend Received		754,435,538	4,829,846	1,323,221,375	923,348,612
Net Cash Flows Used in Investing Activities		(1,879,670,271)	(2,091,082,307)	139,379,862	375,320,358
Cash Flows From / (Used in) Financing Activities					
Dividends Paid		(1,246,798,220)	(503,690,470)	(1,246,798,220)	(507,248,121)
Dividends Paid to Minority by Subsidiaries		(110,660,309)	(126,835,752)	-	-
Proceeds from Term Loans		2,116,650,541	2,986,257,671	1,385,000,000	1,584,000,000
Repayment of Term Loans		(1,402,271,786)	(2,211,942,364)	(1,133,620,295)	(1,603,530,136)
Repayment of Lease Obligations		(11,676,727)	(11,217,639)	(7,900,640)	(7,016,183)
Acquisition of Non Controlling Interest		(275,534,346)	(8,749,421)	-	-
Repayment of Amount due on Leasehold Property	19	(4,072,000)	(4,072,000)	-	-
Net Cash Flows from/ (Used in) Financing Activities		(934,362,847)	119,750,025	(1,003,319,155)	(533,794,440)
Net Increase/(Decrease) in Cash and Cash Equivalents		(233,687,688)	(443,212,356)	(828,164,657)	282,463,752
Cash and Cash Equivalents at the Beginning of the Year		(151,676,919)	291,535,437	(196,010,322)	(478,474,074)
Cash and Cash Equivalents at the End of the Year	24.2	(385,364,607)	(151,676,919)	(1,024,174,979)	(196,010,322)

The Accounting Policies and Notes on pages 80 through 133 form an integral part of these Financial Statements.

Notes to the Financial Statements

1. Corporate Information

1.1 General

Asiri Hospital Holdings PLC ("Company") is a public limited liability Company, incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The registered office and principal place of business is located at No. 181, Kirula Road, Colombo 5.

1.2 Principal Activities and Nature of Operations

During the period, principal activities of the Company were to operate a hospital, provide healthcare services and managing and holding of investments in the healthcare industry.

The principal activities of the Subsidiaries are disclosed in Note 2.2 to the Financial Statements.

1.3 Parent Enterprise and Ultimate Parent Enterprise

The Company's parent undertaking is Softlogic Holdings PLC which is incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange.

1.4 Date of Authorisation for Issue

The Financial Statement of Asiri Hospital Holdings PLC and its Subsidiaries for year ended 31 March 2018 was authorised for issue in accordance with a resolution of the Board of Directors dated 29 June 2018.

2. Significant Accounting Policies

2.1 Basis of Preparation

The financial statements of the Company and Group have been prepared on a historical cost basis, unless otherwise indicated.

The financial statements are presented in Sri Lankan Rupees (Rs), unless otherwise indicated.

2.1.1 Statement of Compliance

The financial statements of the Company and Group have been prepared in accordance with the Sri Lanka Accounting Standards as issued by the Institute of Chartered Accountants of Sri Lanka.

The preparation and presentation of these financial statements is in compliance with the requirements of the Companies Act No.07 of 2007.

2.1.2 Comparative Information

The accounting policies adopted are consistent with those of the previous financial year.

Previous year's figures and phrases have been re-arranged whenever necessary to conform to current presentation.

2.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its Subsidiaries as at 31 March 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

1. Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
2. Exposure, or rights, to variable returns from its involvement with the investee
3. The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this

presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

1. The contractual arrangement with the other vote holders of the investee
2. Rights arising from other contractual arrangements
3. The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Notes to the Financial Statements

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction in a separate component of equity i.e. Reserve on Consolidation.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Subsidiaries

Subsidiaries are those enterprises controlled by the parent. Control exists when the parent holds more than 50% of the voting rights or otherwise has a controlling interest.

The Financial Statements of the following subsidiary companies are included in the Consolidated Financial Statements.

Company	Effective Holding 2018	Effective Holding 2017	Principal Activities
Asiri Central Hospitals Ltd	94.26%	94.16%	The principal activities of the Company were providing medical services. With the cessation of the medical services business operations, the Company operated as an investment company.
Asiri Hospital Matara (Pvt) Ltd.	100%	100%	The principal activities of the Company are to operate a hospital and provide healthcare services.
Asiri Diagnostics Services (Pvt) Ltd.	66.54%	66.5%	The principal activities of the Company are to carry out diagnostic laboratory services.
Asiri Hospital Kandy (Pvt) Ltd.	100%	100%	The principal activities of the Company are to provide healthcare services. However, the company has not yet commenced its operations.
Asiri Surgical Hospital PLC	78.39%	73.68%	The principal activities of the Company are to operate a two tier hospital, and provide healthcare services.
Central Hospital Ltd	99.73%	99.73%	The principal activities of the Company are to operate a hospital and provide healthcare services.
Asiri Laboratories (Pvt) Ltd.	100%	100%	The principal activities of the Company are to carry out diagnostic laboratory services. Company was incorporated on 20 January 2016 under the Companies Act No. 07 of 2007 and has not commenced its operations.

The total profits and losses for the year of the Company and Its Subsidiaries included in consolidation and all assets and liabilities of the Company and Its Subsidiaries included in consolidation are shown in the Consolidated Statement of Profit or Loss, Statement of Comprehensive Income and Statement of Financial Position respectively.

Minority interest which represents the portion of profit or loss and net assets not held by the Group, are shown as a component of profit for the year in the Statement of Profit or Loss, Statement of Other Comprehensive Income and as a component of equity in the consolidated Statement of Financial Position, separately from parent's shareholders' equity.

The Consolidated Statement of Cash Flows includes the cash flows of the Company and Its Subsidiaries.

Investment in Associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee.

The Group's investment in its associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit or loss reflects the Group's share of the results of operations of

Notes to the Financial Statements

the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.3 Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements of the Group require the management to make judgments, estimates and assumptions, which may affect the amounts of income, expenditure, assets, liabilities and the disclosure of contingent liabilities, at the end of the reporting period. In the process of applying the Group's

accounting policies, the key assumptions made relating to the future and the sources of estimation at the reporting date together with the related judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Fair value of Property, Plant and Equipment

The Group measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. Land and buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

Fair value related disclosures for assets measured at fair value are summarised in the Note 9.1.9 to the financial statements.

Deferred Tax Assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The Company which is in the tax exemption period of Board of Investment of Sri Lanka recognise deferred tax in their financial statements, for temporary differences which will reverse after the expiry of the tax holiday period. Significant management judgment is required to determine the future tax implications arising from particularly property, plant and equipment after the expiration of the tax holiday.

In determining the temporary difference pertaining to property, plant and equipment, management adapted a revised estimation technique to better reflect the related tax consequence. (Refer Note 20)

Defined Benefit Plans

The cost of the retirement benefit plan of employees is determined using an actuarial valuation. The actuarial valuation is based on assumptions concerning the rate of interest, rate of salary increase, staff turnover, retirement age and going concern of the Group. Due to the long term nature of the plan, such estimates are subject to significant uncertainty. (Refer Note 21)

Transfer Pricing Regulation

The Company is subject to income taxes and other taxes including transfer pricing regulations. Prevailing uncertainties with respect to the interpretation of respective transfer pricing regulations, necessitated using management judgment to determine the impact of transfer pricing regulations. Accordingly critical judgments and estimates were used in applying the regulations in aspects including but not limited to identifying associated undertakings, estimation of the respective arm's length prices and selection of appropriate pricing mechanism. The current tax charge is subject to such judgments. Differences between estimated income tax charge and actual payable may arise as a result of management's interpretation and application of transfer pricing regulation.

2.4 Summary of Significant Accounting Policies

2.4.1 Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at

Notes to the Financial Statements

acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

2.4.2 Foreign Currency Translation

The Financial Statements are presented in Sri Lankan Rupees, which is the Group's functional and presentation currency.

Transactions in foreign currencies are initially recorded by the Group/Company at the functional currency spot rate ruling at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item (i.e., the translation differences on items whose fair value gain or loss is recognised in other comprehensive income (OCI) or profit or loss are also recognised in OCI or profit or loss, respectively).

2.4.3 Fair Value Measurement

Fair value related disclosures for assets measured at fair value or financial instruments that are not measured at fair value, for which fair values are disclosed, are summarised in the Note 9.1.9 and 13 to the financial statements.

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.

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.

All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorised within the fair value hierarchy, described as follows:

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.

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 Financial Statements 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.

The management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Notes to the Financial Statements

2.4.4 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

a) Sales of Goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the buyer.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates

b) Rendering of Services

Revenue from rendering of services is recognised in the accounting period in which the services are rendered or performed.

c) Interest Income

For all financial instruments interest income is recorded using effective interest rate, the rate that exactly discounts the estimated future receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the Statement of Profit or Loss.

d) Dividend Income

Dividend income is recognised when the Group's right to receive the payment is established.

e) Other Income

Other income is recognised on an accrual basis.

2.4.5 Taxation

Current Taxes

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Asiri Surgical Hospital PLC

Pursuant to the agreement dated 29 March 2000 entered into with the Board of Investment under section 17 of the Board of Investment Law, the Inland Revenue Act relating to the imposition, payment and recovery of income tax shall not apply to the business of operating a two tier hospital and providing healthcare services, for a period of 10 years.

The Company is liable to pay tax on other income earned at the prevailing tax rate and on business income from 01 January 2015 upon expiry of exemption period which is 10 years counted from the date on which the enterprise first commences commercial operations (01 January 2005).

Asiri Central Hospitals Ltd

Income tax wholly represents tax on income derived from interest income.

Central Hospital Ltd

Pursuant to the agreement dated 9 November 2007 and supplementary agreement dated 14 February 2009 entered into with the Board of Investment under section 17 of the Board of Investment Law No.4 of 1978, the

Inland Revenue Act relating to the imposition, payment and recovery of income tax shall not apply to the business operating a hospital and providing healthcare services, for a period of 8 years commencing from the year the Company makes profits or any year of assessment not later than two years from the date on which the company commences commercial operations, whichever is earlier. Accordingly, the exemption is for a period of eight years commencing from financial year 2012/ 2013. This exemption will expire on 31 March 2020. Immediately following the afore mentioned tax exemption period, the Company's income tax on operating profit shall be charged at a concessionary tax rate of 15%.

The Company is liable to pay tax on other income earned at the prevailing tax rate.

Following Companies are liable to pay tax on business and other income earned at the prevailing tax rates.

- ◀ Asiri Hospital Holdings PLC
- ◀ Asiri Surgical Hospital PLC
- ◀ Asiri Diagnostics Services (Pvt) Ltd
- ◀ Asiri Hospital Matara (Pvt) Ltd

Deferred Taxation

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available

Notes to the Financial Statements

against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside statement of profit or loss is recognised outside statement of profit and loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.4.6 Property, Plant and Equipment

Property, plant and equipment are initially stated at cost and such cost includes the cost of replacing parts of the property, plant and equipment if the recognition criteria are met. When significant parts of property, plant

and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit or loss as incurred.

An item of Property, Plant and Equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognising of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Capital expenditure incurred in relation to fixed assets which are not completed as at the reporting date are shown as capital work-in-progress and is stated at cost. On completion, the related assets are transferred to property, plant and equipment. Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

Subsequent Measurement

Property, Plant and equipment is stated at cost or valuation, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by

changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

Free hold land and building is subsequently measured at fair value while other classes of property, plant and equipment are measured using the cost model.

Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

A revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in the statement of profit or loss, such the increase is recognised in the statement of profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the revaluation reserve.

2.4.7 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a Lessee:

Finance leases that transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased item,

Notes to the Financial Statements

are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

2.4.8 Borrowing Costs

Borrowing Costs are recognised as an expense in the period in which they are incurred except borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets.

2.4.9 Financial Instruments - Initial Recognition and Subsequent Measurement

i) *Financial Assets*

Initial Recognition and Measurement

Financial assets within the scope of LKAS 39 are classified as financial assets held for trading, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated

as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, in the case of assets not at fair value through profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and bank balances, Reverse Repurchase Agreements trade and other receivables which are classified as Loans and Receivables and available-for-sale financial assets under LKAS 39.

Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as described below.

Available-for-Sale Financial Investments

Available-for-sale financial investments include equity securities. Equity investments classified as available-for-sale are those, neither classified as held-for-trading nor designated at fair value through profit or loss.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time, the cumulative gain or loss is recognised in

statement of profit or loss, or determined to be impaired, at which time the cumulative loss is reclassified to the statement of profit or loss in finance costs and removed from the available-for-sale reserve.

Trade and Other Receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. The losses arising from impairment are recognised in the statement of profit or loss.

Derecognition Financial Assets

A financial asset is primarily derecognised when:

- (a) The rights to receive cash flows from the asset have expired, or
- (b) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full.

Impairment of Financial Assets

The Group assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

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Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial Assets Carried at Amortised Cost

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of profit or loss. The assets are written off when there is no realistic prospect of future recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write off is later recovered, the recovery is credited to the statement of profit or loss.

Available-for-Sale Financial Instruments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair values has been below its original cost. Where there is evidence of

impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through the statement of profit or loss; increases in their fair value after impairment are recognised directly in other comprehensive income.

ii) Financial Liabilities

Initial Recognition and Measurement

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

The Group's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, financial guarantees contracts, and other financial liabilities.

Financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

Subsequent Measurement

The measurement of financial liabilities depends on their classification as follows:

Interest Bearing Loans and Borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the

statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

Financial Guarantee Contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

2.4.10 Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. Net realisable value is the price at which inventories can be sold in the ordinary course of business.

The cost incurred in bringing inventories to its present location and conditions are accounted on First-in First-out basis.

2.4.11 Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset

Notes to the Financial Statements

may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is higher of asset's fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2.4.12 Cash and Cash Equivalents

Cash and Cash Equivalents are defined as cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of Cash Flow Statement, Cash and Cash Equivalents consist of the above net of outstanding bank overdrafts. Investments with short maturities (i.e. three months or less from the date of acquisition) are also treated as Cash Equivalents.

2.4.13 Equity Accounted Investees (Investment in Associates and Joint Ventures)

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the

joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control is similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The Statement of Profit or Loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in Other Comprehensive Income of those investees is presented as part of the Group's Other Comprehensive Income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the Statement of Changes in Equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the Statement of Profit or Loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The Financial Statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit or loss of equity accounted investees' in the Statement of Profit or Loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the Statement of Profit or Loss.

In the separate financial statements of the Asiri Hospital Holdings PLC, equity accounted investees are recognised at cost.

Notes to the Financial Statements

2.4.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Profit or Loss net of any reimbursement.

2.4.15 Post Employment Benefits

a) *Defined Benefit Plan – Gratuity*

The Group measures the present value of the promised retirement benefits of gratuity which is a defined benefit plan with the advice of an independent professional actuary at the end of every financial year using the Projected Unit Credit Method (PUC) as recommended by LKAS 19 – “Employee benefits”. Accordingly, the employee benefit liability is based on the actuarial valuation carried out by Messrs Actuarial and Management Consultants (Pvt) Ltd, Actuaries. The actuarial valuation involves making assumptions about discount rate, future salary increase rate and mortality rates etc. All assumptions are reviewed at each reporting date.

Provision has been made for retirement gratuities from the beginning of service for all employees, in conformity with LKAS 19 on employee benefit. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The Group’s accounting policy for defined benefit plans is to recognise actuarial gains and losses in the period in which they occur in full in the Statement of Other Comprehensive Income. The gratuity liability is not funded.

b) *Defined Contribution Plans:*

Employees’ Provident Fund and Employee’ Trust Fund

Employees are eligible for Employees’ Provident Fund and Employee’ Trust Fund contributions, in line with respective statute and regulations. The Group contributes 12% and 3% of gross remuneration of employees to Employees’ Provident Fund and Employee’ Trust Fund.

2.4.16 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company’s other components. All operating segments’ operating results are reviewed regularly by the Senior Management Committee to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

2.5 Standards Issued but not yet Effective

Standards issued but not yet effective up to the date of issuance of the Group’s financial statements are listed below. This listing of standards and interpretations issued are those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective.

SLFRS 9 - Financial Instruments

SLFRS 9 replaces the existing guidance in LKAS 39 Financial Instruments: Recognition and Measurement. SLFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from LKAS 39.

SLFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

SLFRS 15 - Revenue from Contracts with Customers

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including LKAS 18 Revenue, LKAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

SLFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

Pending the completion of the detailed impact analysis, possible Impact from SLFRS 9 and SLFRS 15 is not reasonably estimable as of the reporting date.

SLFRS 16 - Leases

SLFRS 16 provides a single lessee accounting model, requiring leases to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying

Notes to the Financial Statements

asset has a low value even though lessor accounting remains similar to current practice. This supersedes: LKAS 17 Leases, IFRIC 4 determining whether an arrangement contains a Lease, SIC 15 Operating Leases- Incentives; and SIC 27 evaluating the substance of Transactions Involving the Legal form of a Lease. Earlier application is permitted for entities that apply SLFRS 15 Revenue from Contracts with customers.

SLFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted.

SLFRS 2 Classification and Measurement of Share-based Payment Transactions - Amendments to SLFRS 2

CA Sri Lanka issued amendments to SLFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted. The Group is assessing the potential effect of the amendments on its financial statements.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 and does not apply to taxes or levies outside the scope of LKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Interpretation specifically addresses the following:

- ◀ Whether an entity considers uncertain tax treatments separately
- ◀ The assumptions an entity makes about the examination of tax treatments by taxation authorities
- ◀ How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- ◀ How an entity considers changes in facts and circumstances

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Company will apply interpretation from its effective date.

Notes to the Financial Statements

3. Revenue and Other Income

	GROUP		COMPANY	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Year ended 31 March 2018				
3.1 Revenue				
Healthcare Services	11,270,200,187	9,794,482,458	3,571,529,796	3,114,964,616
Sale of Goods	754,977,663	601,736,608	160,373,249	124,869,156
	12,025,177,850	10,396,219,066	3,731,903,045	3,239,833,772

3.1.a Segment Information

The Senior Management Committee is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenue and other income generated and is measured consistently with revenue and other income in the consolidated financial statements.

The Group has identified the following segments based on the information provided to CODM for the purpose of making decisions about resource allocation and performance assessment.

- ◀ Pre care which include OPD revenue, channeling revenue and OPD lab investigation services
- ◀ Post care which include all IPD revenue including inpatient drugs and lab investigation
- ◀ Pharmaceutical which includes OPD pharmacy revenue

The following table presents the revenue and other income generated by the Group's segments for the year ended 31 March 2018 and comparative figures for the year ended 31 March 2017.

	GROUP	
	2017/18 Rs.	2016/17 Rs.
Pre care	2,293,924,114	2,102,715,528
Post Care	8,976,276,073	7,691,766,930
Pharmaceutical	754,977,663	601,736,608
	12,025,177,850	10,396,219,066

Notes to the Financial Statements

3. Revenue and Other Income (Contd.)**3.2 Other Income**

	GROUP		COMPANY	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Year ended 31 March 2018				
Rental Income	51,552,362	41,984,775	1,800,000	1,525,000
Other Laboratory Income	89,715,873	97,660,568	89,715,873	97,660,568
Profit on Sale of Property, Plant and Equipment	267,169	1,115,543	-	-
Dividend Income	21,914,587	18,893,669	746,668,318	947,652,238
Sundry Income	3,034,491	18,825,695	41,753	2,068,706
Gain on Investments	558,894,490	-	558,894,490	-
Share Disposal Gain	185,500,000	-	-	-
	910,878,971	178,480,250	1,397,120,434	1,048,906,512

4. Finance Cost and Income

	GROUP		COMPANY	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Year ended 31 March 2018				
4.1 Finance Cost				
Interest Expense on Borrowings	863,668,922	829,953,372	592,308,038	529,352,269
Interest Expense on Inter Company Borrowings	-	-	313,966,409	247,466,750
Bank Charges on Interest Bearing Loans	5,837,557	4,913,193	3,202,991	2,095,132
Guarantee Expense	-	-	11,649,946	25,071,759
	869,506,478	834,866,565	921,127,384	803,985,910
4.2 Finance Income				
Interest Income	63,105,726	30,907,275	17,658,567	768,134
Guarantee Income	-	-	24,505,731	17,727,698
Exchange Gain on Foreign Currency	2,685,297	468,459	-	-
	65,791,023	31,375,734	42,164,298	18,495,832

Notes to the Financial Statements

5. Profit Before Tax

	GROUP		COMPANY	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Stated after Charging				
Included in Cost of Sales				
Depreciation	465,601,745	411,037,175	56,425,792	54,392,233
Employee benefits including the following	2,298,624,028	2,053,065,834	684,145,081	605,435,464
- Defined Contribution Plan Costs - EPF and ETF	188,556,080	168,883,702	56,047,988	49,558,194
Included in Administrative Expenses				
Depreciation	397,329,504	373,706,993	88,008,702	68,817,778
Employee Benefits including the following	778,872,821	697,802,592	230,012,920	187,498,213
- Defined Benefit Plan Costs - Gratuity	98,009,559	80,844,508	36,787,485	30,353,674
- Defined Contribution Plan Costs - EPF and ETF	45,785,142	43,520,460	12,002,454	10,812,441
Directors' Fees and Remuneration	43,475,500	42,840,000	37,055,500	21,579,356
Amortisation of Leasehold Property	53,797,500	3,526,646	-	-
Donations	8,507,341	8,447,504	7,528,890	6,951,500
Legal Fees	5,529,949	12,824,914	1,793,412	957,100
Audit Fees and Reimbursable expense	4,925,820	4,935,587	1,980,000	1,800,000
Included in Selling and Distribution Costs				
Advertising Expenses	90,935,395	71,781,874	22,700,677	18,253,406
Impairment of Trade Debtors	21,810,580	12,532,473	3,623,178	329,282

Notes to the Financial Statements

6. Income Tax

The Major Components of Income Tax Expense for the years ended 31 March are as follows :

	GROUP		COMPANY	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Current Income Tax				
Current Income Tax charge	402,729,404	168,904,344	208,393,449	57,840,182
Under/(Over) Provision in Respect of Previous Years	36,621,387	(6,714,508)	(49,809)	(7,791,036)
10 % Withholding Tax on Inter Company Dividends	81,668,708	102,508,943	-	-
Deferred Income Tax				
Deferred Taxation Charge/(Reversal)	178,547,932	(87,492,794)	92,070,333	7,731,100
Income Tax Expense Reported in the Statement of Profit or Loss	699,567,431	177,205,985	300,413,973	57,780,246
Deferred Income Tax				
Deferred Taxation Charge	(969,400,381)	28,770,502	468,465,233	4,637,793
Income Tax Expense Reported in the Statement of Other Comprehensive Income	(969,400,381)	28,770,502	468,465,233	4,637,793
A Reconciliation between Tax Expense and Accounting Profit				
Accounting Profit Before Tax	2,599,631,512	1,297,208,097	1,558,550,424	1,239,780,717
Disallowable Expenses	807,440,045	849,706,723	427,344,374	423,516,185
Deductible Expenses	(627,570,063)	(562,604,395)	(242,416,171)	(206,205,252)
Income not Liable for Tax	-	(35,652,620)	(771,174,049)	(963,858,099)
Profit Exempt from Tax	(802,660,621)	(396,683,694)	-	-
Assessable Income	1,976,840,873	1,151,974,111	972,304,578	493,233,551
Qualifying Payments	(68,020,289)	(68,020,289)	(3,662,250)	(11,232,031)
Tax Losses Brought Forward and Utilised	(22,757,931)	(22,757,931)	-	-
Taxable Profit	1,886,062,653	1,061,195,891	968,642,328	482,001,520
Statutory Tax Rate				
Income Tax Rate	12%	12%	12%	12%
Income Tax Rate on Other Income	28%	28%	28%	28%
Income Tax -2018-12% (2017 - 12%)	114,095,990	100,764,114	47,206,967	57,840,182
Income Tax - 2018- 28% (2017- 28%)	288,633,414	68,140,230	161,186,482	-
Current Income Tax charge	402,729,404	168,904,344	208,393,449	57,840,182

Notes to the Financial Statements

7. Earnings Per Share

Basic Earnings Per Share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events that have changed the number of ordinary shares outstanding, without a corresponding change in the resources such as a bonus issue.

Diluted Earnings Per Share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year after adjustment for the effect of all diluted potential ordinary shares. There were no potentially diluted ordinary shares outstanding at any time during the year/previous year.

The following reflects the income and share data used in the Basic Earnings Per Share computations.

	GROUP		COMPANY	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Profit Attributable to Ordinary Shareholders for Basic Earnings Per Share	1,738,518,587	1,028,018,555	1,258,136,453	1,182,000,471
	1,738,518,587	1,028,018,555	1,258,136,453	1,182,000,471

	COMPANY	
	2018	2017
Number of Ordinary Shares used as the Denominator		
Weighted Average Number of Ordinary Shares in Issue Applicable to Basic/Diluted Earnings Per Share	1,137,533,596	1,137,533,596

8. Dividends Paid and Proposed Declared and Paid During the Year

	COMPANY	
	2018 Rs.	2017 Rs.
Equity Dividends on Ordinary Shares :		
- Final Dividend for 2017/2018 : Rs. 0.60)	682,520,158	1,080,656,916
(Final Dividend for 2015/2016 : Rs. 0.45 per share and Interim 2016/17: 0.50)	682,520,158	1,080,656,916

Notes to the Financial Statements

9. Property, Plant and Equipment

9.1 GROUP

9.1.1 Gross Carrying Amounts at Cost or Valuation

	Balance As at 01.04.2017 Rs.	Additions/ Transfers Rs.	Revaluation Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2018 Rs.
Land	3,195,575,000	575,312,698	839,312,302	-	4,610,200,000
Buildings	6,693,555,999	57,706,578	27,987,922	-	6,779,250,499
Furniture and Fittings	1,287,467,029	105,960,437	-	(34,687,673)	1,358,739,793
Medical Equipment	4,986,416,824	521,424,356	-	(180,439,934)	5,327,401,246
Motor Vehicles	141,107,060	39,050,000	-	(9,562,610)	170,594,450
Sundry Equipment	1,070,276,260	137,591,969	-	(44,019,215)	1,163,849,014
	17,374,398,172	1,437,046,038	867,300,224	(268,709,431)	19,410,035,002
Assets on Finance Lease					
Motor Vehicles	92,500,000	-	-	-	92,500,000
Capital Work in Progress					
Work-in-Progress	1,227,899,353	1,252,471,615	-	(13,572,863)	2,466,798,105
	1,227,899,353	1,252,471,615	-	(13,572,863)	2,466,798,105
Total Value of Assets	18,694,797,525	2,689,517,653	867,300,224	(282,282,295)	21,969,333,107

9.1.2 Accumulated Depreciation

	Balance As at 01.04.2017 Rs.	Charge for the year Rs.	Revaluation Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2018 Rs.
Buildings	-	136,584,056	(136,584,056)	-	-
Furniture and Fittings	789,300,362	113,575,786	-	(23,869,128)	879,007,020
Medical Equipment	2,712,727,526	465,601,745	-	(128,668,878)	3,049,660,393
Motor Vehicles	44,429,987	20,201,399	-	(5,458,311)	59,173,075
Sundry Equipment	767,126,919	114,725,802	-	(42,141,302)	839,711,419
	4,313,584,793	850,688,787	(136,584,056)	(200,137,619)	4,827,551,907
Assets on Finance Lease					
Motor Vehicles	11,191,324	12,242,461	-	-	23,433,785
Total Depreciation	4,324,776,117	862,931,249	(136,584,056)	(200,137,619)	4,850,985,692

Notes to the Financial Statements

9.1.3 Net Book Values

	2018 Rs.	2017 Rs.
Land	4,610,200,000	3,195,575,000
Buildings	6,779,250,499	6,693,555,999
Furniture and Fittings	479,732,773	498,166,667
Medical Equipment	2,277,740,853	2,273,689,298
Motor Vehicles	111,421,375	96,677,073
Sundry Equipment	324,137,595	303,149,340
	14,582,483,095	13,060,813,378
Asset on Finance Lease		
Motor Vehicles	69,066,215	81,308,676
Capital Work in Progress		
Work-in-Progress	2,466,798,105	1,227,899,353
Total Carrying Amount of Property, Plant and Equipment	17,118,347,414	14,370,021,407

9.1.4 During the year, the Group acquired Property, Plant and Equipment to the aggregate value of Rs. 2,689,517,653/- (2017 - Rs.2,163,678,543/-). Cash payments amounting to Rs 2,689,517,653/-(2017 - Rs. 2,152,968,544/-) were made during the year for purchase of Property, Plant and Equipment.

Group has capitalised the 100% of the borrowing cost incurred on Asiri Hospital Kandy (Private) Limited project amounting to Rs. 255 Mn as at 31/3/2018. (2017 - Rs. 216 Mn) which is included under Acquisition of PPE of the Cash Flow statement.

9.1.5 Group Property, Plant and Equipments with a carrying value of Rs. 7,800,400/- (2017 - Rs. 6,410,075,000./-) have been pledged as security for term loans obtained , details of which are disclosed in Note 26.

9.1.6 Group's Property, Plant & Equipment include fully depreciated assets which are still in use, the cost of which at the reporting date amounted to Rs. 2,052 Mn (2017 - Rs. 1,249 Mn).

Notes to the Financial Statements

9. Property, Plant and Equipment (Contd..)

9.1.7 The provision for depreciation is calculated by using a straight line method on the cost/revaluation of all Property, Plant and Equipment in order to write off such amounts over the following estimated useful lives by equal installments.

	Group/Company 2017/18
Buildings	Over 60 Years
Furniture and Fittings	Over 10 Years
Medical Equipment	Over 10 Years
Motor Vehicles	Over 5-8 Years
Sundry Equipment	Over 2-10 Years

9.1.8 The carrying amount of revalued assets that would have been included in the financial statements had the assets been carried at cost less depreciation is as follows:

	Cost	Cumulative Depreciation if Assets were Carried at Cost	Net Carrying Amount 2018	Net Carrying Amount 2017
	Rs.	Rs.	Rs.	Rs.
Class of Asset				
Freehold Land	1,423,589,466	-	1,423,589,466	848,276,768
Building	4,432,773,331	899,202,714	3,533,570,617	3,593,311,458
	5,856,362,797	899,202,714	4,957,160,083	4,441,588,226

Notes to the Financial Statements

9.1.9 The following properties are fair valued and recorded under freehold land and buildings. Fair Value measurement disclosure for revalued land and buildings based on un-observable inputs are as follows;

Company	Location	Extent	Independent Valuer	Effective Date of Valuation	Valuation Details	Significant Unobservable Input (Level 3)	Range Rs.	Fair Value Measurement Rs.
Asiri Hospital Holdings PLC	No 181, Kirula Road, Colombo 05	1 A 2 R 13.98 P 2 Buildings 96,657 square feet	P B Kalugalagedara & Associates	31 March 2018	Land - Market based evidence	Land price per perch	9,000,000 to 10,000,000	2,390,000,000
					Buildings - Direct Capital Comparison Method using Depreciated Replacement Cost	Building value per square feet	2,000 to 16,000	739,000,000
Asiri Surgical Hospital PLC	No 21, Kirimandala Mawatha, Narahenpita	3 Buildings 368,123 square feet	P B Kalugalagedara & Associates	31 March 2018	Buildings - Direct Capital Comparison Method using Depreciated Replacement Cost	Building value per square feet	3,000 to 8,250	2,213,250,500
Asiri Hospital Matara (Pvt) Ltd	No 15, Dharmapala Mawatha, Uyanwatta	1 A 2 R 1.3 P 2 Buildings 76,591 square feet	P B Kalugalagedara & Associates	31 March 2018	Land - Market based evidence	Land price per perch - Frontage	1,000,000	150,000,000
						Land price per perch - Rear Land	700,000	63,900,000
					Buildings - Direct Capital Comparison Method using Depreciated Replacement Cost	Site improvement		15,000,000
						Building value per square feet	600 to 8,000	407,900,000
Central Hospital Ltd	No 114, Norris Canal Road, Colombo 10	1 A 21.03 P 1 Buildings 485,829 square feet	P B Kalugalagedara & Associates	31 March 2018	Land - Market based evidence	Land price per perch	11,000,000	1,991,300,000
					Buildings - Direct Capital Comparison Method using Depreciated Replacement Cost	Building value per square feet	2,000 to 10,000	3,419,100,000

The surplus arising from the revaluation net of deferred tax is recognised in the Other Comprehensive Income and transferred to Revaluation Reserve in Equity.

Significant increases (decreases) in estimated price per perch/ building value per square feet in isolation would result in a significantly higher (lower) fair value.

Notes to the Financial Statements

9. Property, Plant and Equipment (Contd..)

Comparative Information

9.1.10 The following properties are fair valued and recorded under freehold land and buildings. Fair Value measurement disclosure for revalued land and buildings based on un-observable inputs are as follows;

Company	Location	Extent	Independent Valuer	Effective Date of Valuation	Valuation Details	Significant unobservable input (Level 3)	Range Rs.	Fair Value measurement Rs.
Asiri Hospital Holdings PLC	No 181, Kirula Road, Colombo 05	1 A 30.21 P 2 Buildings 96,657 square feet	P B Kalugalagedara & Associates	31 March 2017	Land - Market based evidence	Land price per perch	7,500,000	1,362,075,000
					Buildings - Direct Capital Comparison Method using Depreciated Replacement Cost	Building value per square feet	2,000 to 16,000	710,556,000
Asiri Surgical Hospital PLC	No 21, Kirimandala Mawatha, Narahenpita	3 Buildings 368,123 square feet	P B Kalugalagedara & Associates	31 March 2017	Buildings - Direct Capital Comparison Method using Depreciated Replacement Cost	Building value per square feet	3,000 to 8,000	2,161,000,000
Asiri Hospital Matara (Pvt) Ltd	No 15, Dharmapala Mawatha, Uyanwatta	1 A 2 R 1.5 P 2 Buildings 77,695 square feet	P B Kalugalagedara & Associates	31 March 2017	Land - Market based evidence	Land price per perch - Frontage	900,000	135,000,000
						Land price per perch - Rear Land	600,000	59,475,000
					Buildings - Direct Capital Comparison Method using Depreciated Replacement Cost	Site improvement		10,000,000
					Buildings - Direct Capital Comparison Method using Depreciated Replacement Cost	Building value per square feet	2,000 to 8,000	403,000,000
Central Hospital Ltd	No 114, Norris Canal Road, Colombo 10	1 A 21.03 P 1 Buildings 485,829 square feet	P B Kalugalagedara & Associates	31 March 2017	Land - Market based evidence	Land price per perch	9,000,000	1,629,000,000
					Buildings - Direct Capital Comparison Method using Depreciated Replacement Cost	Building value per square feet	2,000 to 10,000	3,419,000,000

Notes to the Financial Statements

9.2 Company

9.2.1 Gross Carrying Amounts

	Balance As at 01.04.2017 Rs.	Additions/ Transfers Rs.	Revaluation Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2018 Rs.
At Cost or Valuation					
Land	1,362,075,000	575,312,698	452,612,302	-	2,390,000,000
Buildings	710,556,000	40,825,977	(12,381,990)	-	738,999,987
Medical Equipment	841,482,848	99,142,652	-	(15,964,910)	924,660,590
Furniture and Fittings	173,696,941	52,799,668	-	(7,064,021)	219,432,588
Motor Vehicles	55,118,807	17,300,000	-	(7,677,610)	64,741,197
Sundry Equipment	317,049,204	69,766,016	-	(2,228,728)	384,586,492
	3,459,978,800	855,147,011	440,230,312	(32,935,269)	4,722,420,854
Assets on Finance Lease					
Motor Vehicles	63,800,000	-	-	-	63,800,000
In the Course of Construction					
Buildings Work-in-Progress	4,060,875	60,367,701	-	-	64,428,576
Total Value of Assets	3,527,839,675	915,514,712	440,230,312	(32,935,269)	4,850,649,430

9.2.2 Depreciation

	Balance As at 01.04.2017 Rs.	Charge for the year Rs.	Revaluation Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2018 Rs.
Buildings	-	18,688,717	(18,688,717)	-	-
Medical Equipment	570,753,671	56,425,792	-	(15,850,523)	611,328,940
Furniture and Fittings	45,720,986	19,471,271	-	(2,860,882)	62,331,375
Motor Vehicles	17,850,815	5,413,755	-	(3,826,450)	19,438,119
Sundry Equipment	185,505,128	37,932,498	-	(1,347,062)	222,090,564
	819,830,600	137,932,033	(18,688,717)	(23,884,917)	915,188,998
Assets on Finance Lease					
Motor Vehicles	6,316,251	6,502,461	-	-	12,818,712
Total Depreciation	826,146,851	144,434,494	(18,688,717)	(23,884,917)	928,007,710

Notes to the Financial Statements

9. Property, Plant and Equipment (Contd..)

9.2.3 Net Book Values

	2018 Rs.	2017 Rs.
Land	2,390,000,000	1,362,075,000
Buildings	738,999,987	710,556,000
Medical Equipment	313,331,650	270,729,177
Furniture and Fittings	157,101,213	127,975,955
Motor Vehicles	45,303,078	37,267,992
Sundry Equipment	162,495,928	131,544,076
	3,807,231,856	2,640,148,200
Assets on Finance Lease		
Motor Vehicles	50,981,288	57,483,749
In the Course of Construction		
Buildings Work-in-Progress	64,428,576	4,060,875
Total Value of Assets	3,922,641,720	2,701,692,823

9.2.4 During the year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs.915,514,715/- (2017 - Rs.539,934,267/-). Cash payments amounting to Rs.915,514,715/- (2017 - Rs.534,579,257/-) were made during the year for purchase of Property, Plant and Equipment.

9.2.5 Company's fixed assets include fully depreciated assets, which are still in use the cost of which at the reporting date amounted to Rs. 607 Mn (2017 - Rs. 391 Mn).

9.2.6 Fair Value measurement disclosures relating to the properties which has been fair valued and recorded under freehold land and buildings are indicated in Note 9.1.9 to Financial Statements.

9.2.7 The carrying amount of revalued assets that would have been included in the Financial Statements had the assets been carried at cost less depreciation is as follows: (Refer Note 9.1.7 for depreciation rates of the Company).

	Cost Rs.	Cumulative Depreciation if Assets were Carried at Cost Rs.	Net Carrying Amount 2018 Rs.	Net Carrying Amount 2017 Rs.
Class of Asset				
Freehold Land	776,184,698	-	776,184,698	200,872,000
Building	519,604,724	134,476,740	385,127,983	356,725,490
	1,295,789,422	134,476,740	1,161,312,681	557,597,490

Notes to the Financial Statements

10. Leasehold Property

	GROUP	
	2018 Rs.	2017 Rs.
Balance as at the Beginning of the Year	971,366,000	973,973,821
Leasehold Additions During the Year	-	918,825
Amortisation for the Year	(53,797,500)	(3,526,646)
Balance as at the End of the Year	917,568,500	971,366,000

10.1 Leasehold Property as at 31 March 2018 consists of the below;

- a. Asiri Surgical Hospital PLC obtained leasehold right to the land (extent of land 2 Acres, 1 Root and 11.6 perches) situated at No.21, Kirimandala Mawatha, Colombo 05 for 99 years from the Board of Investment of Sri Lanka by agreement dated 29 March 2000.

Asiri Surgical Hospital PLC has accounted for leasehold right comply with the Statement of Recommended Practices (SoRP) issued by Institute of Chartered Accountants of Sri Lanka dated 19 December 2012. Subsequently, the amendments to the SoRP along with the modification to the title as Statement of Alternative Treatment (SoAT) were approved by the Council on 21st August 2013. This right to use land is require to be amortised over the lease term or useful life of the right whichever is shorter and is disclosed under non-current asset. The SoAT for right-to-use land does not permit revaluation of right-to-use land. However, an adjustment to the 'right-to-use land' could be made to the extent that the change relate to the further period on the reassessment of liability to make the lease payment.

- b. Asiri Hospital Matara (Pvt) Ltd obtained lease hold right to land (extent of land is perches 38.34) and building situated at No 37, Anagarika Dharmapala Mawatha, Matara for 20 years commencing from 04 October 2006.
- c. The Asiri Hospital Kandy (Pvt) Ltd has entered into lease agreement with Urban Development Authority for a lease of the land (extent of land is 2 Acres 15.5 perches) situated at Peradeniya Road, Mulgampola for period of 50 years.

11. Goodwill

	GROUP	
	2018 Rs.	2017 Rs.
Goodwill	548,706,564	548,706,564
	548,706,564	548,706,564

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in Equity.

Notes to the Financial Statements

11. Goodwill (Contd..)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination transferred, the gain is recognised in Equity.

Goodwill acquired through business combinations have been allocated to Asiri Surgical Hospital PLC.

12. Investment in Subsidiary Companies/ Associate**Investment in Subsidiary Companies**

Company			2018		2017	
	2018	2017	Carrying	Market	Carrying	Market
	Direct Holding %	%	Value Rs.	Value Rs.	Value Rs.	Value Rs.
12.1 Quoted*						
Asiri Surgical Hospital PLC	78.39	73.68	2,665,510,325	3,582,403,815	2,390,655,282	3,582,403,815
			2,665,510,325	3,582,403,815	2,390,655,282	3,582,403,815

			2018		2017	
	2018	2017	Carrying	Market Value/ Directors	Carrying	Market Value/ Directors
	Direct Holding %	%	Value Rs.	Valuation * Rs.	Value Rs.	Valuation* Rs.
12.2 Un-quoted**						
Asiri Diagnostics Services (Pvt) Ltd	66.54	66.54	2,691,400	2,691,400	2,691,400	2,691,400
Asiri Hospital Matara (Pvt) Ltd	100	100	261,758,357	261,758,357	261,571,434	261,571,434
Central Hospital Ltd	99.73	99.73	7,115,692,216	8,886,238,516	7,113,304,669	8,886,238,516
Asiri Hospital Kandy (Pvt) Ltd	100	100	144,025,031	144,025,031	123,577,770	123,577,770
Asiri Central Hospital Ltd	94.26	94.16	1,704,167,477	2,166,079,647	1,702,004,174	2,166,079,647
Asiri Laboratories (Pvt) Ltd	100	100	1,000,000	1,000,000	1,000,000	1,000,000
			9,229,334,481	11,461,792,951	9,204,149,447	11,441,158,767
Carrying Value of Investment in Subsidiaries			11,894,844,806	15,044,196,766	11,594,804,729	15,023,562,582

* Investment value of quoted shares have been determined based on market value of shares as at the reporting date.

** Directors' valuation of investment in un quoted shares have been determined based on the cost of the investments and recent transaction valuations in Central Hospital Ltd and Asiri Central Hospital Ltd.

Carrying values include the value recognised for the corporate guarantees provided by the Parent to the Subsidiaries. (Refer Note 4.2)

Notes to the Financial Statements

12.3 The Shares of Subsidiary Companies owned by Asiri Hospital Holdings PLC were pledged on behalf of the loans and overdraft facilities obtained by the Company. (Note 18.4 for details of shares).

12.4 Material Partly - Owned Subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below.

Proportion of Equity Interest held by Non-Controlling Interests:

	2018 %	2017 %
Company Name		
Asiri Surgical Hospital PLC	21.61%	26.32%
Asiri Diagnostics Services (Pvt) Limited	33.46%	33.46%

Accumulated Balances of Material Non - Controlling Interest

	2018 Rs.	2017 Rs.
Company Name		
Asiri Surgical Hospital PLC	771,087,380	851,906,388
Asiri Diagnostics Services (Pvt) Limited	95,953,092	92,947,702

Total Comprehensive Income allocated to Material Non - Controlling Interest

	2018 Rs.	2017 Rs.
Company Name		
Asiri Surgical Hospital PLC	81,843,404	102,555,853
Asiri Diagnostics Services (Pvt) Limited	16,461,756	14,207,827

Notes to the Financial Statements

12. Investment in Subsidiary Companies/ Associate (Contd..)

Summarised Statement of Total Comprehensive Income for year ended 31 March 2018:

	Asiri Surgical Hospital PLC		Asiri Diagnostics Services (Pvt) Ltd	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Revenue	3,275,348,652	2,884,315,584	159,566,769	126,818,581
Cost of Services	(2,013,869,335)	(1,885,575,532)	(78,442,133)	(63,624,407)
Profit for the Year	546,602,916	262,789,259	49,314,757	42,145,413
Total Comprehensive Income for the Year	378,682,101	389,717,705	49,198,313	42,462,124
Attributable to Non-controlling Interests	97,097,703	102,555,853	16,461,756	14,207,827

Summarised Statement of Financial Position as at 31 March 2018:

	Asiri Surgical Hospital PLC		Asiri Diagnostics Services (Pvt) Ltd	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Current Assets	803,836,513	610,393,735	54,291,892	40,795,827
Non- Current Assets	4,095,292,328	4,039,160,904	253,404,712	251,066,920
Current Liabilities	421,691,994	363,631,303	15,153,292	9,451,912
Non- Current Liabilities	638,904,590	638,904,590	4,623,324	4,623,324
Total Equity	3,567,752,237	3,647,018,746	286,744,086	277,787,513
Attributable to:				
Equity Holders of Parent	2,780,134,963	2,795,112,358	190,790,994	184,839,811
Non-controlling Interest	787,617,274	851,906,388	95,953,092	92,947,702
Dividend to Non-controlling Interests	97,081,826	55,626,330	13,466,082	8,931,585

12.5 Investment in Associate/Joint Venture

Asiri Hospital Holdings PLC has invested Rs. 30,000,000/- in Digital Health (Pvt) Ltd resulting in a 30% holding in Digital Health (Pvt) Ltd by Asiri Hospital Holdings PLC.

Notes to the Financial Statements

Digital Health was incorporated on 14 August 2015. The primary objective of the Company is to carry on the business using the Doc 990 system and/or other systems or technology solutions developed by or for the Company from time to time which may inter alia include provision of e-laboratory, e-pharmacy, e-prescription and digital health record management services.

	GROUP		COMPANY	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Balance as at the Beginning of the Year	8,167,299	30,000,000	30,000,000	30,000,000
Share of Profit/ (Loss) for the Period	(8,167,299)	(21,832,701)	-	-
Balance as at the End of the Year	-	8,167,299	30,000,000	30,000,000

Asiri-AOI Cancer Centre (Private) Limited started its operation on 01st September 2017 and as intended at the inception of the project, Asiri Surgical Hospital divested 50% stake of Asiri-AOI Cancer Centre (Private) Limited to the joint venture partner 'Cancer Treatment Services Hyderabad Private Limited' on 29th September 2017. Accordingly, 2,700,000 shares were disposed for a consideration of Rs. 212,500,000 and the gain on sale of shares amounts to Rs. 185,500,000 recorded under other income (Note 3.2).

GROUP	2018 Rs.	2017 Rs.
Balance as at the Beginning of the Year	-	-
Investment Made During the Year	27,000,000	-
Share of Profit/ (Loss) for the Period	4,557,856	-
Balance as at the End of the Year	31,557,856	-

13. Other Financial Assets and Financial Liabilities

13.1 Financial Assets - Available for Sale

	GROUP				COMPANY			
	2018 Number of Shares	2017 Number of Shares	2018 Market Value Rs.	2017 Market Value Rs.	2018 Number of Shares	2017 Number of Shares	2018 Market Value Rs.	2017 Market Value Rs.
Non - current								
National Development Bank PLC								
Market Value of Investment								
in Equity Securities	2,597,759	2,506,936	345,761,723	349,972,373	-	-	-	-
	2,597,759	2,506,936	345,761,723	349,972,373	-	-	-	-

Notes to the Financial Statements

13. Other Financial Assets and Financial Liabilities (Contd..)

13.1a Gain/(Loss) on Available for Sale Financial Assets

	GROUP		COMPANY	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Gain/ (Loss) on Available for Sale Financial Asset	(16,539,179)	(71,715,773)	-	-
	(16,539,179)	(71,715,773)	-	-

13.2 Fair Value of Financial Assets and Liabilities not Carried at Fair Value

Except for the below indicated loans and borrowing non-current balance, carrying value of financial assets and liabilities based on other methods of valuation approximates the fair value. This table does not include the fair values of non-financial assets and non-financial liabilities.

13.2.1 Group

	Carrying Amount		Fair Value (Level 2)	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Financial Liabilities				
Loans and Borrowings- Non Current	6,611,898,247	6,930,174,630	6,611,898,247	6,930,174,630

13.2.2 Company

	Carrying Amount		Fair Value (Level 2)	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Financial Liabilities				
Loans and Borrowings- Non Current	3,149,739,843	4,055,697,792	3,149,739,843	4,055,697,792

The following describes the methodologies and assumptions used to determine the fair values for those financial instruments which are not recorded using fair value measurement basis in the Financial Statements.

Assets for which Fair Value Approximates Carrying Value

For financial assets and financial liabilities that have a short term maturity (original maturities less than a year), it is assumed that the carrying amounts approximate their fair values.

Financial assets and financial liabilities with variable interest rates are also considered to be carried at fair value.

Notes to the Financial Statements

13.3 Fair Value Hierarchy

13.3.1 Group

Assets measured at fair value

		31 March 2018	Level 1	Level 2	Level 3
		Rs.	Rs.	Rs.	Rs.
Financial Assets - Available for Sale	Equity shares (Non- Current)	345,761,723	345,761,723	-	-

		31 March 2017	Level 1	Level 2	Level 3
		Rs.	Rs.	Rs.	Rs.
Financial Assets - Available for Sale	Equity shares (Non- Current)	349,972,373	349,972,373	-	-

14. Inventories

	GROUP		COMPANY	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Chemical and Test Materials	110,593,776	110,322,147	76,295,425	63,978,208
Pharmaceuticals and Surgical	350,734,605	336,868,798	41,647,009	40,397,351
Consumables	62,012,367	68,119,842	7,199,831	24,380,226
	523,340,748	515,310,787	125,142,265	128,755,785

Notes to the Financial Statements

15. Trade and Other Receivables

	GROUP		COMPANY	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
15.1 Trade and Other Receivables				
Trade Debtors	484,335,543	445,186,087	114,567,141	89,480,723
Related Parties (Note 15.3)	46,467,717	29,747,337	42,913,757	20,920,526
Less - Impairment of Trade Debtors	(24,626,805)	(19,578,876)	(3,706,846)	(83,668)
	506,176,455	455,354,548	153,774,052	110,317,581
Other Debtors - Related Parties (Note 15.4)	2,896,624	2,716,658	600,507,734	382,575,289
Staff Loans	25,353,432	17,340,723	13,149,555	9,204,381
	534,426,511	475,411,929	767,431,341	502,097,251
15.2 Advances, Deposits and Prepayments				
Advances, Deposits and Prepayments*	408,747,577	417,235,856	127,465,324	115,055,165
Employee Share Trust Fund (Note 15.5)	5,000,000	5,000,000	5,000,000	5,000,000
	413,747,577	422,235,856	132,465,324	120,055,165
	948,174,088	897,647,785	899,896,665	622,152,416

* The advance paid to Softlogic BPO Services (Private) Limited for software implementation amounting to Rs.34,314,224 (2017 - 21,884,134/-) is included in Advances and Prepayments (Group).

15.3 Trade Debtors - Related Parties

	Relationship	GROUP		COMPANY	
		2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Softlogic Life Insurance PLC	Group Company	24,967,222	15,941,347	3,383,065	4,357,585
Digital Health (Pvt) Limited	Associate	21,500,495	13,805,990	5,317,165	3,736,933
Central Hospital Ltd	Subsidiary	-	-	16,299,473	3,826,334
Asiri Surgical Hospital PLC	Subsidiary	-	-	11,363,497	5,959,082
Asiri Diagnostic Services (Pvt) Ltd	Subsidiary	-	-	1,701,447	2,108,658
Asiri Hospital Matara (Pvt) Ltd	Subsidiary	-	-	4,849,110	931,934
		46,467,717	29,747,337	42,913,757	20,920,526

Notes to the Financial Statements

15.4 Other Debtors - Related Parties

	Relationship	GROUP		COMPANY	
		2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Asiri Hospital Matara (Pvt) Ltd	Subsidiary	-	-	-	4,467,604
Central Hospital Ltd	Subsidiary	-	-	128,722	15,712,545
Asiri Hospital Kandy (Pvt) Ltd	Subsidiary	-	-	579,714,191	325,504,922
Asiri Surgical Hospital PLC	Subsidiary	-	-	20,198,561	35,319,746
Asiri Diagnostic Services (Pvt) Ltd	Subsidiary	-	-	466,260	1,558,580
Softlogic Holdings PLC	Parent Company	3,120	40,470	-	-
Softlogic Restaurants (Pvt) Ltd	Group Company	2,206,004	1,901,171	-	-
Softlogic Finance PLC	Group Company	218,000	184,142	-	11,892
Softlogic Retail (Pvt) Ltd	Group Company	409,050	590,875	-	-
Odel PLC	Group Company	60,450	-	-	-
		2,896,624	2,716,658	600,507,734	382,575,289

Outstanding current account balances as at the year end are unsecured, non-interest bearing and settlement occurs in cash.

15.5 Employee Share Trust Fund

The Asiri Holdings PLC Employee Share Trust Fund was established in the year 2000/2001 with funds wholly provided by the company. The Share Trust Fund realised its investments during the financial year 2017/2018 in order to comply with the requirements of the Colombo Stock Exchange with regard to holding of shares in companies by trust companies. The proceeds from the sale of such shares which is the entitlement of the company is recorded as other income during the year (Note 3.2) pending the completion of administrative formalities to dissolve such fund.

	2018 Rs.	2017 Rs.
Opening Balance	5,000,000	5,000,000
Closing Balance	5,000,000	5,000,000

SSP Corporate Services (Pvt) Ltd has been appointed as the trustee of the trust with effect from 27 February, 2012.

Notes to the Financial Statements

15. Trade and Other Receivables (Contd..)

15.6 Age Analysis of Trade Receivables

As at 31 March, the age analysis of trade receivables are as follows:

15.6.1 Group

	Total	Neither past due or nor Impaired	Past due but not Impaired			Impaired > 330 days
			31 - 60 days	61 - 90 days	91 - 330 days	
2018						
Gross Trade Receivable Balance	530,803,260	326,912,815	73,916,230	37,583,785	67,763,624	24,626,805
Less - Impairment	(24,626,805)	-	-	-	-	(24,626,805)
	506,176,455	326,912,815	73,916,230	37,583,785	67,763,624	-

2017

Gross Trade Receivable Balance	474,933,424	257,136,643	82,977,020	40,217,849	72,328,302	22,273,609
Less - Impairment	(19,578,876)	-	-	-	-	(19,578,876)
	455,354,548	257,136,643	82,977,020	40,217,849	72,328,302	2,694,733

15.6.2 Company

	Total	Neither past due or nor Impaired	Past due but not Impaired			Impaired > 330 days
			31 - 60 days	61 - 90 days	91 - 330 days	
2018						
Gross Trade Receivable Balance	157,480,898	119,586,564	15,178,243	6,486,911	12,522,334	3,706,846
Less - Impairment	(3,706,846)	-	-	-	-	(3,706,846)
	153,774,052	119,586,564	15,178,243	6,486,911	12,522,334	-

2017

Gross Trade Receivable Balance	110,401,249	73,198,544	23,871,650	4,280,699	7,777,795	1,272,562
Less - Impairment	(83,668)	-	-	-	-	(83,668)
	110,317,581	73,198,544	23,871,650	4,280,699	7,777,795	1,188,894

Notes to the Financial Statements

16. Stated Capital

	COMPANY/GROUP			
	2018		2017	
	Number	Rs.	Number	Rs.
Balance at the Beginning of the Year	1,137,533,596	4,748,108,334	1,137,533,596	4,748,108,334
Balance at the End of the Year	1,137,533,596	4,748,108,334	1,137,533,596	4,748,108,334

17. Revaluation Reserve

	GROUP		COMPANY	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Balance at beginning of the year	2,311,856,820	1,685,824,175	1,264,442,182	990,126,966
Revaluation During the year net of Deferred Tax				
Revaluation Surplus	984,357,072	652,725,730	458,919,029	280,333,245
Deferred Tax on Lands & Revaluation Surplus	(919,573,806)	(26,693,085)	(473,180,763)	(6,018,029)
Balance at End of the Year	2,376,640,086	2,311,856,820	1,250,180,448	1,264,442,182

18. Interest Bearing Loans and Borrowings

GROUP	2018 Amount Repayable Within 1 Year Rs.	2018 Amount Repayable After 1 Year Rs.	2018 Total Rs.	2017 Amount Repayable Within 1 Year Rs.	2017 Amount Repayable After 1 Year Rs.	2017 Total Rs.
Bank Loans (Note 18.1)	2,178,717,111	6,581,565,872	8,760,282,983	1,158,844,790	6,887,059,253	8,045,904,034
Bank Overdraft (Note 24.2)	1,682,704,318	-	1,682,704,318	1,224,505,296	-	1,224,505,295
Finance Lease (Note 18.1.1)	12,782,992	30,332,375	43,115,367	11,676,726	43,115,377	54,792,092
	3,874,204,421	6,611,898,247	10,486,102,668	2,395,026,812	6,930,174,630	9,325,201,421

Notes to the Financial Statements

18. Interest Bearing Loans and Borrowings (Contd..)

18.1 Bank Loans - Group

	As at 01.04.2017 Rs.	Loans Obtained Rs.	Interest Charge Rs.	Repayments Rs.	As at 31.03.2018 Rs.
Commercial Bank of Ceylon PLC	4,531,184,522	816,650,541	565,330,596	(1,096,897,748)	4,816,267,911
Sampath Bank PLC	2,055,838,996	-	226,136,128	(522,173,200)	1,759,801,924
Bank of Ceylon	635,362,170	-	71,386,716	(193,146,720)	513,602,166
Nations Trust Bank PLC	86,852,699	-	10,401,784	(29,702,384)	67,552,100
Hatton National Bank PLC	736,665,647	-	82,152,303	(270,292,436)	548,525,513
Short Term Loan - Nations Trust Bank PLC	-	750,000,000	12,015,000	(10,399,110)	751,615,890
Short Term Loan - Hatton National Bank PLC	-	300,000,000	9,001,397	(6,083,918)	302,917,479
Short Term Loan - Cargills Bank	-	250,000,000	8,758,369	(258,758,369)	-
	8,045,904,034	2,116,650,541	985,182,293	(2,387,453,885)	8,760,282,983

18.1.1 Finance Lease

	As at 01.04.2017 Rs.	Repayments Rs.	As at 31.03.2018 Rs.
Commercial Bank PLC	56,275,776	(14,068,944)	42,206,832
Nations Trust Bank PLC	11,673,700	(3,066,691)	8,607,009
Gross Liability	67,949,476	(17,135,635)	50,813,841

Finance Charges Allocated to Future Periods

Commercial Bank of Ceylon PLC	(10,832,775)	4,464,860	(6,367,915)
Nations Trust Bank PLC	(2,324,609)	994,049	(1,330,560)
Net Liability	54,792,092	(11,676,726)	43,115,367

Notes to the Financial Statements

18.2 Long-Term Loan Details

Details of the Long Term Loans	Approved Facility Rs.	Repayment Terms	Security	Security Amount Rs.
18.2.1 Asiri Surgical Hospital PLC				
Commercial Bank of Ceylon PLC	511.4 Mn	95 equal monthly installments of Rs. 5,328,000/- each and a final installment of Rs. 5,266,000/- together with interest.	Concurrent Mortgage Bond No 3329/4687 with Hatton National Bank PLC over hospital property at No181, Kirula Road, Narahenpita, owned by Asiri Hospital Holdings PLC. (Hatton National Bank PLC interest Rs. 75 Mn and Commercial Bank of Ceylon PLC interest Rs. 125 Mn)	125 Mn
			Corporate Guarantee of Asiri Hospital Holdings PLC	148.4 Mn
18.2.2 Asiri Hospital Matara (Pvt) Ltd				
Commercial Bank of Ceylon PLC	73.46 Mn	71 equal monthly installments of Rs. 976,000/- and a final installment of Rs. 924,000/-	Corporate Guarantee of Asiri Hospital Holdings PLC	73.46 Mn
Nations Trust Bank PLC	96.50 Mn	59 equal monthly installments of Rs. 1,608,383/33 and a final installment of Rs. 1,608,383/53	Assignment over Amex Receivables, Loan agreement for 96.5 Mn	96.50 Mn
18.2.3 Central Hospital Ltd				
Sampath Bank PLC	326 Mn	95 equal monthly installment each worth is Rs. 3,396,000/- and final installment is Rs.3,380,000/-	Corporate Guarantee from Asiri Hospital Holdings PLC for Rs. 326 Mn.	326 Mn
Sampath Bank PLC	1,150 Mn	119 Equal monthly installments of Rs. 9,600,000 and a final installment of Rs. 7,600,000 commencing from the month following the disbursement of the loan to be served monthly	Securitisation of all future credit/debit card receivables of the company and assignment over credit/debit card receivables of the company and future credit/debit card receivables. Loan agreement for Rs. 1150 Mn.	1,150 Mn
Bank of Ceylon	960 Mn	94 Equal monthly installments Rs. 10,146,667/- Final Installment Rs. 6,268,815/93 (Ten years including two years grace period)	Primary Concurrent Mortgage over freehold land and buildings at No114, Norris Canal Rd, Colombo 10.	960 Mn
18.2.4 Asiri Hospital Kandy (Pvt) Ltd				
Commercial Bank of Ceylon PLC	630.6 Mn	89 equal monthly installments of Rs.7,006,000/- each and a final installment of Rs.7,066,000 /-together with interest	Corporate Guarantee of Asiri Hospital Holdings PLC	630.6 Mn
Commercial Bank of Ceylon PLC	2,120 Mn	95 equal monthly installments of Rs.22,080,000/- each and a final installment of Rs.22,400,000 /-together with interest	Corporate Guarantee of Asiri Hospital Holdings PLC	2,120 Mn

Notes to the Financial Statements

18. Interest Bearing Loans and Borrowings (Contd..)

18.3 Company

	2018 Amount Repayable Within 1 Year Rs.	2018 Amount Repayable After 1 Year Rs.	2018 Total Rs.	2017 Amount Repayable Within 1 Year Rs.	2017 Amount Repayable After 1 Year Rs.	2017 Total Rs.
Bank Loans (Note 18.3.1)	1,817,770,508	2,428,892,000	4,246,662,508	765,168,182	3,184,806,000	3,949,974,182
Bank Overdraft (Note 24.2)	1,637,890,139	-	1,637,890,139	731,713,488	-	731,713,488
Loans due to Related Party (Note 18.3.2)	2,117,249,489	699,919,808	2,817,169,297	2,021,329,314	841,148,604	2,862,477,918
	5,572,910,136	3,128,811,808	8,701,721,944	3,518,210,984	4,025,954,604	7,544,165,588
Finance Leases (Note 18.3.3)	8,815,141	20,928,035	29,743,176	7,900,628	29,743,188	37,643,816
	5,581,725,277	3,149,739,843	8,731,465,120	3,526,111,612	4,055,697,792	7,581,809,404

18.3.1 Bank Loans

	As at 01.04.2017 Rs.	Loans Obtained Rs.	Interest Charge Rs.	Repayments Rs.	As at 31.03.2018 Rs.
Commercial Bank of Ceylon PLC	2,407,965,538	-	265,017,811	(694,637,650)	1,978,345,699
Sampath Bank PLC	805,342,997	-	87,100,704	(227,185,776)	665,257,925
Hatton National Bank PLC	736,665,647	-	82,152,303	(270,292,436)	548,525,514
Short term Loan - Nations Trust Bank PLC	-	750,000,000	12,015,000	(10,399,110)	751,615,890
Short term Loan - Cargills Bank	-	250,000,000	8,758,368	(258,758,369)	-
Short term Loan - Hatton National Bank PLC	-	300,000,000	9,001,397	(6,083,918)	302,917,479
	3,949,974,182	1,300,000,000	464,045,583	(1,467,357,259)	4,246,662,507

18.3.2 Loans due to Related Parties

	As at 01.04.2017 Rs.	Temporary Finance Obtained Rs.	Interest Charge Rs.	Repayments Rs.	As at 31.03.2018 Rs.
Asiri Surgical Hospital PLC	607,071,625	-	54,127,315	(188,627,926)	472,571,014
Asiri Diagnostics Services (Pvt) Ltd	234,076,979	-	26,090,978	(25,982,961)	234,184,996
Asiri Central Hospital Ltd	2,021,329,314	85,000,000	233,748,116	(229,664,143)	2,110,413,287
	2,862,477,918	85,000,000	313,966,409	(444,275,030)	2,817,169,297

Notes to the Financial Statements

18.3.3 Finance Lease

	As at 01.04.2017	Obtained During the Year	Repayments	As at 31.03.2018
	Rs.	Rs.	Rs.	Rs.
Commercial Bank of Ceylon PLC	40,897,795	-	(10,224,449)	30,673,346
Nations Trust Bank PLC	5,836,820	-	(1,429,428)	4,407,392
Gross Liability	46,734,615	-	(11,653,877)	35,080,738
Finance Charges Allocated to Future Periods				
Commercial Bank of Ceylon PLC	(7,850,542)	-	3,251,587	(4,598,955)
Nations Trust Bank PLC	(1,240,257)	-	501,650	(738,607)
Net Liability	37,643,816	-	(7,900,640)	29,743,176

18.4 Long Term Loan Details

Details of the Long Term Loans	Approved Facility Rs.	Repayment Terms	Security	Security Amount Rs.
Sampath Bank PLC	363 Mn	60 equal monthly installments of Rs. 6,050,000/- commencing the month after disbursement	Corporate Guarantee by Asiri Surgical Hospital PLC	363 Mn
Commercial Bank of Ceylon PLC	377.6 Mn	71 equal monthly installments of Rs.5,107,000/- each and final installment of Rs.5,085,000/- together with interest	Primary Concurrent Mortgage Bond No 2365/1447 and 1559/357 totalling of Rs. 160 Mn over hospital property at No 181, Kirula Road, Narahenpita owned by Asiri Hospital Holdings PLC covering Bank's interest to the extent of Rs. 100 Mn. (Bank of Ceylon Interest - Rs. 60 Mn)	100 Mn
			Secondary Mortgage Bond No 963 for Rs. 275 Mn over the above hospital property.	275 Mn
Commercial Bank of Ceylon PLC	536 Mn	95 equal monthly installments of Rs.5,584,000/- each and final installment of Rs.5,520,000/- together with interest	Corporate Guarantee of Asiri Surgical Hospital for Rs.550 Mn	550 Mn
Commercial Bank of Ceylon PLC	2401.9 Mn	95 equal monthly installments of Rs.25,025,000/- and a final installment of Rs. 24,591,000/- together with interest	Primary Mortgage Bond No 3919 over 74,454,026 shares of Central Hospital Limited for Rs. 2,225 Mn	2,225 Mn
Sampath Bank PLC	670 Mn	119 equal monthly installments of Rs. 5,600,000 and a final installment of Rs. 3,600,000 commencing from the month following the disbursement of the loan to be served monthly with interest.	Securitisation of all future credit/debit card receivable of the company.	670 Mn
			Loan agreement for Rs. 670 Mn.	
			Assignment over credit /debit card receivable of the company and future debit /credit card receivable.	
Hatton National Bank PLC	750 Mn	48 equal monthly installments of Rs.15,625,000/- together with interest	Clean Facility	

Notes to the Financial Statements

19. Amounts due on Leasehold Property

	GROUP		COMPANY	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Payable to Board of Investment of Sri Lanka	26,128,667	30,200,667	-	-
	26,128,667	30,200,667	-	-

19.1 Group

	2018 Amount Repayable Within 1 Year Rs.	2018 Amount Repayable Within 2-5 Years Rs.	2018 Amount Repayable After 5 Year Rs.	2018 Total Rs.	2017 Total Rs.
	Payable to the Board of Investment of Sri Lanka On Leasehold Land	4,072,000	16,288,000	5,768,667	26,128,667
	4,072,000	16,288,000	5,768,667	26,128,667	30,200,667

19.2 Terms of Repayment - Board of Investment of Sri Lanka (BOI)

19.2.1 An annual sum equivalent to 4% of the total market value of leasehold land (Rs.101,800,000/-) as at the date of the lease agreement, over a period of 25 years commencing from the financial year 2000/2001.

19.2.2 BOI reserves the right to revise the annual lease rent every 05 years on the basis of an annual increase not greater than the Average Weighted Deposit Rate prevailing at the end of each year as determined by the Central Bank of Sri Lanka or 10%, per annum which ever is lower. Accordingly, BOI has increased the annual lease rent by 5% in the financial year 2009/10. Accordingly, the finance cost amounting to Rs. 203,600/- has been recognised as an expense each year from year 2010/11.

If BOI exercises same right, at the end of 5 years and every 5 years thereafter at the maximum allowed rate of 10%, the Company would have to incur a gross liability of Rs.32,964,876/- including future finance costs of Rs. 4,460,876/-.

All payments are subject to taxes prevailing at the time of payment.

Notes to the Financial Statements

20. Deferred Tax Assets and Liabilities

20.1 Group

	2018 Rs.	2017 Rs.
Net Deferred Tax Liability		
At the Beginning of the Year	164,344,016	223,066,308
Charge recognised in Statement of Profit or Loss (Note 6)	178,547,932	(87,492,794)
Charge recognised in Statement of Other Comprehensive Income (Note 6)	969,400,381	28,770,502
At the End of the Year	1,312,292,329	164,344,016

The closing deferred tax asset and liability balances relates to the following.

	Liabilities		Assets	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Revaluation of Investment Property and Property Plant and Equipment	1,192,011,610	183,558,541	-	43,432,618
Accelerated Depreciation for Tax Purpose	408,193,264	122,760,663	-	40,882,042
Employee Benefit Liabilities	(113,165,410)	(34,412,815)	-	(17,129,898)
Losses Available for off set against Future Taxable Income	(174,747,135)	-	-	(174,747,135)
	1,312,292,329	271,906,389	-	(107,562,373)

20.2 Company

	2018 Rs.	2017 Rs.
Net Deferred Tax Liability		
At the beginning of the Year	71,122,763	58,753,870
Reversal Recognised in Statement of Profit or Loss (Note 6)	92,070,333	7,731,100
Reversal Recognised in Statement of Other Comprehensive Income (Note 6)	468,465,233	4,637,793
At the End of the Year	631,658,329	71,122,763

Notes to the Financial Statements

20. Deferred Tax Assets and Liabilities (Contd..)

The closing deferred tax asset and liability balances relates to the following:

	2018 Rs.	2017 Rs.
Revaluation of Property Plant and Equipment	488,661,666	15,480,903
Accelerated Depreciation for Tax Purpose	194,373,587	74,551,686
Employee Benefit Liabilities	(51,376,924)	(18,909,826)
	631,658,329	71,122,763

Group is liable to pay income tax at 28% on its profits commencing from 1 April 2018 in accordance with New Inland Revenue Act No 24 of 2017 which was made effective from 1 April 2018. Hence Deferred tax liabilities have been measured considering the tax rate of 28% other than for Central Hospital Ltd which is on BOI tax concession for 15%.

21. Post Employment Benefit Liability**21.1 Retirement Benefit Obligations- Gratuity**

	GROUP		COMPANY	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Defined Benefit Obligation at the beginning of the year	400,972,781	351,282,058	157,581,884	145,531,157
Interest on Retirement Benefit Liability	50,398,757	38,641,026	19,918,350	16,008,427
Current Service Cost	47,291,309	42,203,482	16,477,192	14,345,247
Actuarial Loss/(Gain) for the Year	8,708,294	21,512,233	16,841,181	11,501,970
Benefit paid during the Year	(41,698,789)	(52,666,018)	(27,329,591)	(29,804,917)
Defined Benefit Obligation at the end of the year	465,672,352	400,972,781	183,489,016	157,581,884
Charge for the period				
Interest Charge for the Year	50,398,757	38,641,026	19,918,350	16,008,427
Current Service Cost	47,291,309	42,203,482	16,477,192	14,345,247
Actuarial Loss/ (Gain) for the Year	8,708,294	21,512,233	16,841,181	11,501,970
	106,398,360	102,356,741	53,236,723	41,855,644

Notes to the Financial Statements

21.2 Messrs. Actuarial and Management Consultants (Pvt) Ltd, Actuaries, carried out an actuarial valuation for Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC, Central Hospital Ltd, Asiri Diagnostics Services (Pvt) Ltd and Asiri Hospital Matara (Pvt) Ltd of the defined benefit plan gratuity as at 31 March 2018. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used are as follows:

Principal Actuarial Assumption

The principal financial assumptions underlying the valuation are as follows:

	2018	2017
Discount Rate	10% p.a	12.50% - 12.70% p.a
Salary Increase Rate	7.5% p.a	9% p.a
Staff Turnover Rate	Up to 50 years - 55 years 12% - 28%	Up to 50 years - 55 years 10% - 28%

The demographic assumptions underlying the valuation are retirement age of 55 years.

The Company will continue as a Going Concern.

21.3 In order to illustrate the significance of the salary escalation rates and discount rates assumed in this valuation a sensitivity analysis of all employees in Asiri Hospital Holdings PLC is as follows;

	COMPANY	
	2018	2017
Discount Rate as at 31 March		
Effect on Retirement Benefit Obligation due to 1% increase in Discount Rate	(4,843,442)	(4,437,545)
Effect on Retirement Benefit Obligation due to 1% decrease in Discount Rate	5,163,343	4,759,511
Salary Escalation Rate as at 31 March		
Effect on Retirement Benefit Obligation due to 1% increase in Salary Escalation rate	6,078,544	5,593,888
Effect on Retirement Benefit Obligation due to 1% decrease in Salary Escalation rate	(5,796,346)	(5,298,363)

Notes to the Financial Statements

21. Post Employment Benefit Liability (Contd..)

21.4 In order to illustrate the significance of the salary escalation rates and discount rates assumed in this valuation a sensitivity analysis of all employees in Asiri Hospital Holdings PLC and It's Subsidiaries including Asiri Surgical Hospital PLC, Asiri Hospital Matara (Pvt) Ltd, Central Hospital Ltd and Asiri Diagnostics Services (Pvt) Ltd is as follows;

	GROUP	
	2018	2017
Discount Rate as at 31 March		
Effect on Retirement Benefit Obligation due to 1% Increase In Discount Rate	(12,482,668)	(11,540,307)
Effect on Retirement Benefit Obligation due to 1% Decrease In Discount Rate	13,248,968	12,338,756
Salary Escalation Rate as at 31 March		
Effect on Retirement Benefit Obligation due to 1% Increase in Salary Escalation Rate	15,564,511	14,428,819
Effect on Retirement Benefit Obligation due to 1% Decrease in Salary Escalation Rate	(14,859,135)	(13,705,054)

21.5 The following payments are expected contributions to the defined benefit plan in future years:

	GROUP		COMPANY	
	2018	2017	2018	2017
	Rs.	Rs.	Rs.	Rs.
Within the next 12 Months	152,227,650	119,713,301	65,174,954	56,327,375
Between 1 to 2 Years	137,274,188	113,165,317	48,843,193	37,797,895
Between 3 to 5 Years	114,000,874	101,374,397	42,871,698	35,962,493
Between 6 to 10 Years	52,240,809	52,511,587	22,233,104	21,145,149
Beyond 10 Years	9,928,831	14,208,179	4,366,066	6,348,972
Total Expected Payments	465,672,352	400,972,781	183,489,015	157,581,884

22. Trade and Other Payables

	GROUP		COMPANY	
	2018	2017	2018	2017
	Rs.	Rs.	Rs.	Rs.
22.1 Trade and Other Creditors				
Trade Payables	547,318,084	426,412,565	87,036,134	118,426,078
Trade Payable - Related Parties (Note 22.3)	22,064,457	13,473,852	4,075,494	2,394,128
	569,382,541	439,886,417	91,111,628	120,820,206

Notes to the Financial Statements

	GROUP		COMPANY	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
22.2 Other Payables				
Sundry Creditors Including Accrued Expenses	313,770,899	300,051,679	60,718,367	53,811,181
Other Payable Related Parties (Note 22.4)	-	-	28,027,614	23,936,028
	313,770,899	300,051,679	88,745,981	77,747,209
	883,153,440	739,938,096	179,857,610	198,567,415

22.3 Trade Payable - Related Parties

	Relationship	GROUP		COMPANY	
		2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Asiri-AOI Cancer Centre (Pvt)Ltd	Joint Venture	2,281,861	-	-	-
Digital Health (Pvt)Ltd	Associate	539,873	-	-	-
Softlogic Holdings PLC	Parent Company	-	302,588	-	65,780
Softlogic BPO Services (Pvt) Ltd	Group Company	6,429,553	84,520	1,816,244	-
Softlogic Communications (Pvt) Ltd	Group Company	150,610	47,940	100,973	7,990
Softlogic Corporate Services (Pvt) Ltd	Group Company	1,746,668	1,941,315	17,602	246,086
Softlogic Finance PLC	Group Company	594,446	866,886	-	-
Softlogic Mobile Distribution (Pvt) Ltd	Group Company	262,944	66,220	-	12,320
Softlogic Computers (Pvt) Ltd	Group Company	2,630,590	1,048,444	1,228,978	58,765
Softlogic Information Technologies (Pvt) Ltd	Group Company	5,142,287	2,580,511	909,246	714,183
Softlogic Retail (Pvt) Ltd	Group Company	2,130,313	6,186,337	-	1,289,004
Future Automobiles (Pvt) Ltd	Group Company	2,451	239,803	2,451	-
Softlogic Automobiles (Pvt) Ltd	Group Company	143,456	109,288	-	-
Nextage (Pvt) Limited	Group Company	9,405	-	-	-
		22,064,457	13,473,852	4,075,494	2,394,128

Notes to the Financial Statements

22. Trade and Other Payables (Contd..)

22.4 Other Payable - Related Parties

	Relationship	GROUP		COMPANY	
		2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Asiri Surgical Hospital PLC	Subsidiary	-	-	9,933,292	9,604,636
Asiri Diagnostics Services (Pvt) Ltd	Subsidiary	-	-	11,338,836	9,272,459
Central Hospital Ltd	Subsidiary	-	-	5,188,823	2,846,748
Asiri Hospital Matara (Pvt) Ltd	Subsidiary	-	-	558,163	1,212,187
Asiri Laboratories (Pvt) Ltd	Subsidiary	-	-	1,000,000	1,000,000
Asiri Central Hospital Ltd	Subsidiary	-	-	8,500	-
		-	-	28,027,614	23,936,030

Outstanding current account balances as at the year end are unsecured, non-interest bearing and settlement occurs in cash.

23. Income Tax Payable

	GROUP		COMPANY	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Balance at Beginning of the Year	95,370,344	92,497,412	11,087,504	33,665,153
Provision for Income Tax During the Year (Note 6)	521,019,499	264,698,779	208,343,640	50,049,146
Payments made during the Year	(306,900,924)	(261,825,847)	(37,551,399)	(72,626,796)
Balance at the End of the Year	309,488,920	95,370,344	181,879,745	11,087,504

Notes to the Financial Statements

24. Cash and Cash Equivalents in the Cash Flow Statement**Components of Cash and Cash Equivalents**

	GROUP		COMPANY	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
24.1 Favourable Cash and Cash Equivalents Balance				
Cash at Banks and On Hand	435,268,342	807,828,376	49,506,598	535,703,167
Short Term Deposits - Reverse Repurchase Agreements	862,071,369	265,000,000	564,208,562	-
	1,297,339,711	1,072,828,376	613,715,160	535,703,167
24.2 Unfavourable Cash and Cash Equivalents Balance				
Bank Overdraft (Note 18)	(1,682,704,318)	(1,224,505,295)	(1,637,890,139)	(731,713,488)
Total Cash and Cash Equivalents for the Purpose of the Cash Flow Statement	(385,364,607)	(151,676,919)	(1,024,174,979)	(196,010,321)

25. Commitments and Contingencies**25.1 Capital Expenditure and Other Commitments****25.1.1 Capital Expenditure Commitments**

There were no material commitments outstanding as at 31 March 2018 for future capital expenditure except for the below,

	2018 Rs.	2017 Rs.
Capital Expenditure Commitments	1,783,994,737	1,832,798,814
	1,783,994,737	1,832,798,814

25.2 Contingent Liabilities**(a) Legal Claims**

Pending litigations against Asiri Hospital Holdings PLC and Asiri Surgical Hospital PLC, Central Hospital Ltd with a maximum liability of Rs. 41 Mn, Rs. 100 Mn and 100 Mn respectively exist as at the reporting date. (2017 - Asiri Hospital Holdings PLC - Rs. 41 Mn, Asiri Surgical Hospital PLC - Rs. 100 Mn, Central Hospital Ltd - Rs. 100 Mn)

In addition,

- 1) H.C. (Civil) 417/2015/MR- Krishnan Thangaraj Vs. Asiri Central Hospitals Ltd, Oraz International Property Developers and Construction (Pvt) Ltd and H.G. Shalika Perera relating to a permanent injunction restraining the payment of any commission on the sale of the land and premises bearing Assessment No.37, Horton Place, Colombo 07 to P.P.M. Edwards. An Enjoining Order was issued restraining above at the First instance.

Notes to the Financial Statements

25. Commitments and Contingencies (Contd..)

- 2) D.C. L/12652 - Mrs. Shriyalatha Ranatunga vs Asiri Hospital Matara (Pvt) Ltd, dispute between the parties regarding the west boundary of the land. Answer was filed by the counsel for the Defendant
- 3) LT/M/26/53/2016 - Mrs. Lalitha Gamaethige vs. Asiri Hospital Matara (Pvt) Ltd, The Applicant had filed an application in the Labour Tribunal of Matara alleging the wrongful termination of her services by the company. When this matter was taken up on aforesaid date, the evidence of the Labour Officer was completed.

Based on the information currently available the management is in the view that the ultimate resolution of such legal procedures would not likely to have a material adverse effect on the result of the operations, financial position or liquidity of the company. Accordingly, no provision for any liability has been made in these financial statements.

(b) Guarantees

The respective Group Companies have signed Corporate Guarantee Bonds with the following banks securing the following banking facilities obtained by the Group.

	GROUP		COMPANY	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Sampath Bank PLC	899,000,000	899,000,000	436,000,000	436,000,000
Nations Trust Bank PLC	-	200,000,000	-	-
Hatton National Bank PLC	580,000,000	580,000,000	250,000,000	250,000,000
Commercial Bank of Ceylon PLC	3,449,000,000	5,858,460,000	2,899,000,000	3,552,460,000
Bank of Ceylon	200,000,000	200,000,000	200,000,000	200,000,000
Cargills Bank Limited	-	250,000,000	-	-
	5,128,000,000	7,987,460,000	3,785,000,000	4,438,460,000

25.3 Contingent Income Taxes

A dispute has arisen with the Department of Inland Revenue with regard to the applicability of the income tax exemption in terms of the agreement entered between Asiri Surgical Hospital PLC and the Board of Investment of Sri Lanka (BOI) in 2000. Since there is litigation in the Court of Appeal in CA (Writ) 386/ 2016 with regard to this matter, in accordance with Paragraph 92 of LKAS 37, we are unable to provide further information on this and associated risks, in order not to impair the outcome and/or prejudice the Company's position in this matter. The aforesaid matter is coming up for argument on 18th of July 2018 at the Court of Appeal.

Notes to the Financial Statements

26. Assets Pledged

The following assets have been pledged as security for liabilities.

Nature of Assets	Nature of liability	GROUP		COMPANY	
		Carrying Amount Pledged	Carrying Amount Pledged	Carrying Amount Pledged	Carrying Amount Pledged
		2018	2017	2018	2017
		Rs.	Rs.	Rs.	Rs.
Investment	Primary Mortgage Bond for loans and borrowings	7,115,692,216	7,113,304,669	7,115,692,216	7,113,304,669
Total Movable and Immovable Properties	Primary/Secondary Mortgage Bond for loans and borrowings	7,800,400,000	6,410,075,000	2,390,000,000	1,362,075,000
Inventories and Trade Debtors	Hypothecation Bond for Bank Overdraft	538,556,888	473,939,569	-	-
		15,454,649,104	13,997,319,238	9,505,692,216	8,475,379,669

27. Events Occurring after the Reporting Date

There have been no material events occurring after the reporting date that require adjustments to or disclosure in the Financial Statements.

Notes to the Financial Statements

28. Related Party Disclosures

Details of significant related party disclosures are as follows.

28.1 Transactions with Related Entities

	GROUP		COMPANY	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Subsidiaries				
Opening Balance 01 April	-	-	(2,491,024,541)	(2,332,051,131)
Repayment of Temporary Finance Obtained, Fund Transfers and Interest Charged	-	-	(396,984,985)	(440,109,961)
Interest Charged	-	-	286,716,919	247,466,750
Sale/(Purchase) of Goods/Services	-	-	51,360,111	4,626,621
Channelling Fee Collected by Related Party/ (Company on Behalf of the Related Party)	-	-	4,847,268	4,250,062
Expenses incurred by the Company on Behalf of Related Party	-	-	337,348,294	24,793,117
Closing Balance 31 March	-	-	(2,207,736,934)	(2,491,024,541)
Associate/Joint Venture				
Opening Balance 01 April	-	-	-	-
Sale/(Purchase) of Goods/Services	18,678,758	-	5,317,165	-
Closing Balance 31 March	18,678,758	-	5,317,165	-
Parent Entity				
Opening Balance 01 April	(262,118)	116,777,842	-	-
Repayment of Temporary Finance Obtained, Fund Transfers	40,337,264	(228,443,914)	-	67,446,048
Interest charges on Funds transfers	-	9,350,143	-	-
Sale/(Purchase) of Goods/Services	(29,637,778)	96,711,019	1,457,190	(67,511,829)
Expenses incurred by the Company on Behalf of Related Party	(1,816,244)	5,342,792	(1,816,244)	-
Closing Balance 31 March	8,621,124	(262,118)	(359,054)	(65,781)
Balance as at 31 March	27,299,882	(262,118)	(2,208,095,988)	(2,491,090,322)
Included Under Trade Receivables (Note 15.3)	46,467,717	40,470	40,668,684	12,826,008
Included Under Other Receivables (Note 15.4)	2,896,624	-	600,507,733	382,563,398
Included Under Interest Bearing Loans and Borrowings (Note 18.3)	-	-	(2,817,169,295)	(2,862,477,917)
Included Under Trade Payables (Note 22.3)	(22,064,459)	(302,588)	(4,075,495)	(65,780)
Included Under Other Payables (Note 22.4)	-	-	(28,027,615)	(23,936,030)
	27,299,882	(262,118)	(2,208,095,988)	(2,491,090,322)

Notes to the Financial Statements

28.2 Management fees paid to Softlogic Holdings PLC amounted to Rs.15,024,492/- in the current financial year. (2017 - Rs.13,774,287/-).

28.3 Management fees received from Asiri Diagnostic Services (Pvt) Ltd amounted to Rs. 7,200,000/- in the current financial year. (2017 - Rs.7,200,000/-).

28.4 The Company carried out transactions in the ordinary course of its business on an arm's length basis with parties who are defined as related parties in Sri Lanka Accounting Standard LKAS 24 - Related party disclosure.

28.5 Compensation of Key Management personnel*

	GROUP		COMPANY	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
a) Short Term Employee Benefits	43,475,500	42,840,000	37,055,500	21,579,356
	43,475,500	42,840,000	37,055,500	21,579,356

* Key management personnel include Board of Directors of Asiri Hospital Holdings PLC and its Subsidiary Companies

b) The Directors of the Company hold 381,088 shares of Asiri Hospital Holdings PLC as at 31 March 2018. (2017- 380,738)

c) As at 31 March 2018, Softlogic Holdings PLC, Softlogic Finance PLC and Softlogic Life Insurance PLC hold 586,858,799 shares (2017 - 579,117,217) of the Company.

Notes to the Financial Statements

28. Related Party Disclosures (Contd..)

d) Name of the Related Party	Details of Transactions	GROUP		COMPANY	
		Goods and Services (Obtained)/ Rendered 2018 Rs.	Goods and Services (Obtained)/ Rendered 2017 Rs.	Goods and Services (Obtained)/ Rendered 2018 Rs.	Goods and Services (Obtained)/ Rendered 2017 Rs.
Softlogic Computers (Pvt) Ltd	Purchase of Computers and Accessories	(11,647,147)	(11,645,847)	(6,928,852)	(7,110,609)
Softlogic Holdings PLC	Technical fees, hiring charges and repairs	(21,416,742)	(72,854,620)	(26,809,530)	(67,511,828)
Softlogic Information Technologies (Pvt) Ltd	Software Maintenance Charges	(49,049,652)	(43,043,837)	(22,564,147)	(31,779,039)
Softlogic Automobiles (Pvt) Ltd	Motor Vehicle Repair, Purchase of Ambulance	(43,526,325)	(24,945,109)	(11,055,413)	(726,695)
Softlogic Communications (Pvt) Ltd	Purchase of Mobile Phones	(1,581,469)	(544,742)	(798,340)	(148,740)
Softlogic Corporate Services (Pvt) Ltd	Secretarial Services	(4,673,132)	(8,403,906)	(2,359,845)	(3,030,798)
Softlogic Retail (Pvt) Ltd	Repair and Purchase of Furniture and Stationary, Electronic Equipments	120,443,027	(65,775,479)	(18,823,388)	(36,904,908)
Asian Alliance Insurance PLC	Sales of blood, drugs, insurance payments and others - up to 30 September 2016	-	(32,402,892)	-	(8,285,957)
Future Automobiles (Pvt) Ltd	Purchase of Motor Vehicles	(10,571,582)	(67,584,587)	(7,484,440)	(22,579,070)
Softlogic BPO Services (Pvt) Ltd	System Maintenance Charges	(79,046,764)	(64,819,529)	(24,028,227)	(16,805,665)
Softlogic Brands (Pvt) Ltd	Purchase of Furniture	(125,673)	-	(125,673)	-
Softlogic Finance PLC	Purchase of Motor Vehicles	(7,771,170)	(12,417,671)	-	-
Softlogic Mobile Distribution (Pvt) Ltd	Purchase of Mobile Phones and Repairs	(101,780)	(1,596,272)	(101,780)	(884,453)
Softlogic Life Insurance PLC	Patient Medical Insurance cover	93,475,433	68,337,017	29,033,212	47,213,572
Softlogic Restaurants (Pvt) Ltd	Rent Income	8,021,216	6,804,699	-	-
Softlogic Destination Management (Pvt) Ltd	Air ticketing Services	(99,800)	(256,100)	-	-
Digital Health (Pvt) Ltd	Maintenance and Data Connection Charges	(3,116,393)	(1,091,560)	(1,173,000)	-
Nextage (Pvt) Ltd	Commision paid on advertising	(243,039)	(286,261)	-	-

Notes to the Financial Statements

d) Name of the Related Party	Details of Transactions	GROUP		COMPANY	
		Goods and Services (Obtained)/ Rendered 2018 Rs.	Goods and Services (Obtained)/ Rendered 2017 Rs.	Goods and Services (Obtained)/ Rendered 2018 Rs.	Goods and Services (Obtained)/ Rendered 2017 Rs.
Softlogic International (Pvt) Ltd	Asset Purchases	(228,154)	-	(228,154)	-
Softlogic City Hotels (Pvt) Ltd	Hotel Charges	(331,105)	-	(331,105)	-
Softlogic Communication Services (Pvt) Ltd	Repair Charges	(171,945)	-	(171,945)	-
		(11,762,196)	(332,526,697)	(93,950,626)	(148,554,190)

28.6 Off Balance Sheet Items**Company**

a) Guarantees made by Asiri Hospital Holdings PLC, has been given in Note 25.2.(b) to these Financial Statements.

Asiri Hospital Holdings PLC has granted Corporate Guarantees to Sampath Bank PLC, Hatton National Bank PLC, Commercial Bank of Ceylon PLC and Bank of Ceylon for the individual loans and permanent overdraft facilities to secure the banking facilities obtained by the Subsidiaries for the value of Rs. 436 Mn, Rs. 250 Mn, Rs 2,899 Mn and Rs. 200 Mn respectively.

b) Refer Note 26 to these Financial Statements for assets pledged by Asiri Hospital Holdings PLC in order to obtain loans.

Group

a) Guarantees made by Group of Asiri Hospital Holdings PLC, has been given in Note 25.2.(b) to these Financial Statements.

Asiri Hospital Holdings PLC and It's Subsidiaries has granted Corporate Guarantees to Sampath Bank PLC, Hatton National Bank PLC, Commercial Bank of Ceylon PLC, Bank of Ceylon for the individual loans and permanent overdraft facilities to secure the banking facilities obtained by the Subsidiaries for the value of Rs. 899 Mn, Rs. 580 Mn, Rs. 3,449 Mn and Rs. 200 Mn respectively.

b) Refer Note 26 to these Financial Statements for assets pledged by Asiri Hospital Holdings PLC Group in order to obtain the loans.

28.7 Other Transactions**Company**

The shareholders of the Company are eligible for discounts up to 50% on the hospital bills excluding the charges for drugs, medical consumables, professional fees and blood charges up to a limit of 12.5% per annum, of the nominal value of the shares held for a minimum period of three months. Discounts are also given on investigation on out patients channeling such as on Laboratory, MRI, X-Ray, ECG, Ultrasound Scanning and others provided by the Company.

This facility is extended to the shareholder and three nominees, subject to the above limit.

Notes to the Financial Statements

29. Financial Risk Management Objectives and Policies

Risk is associated with any business. The type of risk and the degree to which it affects a particular business varies. Uncertainties provide both risk and opportunity with a potential to erode or enhance the enterprise value. The Board of Directors is mindful of these uncertainties and through the Management at various levels have put in place adequate systems to identify the probable occurrence of such risks in advance and to exercise mitigating measures to minimise the impact.

The key Financial Risks include Credit Risk, Interest Rate Risk, Legal Risk, Foreign Exchange Risk, Investment Risk and Liquidity Risk. Managing these risks is part of the Company's risk management process.

Mechanisms adopted by the Company in managing eventual impact of such risk are given below.

Credit Risk

The Company admit patients on placement of a deposit or in an emergency, even without a deposit. Further, the hospital admit patients who are corporate clients. There is a risk of a patient not having adequate funds to settle his / her bill at the time of discharge. In order to mitigate such risk, the Company issues interim bills to the patients requesting periodic bill settlement. Further there is a risk of corporate clients' payments being delayed or not being paid. The Company evaluates credit worthiness of companies before granting credit facilities to corporate clients in order to minimise the non-collection of bills.

Interest Rate Risk

Interest rate risk is the Company's exposure to adverse movement in interest rates. The Company has obtained multiple facilities from various banks for working capital, capital expenditure and investment at varying terms and conditions. The finance function negotiate with banks and finance institutions to get the best interest rates and favourable terms for both long and short term borrowing facilities.

Legal Risk

Legal risks are those risks resulting from legal consequences of transactions, with inadequate documentation, legal or regulatory issues and other factors that may result in contracts with counter parties becoming unenforceable causing unexpected financial losses. In addition to complying with the Colombo Stock Exchange, Securities and Exchange Commission and Companies Act disclosure requirements, the Company also complies with Sri Lanka Accounting Standards.

Foreign Exchange Risk

Foreign Exchange Risk is the Company's exposure to adverse movement in foreign currency against the Sri Lankan Rupee.

Investment Risk

A common uncertainty associated with investments is that they may not provide the desired returns. The Company invests substantial sums in capital expenditure for expansion and new services in addition to investments in other companies. Returns on such investments are closely monitored and benefits are periodically evaluated.

Liquidity Risk

Cash flow forecasting is performed by the finance division. The Finance division monitor rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Company's covenant compliance and compliance with internal balance sheet ratio targets.

Notes to the Financial Statements

The maturity profile of the company's financial liabilities are as follows :

	0-12 Months	1-5 years	>5 years	Total
2018				
Interest Bearing Loans and Borrowings	2,013,979,746	7,538,865,339	1,421,836,030	10,974,681,116
Trade and other Payables	883,153,440	-	-	883,153,440
Amount due on Leasehold Property	4,072,000	16,288,000	5,768,667	26,128,667

	0-12 Months	1-5 years	>5 years	Total
2017				
Interest Bearing Loans and Borrowings	2,100,579,948	8,075,753,431	1,601,891,776	11,778,225,155
Trade and Other Payables	883,153,440	-	-	883,153,440
Amount due on Leasehold Property	4,072,000	16,288,000	9,840,667	30,200,667

Undrawn loan facilities of the company's financial liabilities are as follows :

Undrawn Facilities of the Group

Financial Institution	Undrawn Facility Amount as at 31.03.2018
Commercial Bank of Ceylon PLC	526,107,389
Sampath Bank PLC	293,705,094
Hatton National Bank PLC	262,201,461
Nations Trust Bank PLC	225,628,950
Bank of Ceylon	200,000,000
Cargills Bank	50,762
	1,507,693,657

Shareholder Information

The Ordinary shares of the Company are listed in the Colombo Stock Exchange of Sri Lanka. The Audited Financial Statements of the Company for the year ended March 31, 2018 and copies of this annual report have been submitted to the Colombo Stock Exchange

Distribution of Shareholders

Shareholdings	31 March 2018			31 March 2017		
	No of Shareholders	Total Holding	Total Holding %	No of Shareholders	Total Holding	Total Holding %
1 to 1,000 Shares	2,470	751,773	0.07	2,414	752,100	0.07
1001 to 10,000 Shares	1,747	7,062,214	0.62	1,779	7,255,707	0.64
10001 to 100,000 Shares	859	29,451,740	2.59	889	30,613,966	2.69
100001 to 1,000,000 Shares	206	51,591,515	4.54	215	52,825,905	4.64
Over 1,000,001 Shares	25	1,048,676,354	92.19	26	1,046,085,918	91.96
Total	5,307	1,137,533,596	100	5,323	1,137,533,596	100

Composition of Shareholders

Individual	5,156	122,571,366	11	5,180	129,836,369	11
Institutional	151	1,014,962,230	89	143	1,007,697,227	89
Total	5,307	1,137,533,596	100	5,323	1,137,533,596	100
Residence	5,266	710,291,688	62	5,281	708,814,821	62
Non-Residence	41	427,241,908	38	42	428,718,775	38
	5,307	1,137,533,596	100	5,323	1,137,533,596	100

	As at 31 March 2018	%	As at 31 March 2017	%
Softlogic Holdings PLC	504,957,858	44.39	498,696,347	43.84
Merrill Lynch Pierce Fenner & Smith-TPG Growth III SF Pte Ltd	328,258,328	28.86	328,258,328	28.86
HSBC International Nominees Ltd - Morgan Stanley and CO INTL PLC-OW	49,936,394	4.39	49,936,394	4.39
BNY-CF Ruffer Investment Fund : CF Ruffer Pacific Fund	36,148,930	3.18	36,148,930	3.18
Softlogic Holdings PLC A/C No 3	26,184,018	2.30	26,184,018	2.30
Softlogic Holdings PLC A/C No 2	26,184,018	2.30	26,184,018	2.30
Commercial Bank of Ceylon PLC/Softlogic Holdings PLC	16,452,405	1.45	16,452,405	1.45
Mr. Chaminda Dilantha Weerasinghe (Deceased)	9,375,000	0.82	9,375,000	0.82
Mr. P P Subasinghe	7,266,809	0.64	7,483,988	0.66
Union Bank of Colombo Ltd/Softlogic Holdings PLC	5,655,789	0.50	5,655,789	0.50
Softlogic Life Insurance PLC A/C 02 (Life Fund)	5,500,000	0.48	5,500,000	0.48

Shareholder Information

	As at 31 March 2018	%	As at 31 March 2017	%
Pictet and CIE (Europe) S.A.S/A Ruffer Sicav-Ruffer Global Smaller	4,000,000	0.35	4,000,000	0.35
CBHK S/A Platinum Broking Company Ltd	3,523,601	0.31	3,523,601	0.31
Dr. L. D. A. C. Luvis	3,441,720	0.30	3,441,720	0.30
Dr. W. M. S. Welagedara	3,375,000	0.30	3,375,000	0.30
Mr. A. U. Maniku	3,036,050	0.27	3,036,050	0.27
Mr. H. K. J. Dharmadasa	2,788,920	0.25	2,788,920	0.25
Mr. A. H. Weerasuriya	2,700,000	0.24	2,700,000	0.24
Mr. M. F. Hashim	2,055,360	0.18	2,055,360	0.18
Ms. Theja Thushari Weerasinghe	1,682,700	0.15	-	-
Softlogic Finance PLC	1,467,834	0.13	-	-
Estate of Mr. Tissa Weerasinghe	-	-	3,000,000	0.26
	1,043,990,734	91.78	1,037,795,868	91.23
Shares Held by the Balance Shareholdings	93,542,862	8.22	99,737,728	8.77
Total Issued Shares	1,137,533,596	100.00	1,137,533,596	100.00
Public Shareholding	222,035,381	19.52%	230,221,953	20.24%
Total Number of Public Shareholders	5,295		5,318	

Share Trading

	2017/18	2016/17
Market Prices (Rs.)		
Highest (02-Oct-17)	29.00	32.50
Lowest (26-Mar-18)	23.00	23.20
As at Year end (29-Mar-18)	27.50	25.80
No of Trades		
No of Shares Traded	2,211	2,771
Value of Shares Traded (Rs.)	12,594,870	107,968,126
Market Capitalisation (Rs.)	318,782,936	2,753,326,005
	31,282,173,890	29,348,366,777
Earnings per Share		
Earnings per Share	1.53	0.90
Dividend per Share	0.60	0.95
Net Assets per Share	6.59	5.64
P/E Ratio	17.97	28.55

Five Year Summary

Year ended 31 March	2018 Rs.'000	2017 Rs.'000	2016 Rs.'000	2015 Rs.'000	2014 Rs.'000
Income Statement					
Revenue	12,025,178	10,396,219	9,952,385	8,593,473	7,962,485
Cost of Sales	(6,476,262)	(5,683,140)	(5,391,656)	(4,641,170)	(4,073,338)
Gross Operating Profit	5,548,916	4,713,079	4,560,729	3,952,303	3,889,147
Other Laboratory Income	89,716	97,661	89,308	60,847	57,521
Administration & Distribution Expenses	(2,653,562)	(2,446,357)	(2,591,220)	(2,288,248)	(2,029,621)
Profit from Operations	2,585,793	2,041,712	2,058,817	1,724,902	1,917,047
Other Income	821,163	80,820	83,074	73,682	89,468
Fair Value Adjustment of the Investment Property	-	-	-	513,364	83,690
Exchange Gain/(loss)	-	-	-	(47,321)	(138,100)
Share of Profit/(Loss) of Associate	(3,609)	(21,833)	-	-	-
Profit Before Interest & Tax	3,403,347	2,100,699	2,141,891	2,264,627	1,952,105
Finance Income	65,791	31,376	155,945	42,769	28,621
Finance Expenses	(869,506)	(834,867)	(715,050)	(564,008)	(606,361)
Profit Before Tax	2,599,632	1,297,208	1,582,787	1,743,388	1,374,365
Income Tax	(699,567)	(177,206)	(193,818)	(160,735)	(169,219)
Profit After Tax	1,900,064	1,120,002	1,388,969	1,582,653	1,205,146
Minority Interest	(161,545)	(91,984)	(206,590)	(165,919)	(254,557)
Profit after Minority Interest & Tax	1,738,519	1,028,019	1,182,378	1,416,734	950,589
Balance Sheet					
Property, Plant & Equipment	18,035,916	15,341,387	13,358,513	11,856,403	10,625,083
Investment Property	-	-	-	2,698,000	2,184,636
Investment in Associate	31,558	8,167	30,000	-	-
Intangible Assets	548,707	548,707	548,707	548,707	548,707
Financial Assets	345,762	349,972	407,624	598,882	430,999
Deferred Tax Assets	-	107,562	-	-	44,674
Inventories	523,341	515,311	444,058	381,062	354,587
Trade and Other Receivables	534,427	475,412	396,854	373,759	365,075
Other Current Assets	413,748	422,236	560,962	361,714	323,574
Loans Granted to Related Parties	-	-	116,845	149,564	275,269
Cash and Bank Balances	1,297,340	1,072,828	903,991	1,246,618	192,422
Total Assets	21,730,797	18,841,583	16,767,555	18,214,709	15,345,026

Five Year Summary

Year ended 31 March	2018 Rs.'000	2017 Rs.'000	2016 Rs.'000	2015 Rs.'000	2014 Rs.'000
Issued Share Capital	4,748,108	4,748,108	4,748,108	3,902,400	3,902,400
Reserves	2,376,640	2,311,857	1,685,824	1,593,240	1,336,064
Available for Sale Reserve	79,448	92,513	159,304	296,713	128,829
Reserve on Consolidation	(862,299)	(840,432)	(832,200)	(2,345,962)	(2,338,291)
Retained Earnings	1,149,357	100,010	170,703	2,575,322	1,731,408
Minority Interest	700,717	946,375	951,522	1,182,652	1,100,819
Total Equity	8,191,972	7,358,431	6,883,262	7,204,365	5,861,229
Amount due on Leasehold Property	22,057	26,129	30,201	34,273	38,344
Interest Bearing Long Term Liabilities	6,611,898	6,930,175	6,189,792	7,032,828	5,850,962
Deferred Tax	1,312,292	271,906	223,066	223,957	226,936
Deferred Liabilities	465,672	400,973	351,282	344,721	261,892
Trade Creditors	569,383	439,886	457,754	372,769	305,159
Other Payables	679,246	1,014,984	848,573	1,650,525	289,947
Amount payable in Lieu of Investment in Associate	-	-	30,000		
Amount due on Leasehold Property	4,072	4,072	4,072	4,072	4,072
Interest Bearing Borrowings & Bank Overdraft	3,874,204	2,395,027	1,749,551	1,347,199	2,506,485
Total Equity & Liabilities	21,730,797	18,841,583	16,767,555	18,214,709	15,345,026
Net Cash From Operating Activities	2,580,345	1,528,120	1,735,908	3,276,993	1,610,363
Net Cash Flows Used in Investing Activities	(1,879,670)	(2,099,832)	(178,812)	1,589,527	(2,667,789)
PBIT/Turnover (%)	22	21	23	27	25
GP Margin (%)	46	45	46	46	49
Return on Equity (%)	23	15	20	22	21
Return on Assets (%)	9	6	8	9	8
Dividend Pay Out (%)	39.26	105.12	182.7	38.76	63.95
Debts to Equity	1.28	1.27	1.15	1.16	1.43
Interest Cover	2.99	2.55	3.26	3.85	2.85
Quick Asset Ratio	0.44	0.51	0.64	0.63	0.37
Dividend per Share	0.60	0.95	1.94	0.50	0.55
Net Assets Value per Share	6.59	5.64	5.21	5.48	4.33
Earnings per Share	1.53	0.90	1.06	1.29	0.86

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Thirty Eighth Annual General Meeting of Asiri Hospital Holdings PLC will be held at Hotel Janaki, Fife Road, Colombo 05 on Friday the 14th day of September 2018 at 12.00 p.m. for the following purposes:

1. To receive and consider the Annual Report of the Board of Directors and Financial Statements of the Company and of the Group for the year ended 31st March 2018 together with the Report of the Auditors thereon.
2. To ratify the Interim Dividend of Rs. 0.60 per share paid on 29th March 2018 as the Final Dividend for the year ended 31st March 2018.
3. To re-elect Dr. S Selliah who retires by rotation in terms of Article 24(6) of the Articles of Association, as a Director of the Company.
4. To re-elect Dr. K M P Karunaratne who retires by rotation in terms of Article 24(6) of the Articles of Association, as a Director of the Company.
5. To re-elect Mr. A N Thadani who retires in terms of Article 24(2) of the Articles of Association, as a Director of the Company.
6. To pass the ordinary resolution set out below to re-appoint Mr. G L H Premaratne who is 70 years of age, as a Director of the Company.

"IT IS HEREBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. G L H Premaratne who is 70 years of age and that he be and is hereby re-appointed as a Director of the Company in terms of Section 211 of the Companies Act No. 07 of 2007".

7. To re-appoint Messrs Ernst & Young as the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.
8. To authorise the Directors to determine and make donations for the year ending 31st March 2019 and up to the date of the next Annual General Meeting.

By Order of the Board

Sgd.

Softlogic Corporate Services (Pvt) Ltd

Secretaries

Colombo
29 June 2018

Note:

A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy who need not be a member, to attend instead of him/her.

A Form of Proxy is enclosed in this Report.

The completed Form of Proxy should be deposited at the Registered Office of the Company, No. 181, Kirula Road, Colombo 05, not less than 48 hours before the time for holding the Meeting.

Form of Proxy

*I/We of
..... being* a member/ members of ASIRI HOSPITAL HOLDINGS PLC,
do hereby appoint of
..... or failing *him/her

Mr. A K Pathirage	of Colombo or failing him
Dr. S Selliah	of Colombo or failing him
Dr. K M P Karunaratne	of Colombo or failing him
Mr. G L H Premaratne	of Colombo or failing him
Mr. S A B Rajapaksa	of Colombo or failing him
Mr. J E Huxtable	of Colombo or failing him
Mr. V Bali	of India or failing him
Mr. A N Thadani	of India

as *my/our Proxy to represent *me/us and to speak and vote for *me/us on *my/our behalf at the 38TH ANNUAL GENERAL MEETING OF THE COMPANY to be held at Hotel Janaki, Fife Road, Colombo 05 at 12.00 p.m. on the 14th day of September 2018 and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

		For	Against
1.	To receive and consider the Annual Report of the Board of Directors and Financial Statements of the Company and of the Group for the year ended 31st March 2018 together with the Report of the Auditors thereon.		
2.	To approve the interim dividend of Rs. 0.60 per share paid on 29th March 2018 as the final dividend for the year ended 31st March 2018.		
3.	To re-elect Dr. S Selliah who retires by rotation in terms of Article 24(6) of the Articles of Association, as a Director of the Company.		
4.	To re-elect Dr. K M P Karunaratne who retires by rotation in terms of Article 24(6) of the Articles of Association, as a Director of the Company.		
5.	To re-elect Mr. A N Thadani who retires in terms of Article 24(2) of the Articles of Association, as a Director of the Company.		
6.	To pass the ordinary resolution set out below to re-appoint Mr. G L H Premaratne who is 70 years of age, as a Director of the Company. "IT IS HEREBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. G L H Premaratne who is 70 years of age and that he be and is hereby re-appointed as a Director of the Company in terms of Section 211 of the Companies Act No. 07 of 2007".		
7.	To re-appoint retiring Auditors Messrs Ernst & Young and to authorise the Directors to fix their remuneration.		
8.	To authorise the Directors to determine and make donations for the year ending 31st March 2019 and up to the date of the next Annual General Meeting.		

Signed this day of Two Thousand and Eighteen. *Signature/s :

Note:

- ◀ *Please delete the inappropriate words.
- ◀ Instructions as to completion are noted on the reverse hereof.
- ◀ The shareholders / proxy holders are requested to bring their National Identity Card or Passport when attending the meeting.

Form of Proxy

Instructions as to Completion

1. Kindly perfect the Form of Proxy after filling in legibly your full name and address and sign in the space provided. Please fill in the date of signature.
2. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy who need not be a member, to attend and vote instead of him. Please indicate with an "X" in the boxes provided how your Proxy is to vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.
3. In the case of a Corporate Member, the Form of Proxy must be completed under its Common Seal, which should be affixed in the manner prescribed by the Articles of Association.
4. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should also accompany the completed Form of Proxy, in the manner prescribed by the Articles of Association.
5. The completed Form of Proxy should be deposited at the Registered Office of the Company, No. 181, Kirula Road, Colombo 05, not less than forty eight (48) hours before the time appointed for the holding of the meeting.

Please provide the following details :

Shareholder's N.I.C./ Passport/ Company Registration No.	Shareholder's Folio No.	Number of Shares Held	Proxy Holder's N.I.C. No. (if not a Director)

Corporate Information

Name of the Company

Asiri Hospital Holdings PLC

Registered Office

181, Kirula Road, Colombo 05, Sri Lanka.

Office & Administrative Complex

Asiri Surgical Hospital PLC

21, Kirimandala Mawatha, Colombo 05, Sri Lanka.

Telephone : 0114524400

Email : info@asiri.lk

Web : www.asirihealth.com

Company Registration Number

PQ204

Legal Form

A quoted public company incorporated in Sri Lanka on 29th September 1980, under the Companies Act No.17 of 1982, with limited liability.

Re-registered on 30th September 2008 under the Companies Act No. 07 of 2007.

Stock Exchange Listing

The Ordinary Shares of the Company have been listed with the Colombo Stock Exchange since June 1986.

Directors

- ◀ Mr. A K Pathirage
- ◀ Dr. K M P Karunaratne
- ◀ Dr. S Selliah
- ◀ Mr. S A B Rajapaksa
- ◀ Mr. G L H Premaratne
- ◀ Mr. J E Huxtable
- ◀ Mr. V Bali
- ◀ Mr. A N Thadani

Audit Committee

Chairman

- ◀ Mr. S A B Rajapaksa - Independent Non-executive Director

Committee Members

- ◀ Mr. G L H Premaratne - Independent Non-executive Director
- ◀ Mr. J E Huxtable - Independent Non-executive Director

Frequency of Meetings

Committee meets quarterly

Remuneration Committee

Chairman

- ◀ Mr. G L H Premaratne - Independent Non-executive Director

Committee Members

- ◀ Dr. S Selliah - Independent Non-executive Director

Frequency of Meetings

Committee meets once a year

Related Party Transactions Review Committee

Chairman

- ◀ Mr. J E Huxtable - Independent Non-executive Director

Committee Members

- ◀ Mr. G L H Premaratne - Independent Non-executive Director
- ◀ Mr. S A B Rajapaksa - Independent Non-executive Director

Frequency of Meetings

Committee meets at least once a quarter

Subsidiary Companies

- ◀ **Central Hospital Ltd**
114, Norris Canal Road, Colombo 10.
- ◀ **Asiri Central Hospitals Ltd**
114, Norris Canal Road, Colombo 10.
- ◀ **Asiri Surgical Hospital PLC**
21, Kirimandala Mawatha, Colombo 5.
- ◀ **Asiri Diagnostics Services (Pvt) Ltd**
181, Kirula Road, Colombo 05.
- ◀ **Asiri Hospital Kandy (Pvt) Ltd**
21, Kirimandala Mawatha, Colombo 5.
- ◀ **Asiri Hospital Matara (Pvt) Ltd**
26, Esplanade Road, Uyanwatte, Matara.
- ◀ **Asiri Laboratories (Pvt) Ltd**
181, Kirula Road, Colombo 5.

Associate Companies

Digital Health (Pvt) Ltd

475, Union Place, Colombo 2.

Auditors

Messrs Ernst & Young

(Chartered Accountants)

201, De Saram Place, Colombo 10.

Secretaries

Messrs Softlogic Corporate Services (Pvt) Ltd

14, De Fonseka Place, Colombo 5.

Bankers

- ◀ Bank of Ceylon
- ◀ Cargills Bank PLC
- ◀ Commercial Bank of Ceylon PLC
- ◀ Hatton National Bank PLC
- ◀ Nations Trust Bank PLC
- ◀ Sampath Bank PLC



ASIRI HOSPITAL HOLDINGS PLC
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