

# ASiRi

HOSPITAL HOLDINGS PLC



ANNUAL REPORT 2011



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## Vision

To be a leading healthcare provider in the region through our strengths in wellness and patient care.

## Mission

To care for and improve the quality of human life through the provision of ethical clinical care and academic excellence.



A friendly and caring service



# Financial Highlights

Year Ended 31st March

## GROUP

### Operating Results

Revenue	Rs' 000	4,917,092	3,889,031	26%
Profit before Interest and Tax	Rs' 000	1,002,698	935,486	7%
Profit after Tax	Rs' 000	263,135	317,298	(17%)
Gross Profit Attributable to Equity Holders of the Parent	Rs' 000	190,796	184,458	3%

### Balance Sheet Highlights

Total Assets	Rs' 000	12,397,933	11,549,069	7%
Total Shareholders' Funds	Rs' 000	4,822,126	5,207,664	(7%)
Debt to Equity	%	137.7	105.9	30%

### Shareholder Information

Return on Total Equity	%	5	6	(10%)
Earnings per Share	Rs	0.21	0.21	0%
Net Asset per Share	Rs	5.42	5.86	(7%)
Price Earnings Ratio (PE)	Times	41	49	(17%)
Market Price as at 31st March	Rs	8.80	10.25	(14%)

		2011	2010	% Change
	Rs' 000	4,917,092	3,889,031	26%
	Rs' 000	1,002,698	935,486	7%
	Rs' 000	263,135	317,298	(17%)
	Rs' 000	190,796	184,458	3%
	Rs' 000	12,397,933	11,549,069	7%
	Rs' 000	4,822,126	5,207,664	(7%)
	%	137.7	105.9	30%
	%	5	6	(10%)
	Rs	0.21	0.21	0%
	Rs	5.42	5.86	(7%)
	Times	41	49	(17%)
	Rs	8.80	10.25	(14%)

\* Note : Adverse variances are indicated within brackets

### Operating Results

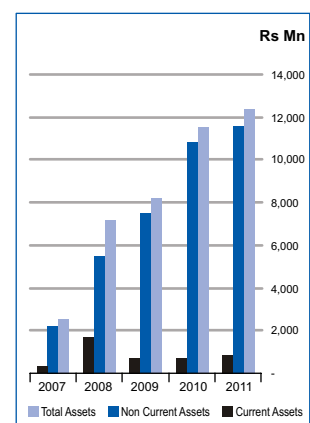
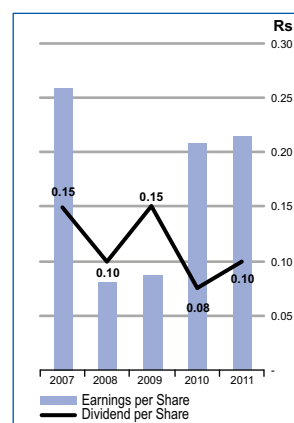
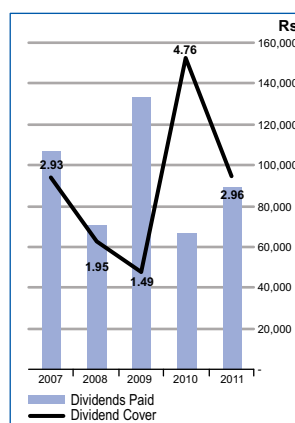
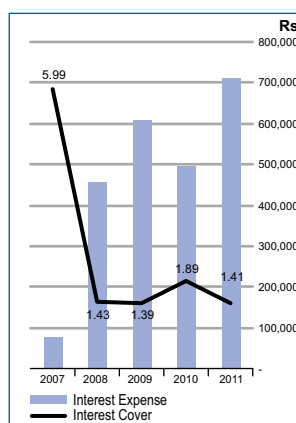
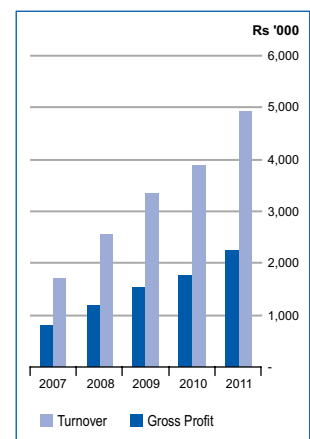
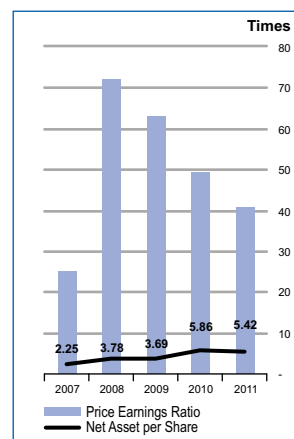
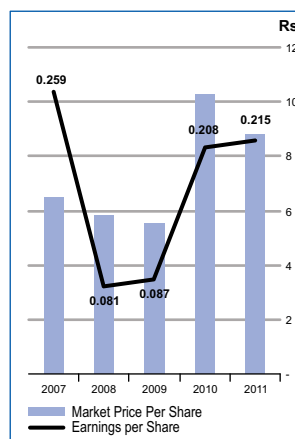
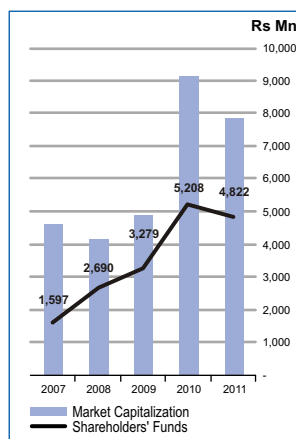
Turnover	Rs' 000	4,917,092	3,889,031	3,338,907	2,544,626	1,706,835
Gross Profit	Rs' 000	2,241,293	1,763,315	1,529,182	1,185,587	808,098
Profit before Interest and Tax	Rs' 000	1,002,698	935,486	847,011	651,172	465,306
Interest Expense	Rs' 000	710,526	495,578	610,504	455,876	77,731
Profit after Tax	Rs' 000	263,135	317,298	198,130	138,819	312,733
Profit Attributable to Equity Holders of the Parent	Rs' 000	190,796	184,458	77,745	57,525	184,262
Interest Cover	Times	1.41	1.89	1.39	1.43	5.99
Dividend Cover	Times	2.96	4.76	1.49	1.95	2.93

### Balance Sheet Highlights

Non Current Assets	Rs' 000	11,572,902	10,805,456	7,496,953	5,484,696	2,217,563
Current Assets	Rs' 000	825,031	741,434	719,520	1,706,162	299,309
Total Assets	Rs' 000	12,397,933	11,549,069	8,216,472	7,190,858	2,516,872
Shareholders' Funds	Rs' 000	4,822,126	5,207,664	3,278,570	2,689,724	1,597,196
Total Debt	Rs' 000	6,638,053	5,515,025	4,348,038	4,010,997	632,418
Debt to Equity	%	137.66	105.90	132.62	149.12	39.60

### Shareholder Information

Return on Equity	%	5.46	6.09	6.04	5.16	19.58
Earnings per Share	Rs	0.215	0.208	0.087	0.081	0.259
Dividend per Share	Rs	0.10	0.08	0.15	0.10	0.15
Net Asset per Share	Rs	5.42	5.86	3.69	3.78	2.25
Market Price per Share	Rs	8.80	10.25	5.50	5.83	6.50
Price Earnings Ratio	Times	41.01	49.30	62.91	72.04	25.10
Number of Issued Shares	000	889,260	889,260	889,260	711,410	711,410
Market Capitalization	Rs '000	7,825,488	9,114,915	4,890,930	4,143,963	4,624,165



# Corporate Information

## **NAME OF THE COMPANY**

Asiri Hospital Holdings PLC

## **REGISTERED OFFICE**

#181, Kirula Road, Colombo 5, Sri Lanka.

## **HOSPITAL COMPLEX & ADMINISTRATIVE OFFICE**

Asiri Surgical Hospital PLC,  
# 21, Kirimandala Mawatha, Colombo 5.  
Sri Lanka. T.P 4524400  
E-mail: info@asiri.lk

## **COMPANY REGISTRATION NUMBER**

PQ 204  
Previous Number : N (PVS)6920

## **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.7 of 2007.

## **STOCK EXCHANGE LISTING**

The Ordinary Shares of the Company have been listed with the Colombo Stock Exchange of Sri Lanka since June 1986.

## **SUBSIDIARY COMPANIES**

Asiri Surgical Hospital PLC  
# 21 -25, Kirimandala Mawatha, Colombo 5

Asiri Central Hospitals PLC  
# 37, Horton Place, Colombo 7

Central Hospital (Pvt) Ltd  
# 114, Norris Canal Road, Colombo 10

Asiri Diagnostics Services (Pvt) Ltd  
# 21/1, Keppetipola Mawatha, Kandy

Asiri Hospital Kandy (Pvt) Ltd  
# 21, Kirimandala Mawatha, Colombo 5

Asiri Hospital Matara (Pvt) Ltd  
# 191, Anagarika Dharmapala Mawatha, Matara

Matara Medi House (Pvt) Ltd  
#15, Dharmarathna Mawatha, Uyanwatta, Matara

## **DIRECTORS**

Dr. D. S. Rajapaksa (Chairman)  
Dr. S. Selliah (Deputy Chairman)  
Mr. A. K. Pathirage (Managing Director)  
Dr. K. M. P. Karunaratne (Chief Operating Officer)  
Mrs. D. Wimalasundera (Director Administration)  
Mrs. S. D. Nimalasuria (Director Finance)-Resigned w.e.f. 31.05.2011  
Mr. P. P. Subasinghe  
Mr. C. D. Weerasinghe-Expired on 19.12.2010  
Mr. G. L. H. Premaratne  
Mr. S. A. B. Rajapaksa  
Mr. T. M. Wijesinghe

## **AUDITORS**

Messrs Amerasekera & Company  
(Chartered Accountants)  
# 12, Rotunda Gardens,  
Colombo 3.

## **SECRETARIES**

Messrs Secretaries & Registrars (Pvt) Ltd  
1st Floor, KPMG Building  
# 32A, Sir Mohamed Macan Markar Mawatha,  
Colombo 3.



# Board of Directors



01. **Dr. D. S. Rajapaksa** - Chairman
02. **Dr. S. Selliah** - Deputy Chairman
03. **Mr. A. K. Pathirage** - Managing Director
04. **Dr. K. M. P. Karunaratne** - Director (Medical) / Chief Operating Officer
05. **Mrs. D. Wimalasundera** - Director Administration
06. **Mr. S. A. B. Rajapaksa** - Director
07. **Mrs. S. D. Nimalasuria** - Resigned with effect from 31.05.2011
08. **Mr. G. L. H. Premaratne** - Director
09. **Mr. P. P. Subasinghe** - Director
10. **Mr. T. M. Wijesinghe** - Director

# Directors' Profiles

**Dr. D. S. Rajapaksa**  
**MS, FRCOG (UK)**  
**Chairman**

Dr. Rajapaksa, a Fellow of the Royal College of Obstetricians and Gynaecologists, is currently a consultant in private practice. He was one of the founder directors of Asiri Surgical Hospital PLC and is also a member of the Asiri Central Hospitals Board. Dr. Rajapaksa has over 16 years experience as a Company Director and is also the Chairman of DSI Samson Group of Companies. He serves on the Remuneration Committees and Audit Committees of all three companies. He is also a member of Central Hospital (Pvt) Ltd.

**Dr. S. Selliah**  
**MBBS, M.Phil (Col)**  
**Deputy Chairman**

Dr. S. Selliah holds a MBBS Degree and a Masters Degree (M.Phil). He has over 19 years of experience in various fields.

Dr. S. Selliah is currently the Deputy Chairman of Asiri Hospital Holdings PLC, and Deputy Chairman of Asiri Surgical Hospital PLC. He is also the Deputy Chairman of Lanka Walltiles PLC and Lanka Tiles PLC. He is also a Director of Horana Plantation PLC, Softlogic Holdings Limited, Parquet (Ceylon) PLC and Expolanka PLC. He is also the Deputy Chairman of Central Hospital Private Ltd.

He also serves on the Remuneration Committees of Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC, Lanka Walltiles PLC and Lanka Tiles PLC.

He is a member of the Audit Committee of the following listed companies: Lanka Walltiles PLC, Lanka Tiles PLC, Asiri Hospital Holdings PLC and Asiri Surgical Hospital PLC.

In addition to the above companies he also serves as a Director of other unlisted companies.

**Mr. Ashok Pathirage**  
**Managing Director**

Mr. A. K. Pathirage was appointed to the Board as the Managing Director in July 2006. Mr. Pathirage is the Chairman/Managing Director of the Softlogic Group which is a leading diversified corporate entity in the country and is also the Chairman of Softlogic Finance PLC, Hotel Ceysands, Uniwalkers and its subsidiaries. He is a Director at National Development Bank. He is also the Chairman/Managing Director of Asiri Surgical Hospital PLC, Asiri Central Hospital PLC and Central Hospital (Pvt) Ltd. He is the Managing Director of Asiri Diagnostic Services (Pvt) Ltd., and other subsidiaries of the Asiri Group.

**Dr. Manjula Karunaratne**  
**MBBS, M.Sc (Trinity, Dublin), MSOrth Med.(Eng)**  
**Director (Medical) / Chief Operating Officer**

Appointed to the Board of Asiri Hospital Holdings PLC and Asiri Surgical Hospital PLC in 2006. He previously also held the post of Medical Director of Asiri Hospital Holdings PLC. A Specialist in Sports / Orthopaedic Medicine, with over 20 years professional experience, he is responsible for the overall medical policy of the Group. He also serves on the Boards of Asiri Central Hospitals PLC, Asiri Hospital Matara (Pvt) Ltd., Matara Medi House (Pvt) Ltd., Asiri Diagnostic Services (Pvt) Ltd., and Central Hospital (Pvt) Ltd.

**Mr. P. P. Subasinghe**

Mr. Subasinghe has been on the Board of Asiri Hospital Holdings PLC for nearly 21 years. He is a leading figure in the gem industry and has interests in real estate. He is also a Director of Asiri Diagnostic Services (Pvt) Ltd.

**Mrs. D. Wimalasundera**  
**Director - Administration**

Mrs. Wimalasundera, a senior Board member, has been functioning as an Executive Director for over 20 years. She is a Director of Asiri Surgical Hospital PLC, Asiri Central Hospitals PLC, Asiri Diagnostic Services (Pvt) Ltd., Asiri Hospital Matara (Pvt) Ltd., Matara Medi House (Pvt) Ltd. and Central Hospital (Pvt) Ltd.

**Mr. G. L. H. Premaratne**  
**Director**

Was appointed to the Board in March 2008 after 40 years of banking experience with Commercial Bank. Mr. Premaratne is specialized in Corporate Banking, and is an Associate of the Institute of Bankers of London. He also serves on the Board of Asiri Surgical Hospital PLC and Central Hospital (Private) Limited.

He functions as the Chairman of the Remuneration Committee and is also a member of the Audit Committee of all three Hospitals. Presently he is the Managing Director of Sampath Bank PLC.

**Mr. S. A. B. Rajapaksa**  
**MBA, FCA, FCMA, MCIM**  
**Director**

Mr. Samantha Rajapaksa has more than 20 years of both local and international experience in the finance, venture capital, information technology, consulting and communication sectors. He was appointed to the Board in March 2008 and he also serves on the Board of Asiri Surgical Hospital PLC, Asiri Central Hospitals PLC and Central Hospital (Pvt) Limited. He functions as the Chairman of the Audit Committee of all three Hospitals. He is currently a Director of Softlogic Holdings Limited and also holds the position of Director / Chief Executive Officer of Softlogic Communications (Pvt) Ltd. Mr. Rajapaksa is a Fellow of the Institute of Chartered Accountants of Sri Lanka and of the Chartered Institute of Management Accountants of UK. He is also a Member of the Chartered Institute of Marketing - UK, and holds an MBA from the **Post Graduate** Institute of Management of the University of Sri Jayawardenapura.

**Mr. Thilan Manjith Wijesinghe**

Mr. Thilan Wijesinghe joined the Board of Directors of Asiri Hospital on 17th March 2010. Mr. Wijesinghe graduated with honours from the State University of New York and Cornell University, USA, with three BSc Degrees in Business Administration, Industrial Engineering and Economics.

Mr. Wijesinghe pursued entrepreneurial interests by co-founding Asia Capital, which became Sri Lanka's largest investment bank in terms of market capitalization. He became the youngest ever and longest-serving head of the BOI. Mr. Wijesinghe co-founded the Sri Lanka Institute of Information Technology (SLIIT), Sri Lanka's largest IT University with over 4,000 students, where he serves to date as a Director. He also has served as CEO in Asian Hotels Corporation, MJF Group, makers of Dilmah Tea and **leisure sector of** Forbes & Walker Ltd. He briefly functioned as Group Managing Director of Overseas Realty (Ceylon) PLC.

# Chairman's Review

## Sri Lanka Economic Performance

The economy demonstrated resurgence in 2010, reaching a high of 8% GDP growth after growing at a low 3.9% in 2009. This performance can be attributed mainly to post-war optimism along with strident growth in global markets. Enhanced business confidence and growth in key sectors, such as agriculture and tourism amongst others, provided the much needed boost to growth figures. Single digit inflation, improved lending, tightening of the budget deficit and simplification of the taxation system all added to the positive economic outlook. However, the government will have to address certain developmental challenges to ensure that it can sustain 8% growth through 2011.

## Healthcare Sector

Sri Lanka's total healthcare expenditure grew in 2010, with foreign investment in health development projects accounting for nearly a third of total health sector investments. Public sector healthcare claims the maximum amount of the healthcare budget, with private sector healthcare institutions also recording increased expansion. However, a fast ageing population requires strategic growth plans to consolidate the gains made by the Sri Lankan economy in order to provide a quality healthcare service.

## Group Performance Exceeds Expectations

The Asiri Group of Hospitals, which includes Asiri Hospital Holdings PLC, Asiri Surgical Hospital and The Central, have exceeded our financial projections for the period under review to post record profits, with the Gross Profit of the group increasing by 27% to reach Rs. 2.2 Bn.

Gross Profit of Asiri Hospitals grew by 14% to record a strong turnover of Rs.1.66 Bn for the period under review. We are consistently breaking new ground in healthcare services and extending world class medical care backed by the latest technology and equipment in a bid to make healthcare as inclusive as possible for all strata of society.

As the largest private healthcare group in the country, we are in the process of further consolidating the group position through a series of acquisitions and enhancing of facilities in all our hospitals. The Central recorded good revenues within a year of beginning operations, which has further boosted group earnings.

The Asiri Group is committed to making healthcare affordable and accessible islandwide, and has taken on the mantle of bringing healthcare closer to the people by reaching out beyond the lucrative Western Province. Meanwhile, our bid to establish a wider footprint has led us to set up a much-needed pathology laboratory in Jaffna to serve the area with hi-tech healthcare diagnostics expertise. Our newest laboratory will be opened in Batticaloa later this year.

## Asiri Hospital Achieves Key Milestones

Now that all of the Asiri Group Hospitals are profit-making ventures, we foresee 2011/12 to be a landmark year in terms of further growth in profitability.

Among our most significant achievements during the year was the acquisition of the 40-bed hospital Matara Medi House (Pvt) Ltd., which has been in operation from 1 April 2010, and the 100-bed hospital **Asiri Hospital Kandy (Pvt) Ltd.**, situated in the town of Kandy, which is a pioneer healthcare provider in the hill country.

Medi House is the largest hospital in the Southern Province with a 24-hour Emergency Treatment Unit, Pharmacy, Laboratory, OPD, In-Patient Facilities including Luxury Rooms, ICU, Orthopaedic and General Surgeries, Labour Room, Premature Baby Unit, CT Scanning, X-Ray / ECG / EEG / EMG, Ultrasound Scanning/Echo Scanning, Endoscopy, Dental Surgery, Audiogram / Tympanometry, Physiotherapy / Speech Therapy, Dietary Nutrition Care / Lactation Counselling, Chemotherapy, Vaccination and 24-hour Ambulance Services.

Cementing our technological credentials further, Asiri Laboratory Services was accredited with ISO 15189: 2007 recently by the Sri Lanka Accreditation Board. Prior to this, the lab had already achieved certification for ISO 9001:2008 for its management. This laboratory has progressively developed over the last 27 years to be the leading medical laboratory in Sri Lanka, with satellite laboratories and sample collection centres from Jaffna to Matara and Negombo to Batticaloa. Strict quality control and 100% accuracy levels are maintained on the almost 10,000 reports issued daily.

In our effort to make Asiri Hospital a centre of excellence in healthcare, the hospital acquired an Olympus 680 biochemistry analyzer, the tenth machine in the world, as well as the country's fastest haematology analyzer, which is proving to be a boon for dengue afflicted patients.

## Increase in Shareholding

Meanwhile, Asiri Hospital Holdings PLC increased its stake in Asiri Surgical Hospital PLC. Asiri Hospital Holdings PLC directly acquired 52,896,600 (10.01%) ordinary shares and 26,188,012 (4.96%) ordinary shares of the company at the Mandatory Offer, which expired on 17th December 2010. The company held 156,140,941 (29.55%) in the previous year.

## Acknowledgement

I am deeply saddened to announce the demise of Mr. C. D. Weerasingha, a Director of Asiri Hospital, who passed away on 19th December 2010. He made a significant contribution towards the success of the hospital and his reassuring presence will be sorely missed.

## Appreciation

I would like to thank the Board of Directors for their continued support and guidance and wish to commend the work done by all the medical and non-medical staff of Asiri Hospital in bringing us to this proud juncture in the history of the hospital. Our strong commitment to healthcare services has propelled Asiri Hospital to the forefront of healthcare service providers in the country and our current and future investment in enhancing our service offering will take the healthcare institution miles ahead in the near future.

**Dr. D.S. Rajapaksa**  
Chairman

Healthcare with a truly professional touch



# Risk Management

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 in advance occurrence of such risks and to exercise remedial measures to minimize the impact. Regular reviews are done to ensure that the systems introduced function effectively and the impact, if any, on the performance of the assets of the Company.

## Service Quality and Reputation Risk

The Company has systems to ensure the provision of a quality service to its patients so that they are satisfied and retained. In today's world, good reputation has become an organization's most valuable asset. "Asiri" has developed into a leading household brand name. The Company has recognized the need to protect itself from loss of reputation and against sanctions arising from non-compliance with laws, regulations and ethical standards.

Though adequate insurance cover is available, losses could arise by patients who resort to legal action for professional negligence.

## Clinical Risk

Hospitals retain a significant amount of risk – whether they intend to or not – and clinical risk is usually their largest and most volatile area of exposure. There is no foolproof way to identify risks but the continuum of care tool may assist in thinking systematically about the areas where clinical risk may occur. The Company has taken the following steps to mitigate such risks.

- Disclosure of Adverse Patient Outcomes
- Defensible Documentation
- Emergency Medical Treatment
- Guidelines for the Preparation of an Incident Report
- Informed Consent
- Malpractice Prevention

## Operational Risk

The Company has a satisfactory system of internal controls in place to mitigate operational risk. Periodic checks are carried out to ensure that the system of internal controls in place is of the highest quality and also cost effective. Regular reviews are undertaken to ensure that appropriate infrastructure and adequate insurance cover is available to safeguard the Company's assets and minimize any financial losses.

## Credit Risk

The Company admits any patient on placement of a deposit or in an emergency, even without a deposit. Further, it admits patients of corporate clients. There is a risk of a patient not having adequate funds to settle his / her bills 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 non-payment of a bill. The Company evaluates credit worthiness of companies before granting credit facilities to corporate clients.

## 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.

## Compliance with Laws and Regulations

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.

## Technological Obsolescence

The health industry is a sector where frequent innovations are made. The non-availability of state-of-the-art technology can have an impact on the company's performance. The Company makes regular investments in cutting-edge technology and staff are trained for optional application of existing technology.

## 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 on expansion and providing new services in addition to investments in other companies. Returns on such investments are closely monitored and benefits are periodically evaluated.

## Information Security and Loss of Data

The environment that the Company operates is getting more and more computerized. Loss of important data or inability to access systems due to technical failures is another risk that we need to be mindful of. Regular maintenance of equipment, daily backups, off-site storage and round-the-clock IT support are some of the strategies adopted to mitigate such risk. The hospital maintains a lot of confidential data of its patients. Employees are made aware of the importance of the security of such information. The Company has introduced a password policy in this regard.

# Corporate Governance

Corporate Governance is the system by which companies are directed, managed and controlled.

The Board manages the Company on behalf of the shareholders and is responsible to the shareholders for creating and delivering sustainable shareholder value through the management of the Group's business. The Directors exercise their good-faith business judgment with respect to the best interest of the Company.

## Board of Directors

The Board comprises of three executive Directors and six non-executive Directors. Their profiles appear on page 8 of the Annual Report. The Board of executive Directors generally has a responsibility for making and implementing operational decisions and running the Group's business. The non-executive Directors support the skills and experience of the executive Directors, contributing to the formulation of policy and decision-making through their knowledge and experience of other business sectors.

## Board Meetings and Attendance

The Board generally meets once a month. Special Board Meetings are also held as and when needed. 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.

Over the past year the Board held 10 meetings and the attendance is given below.

Dr D S Rajapaksa	I	(Chairman)	8 / 10
Dr S Selliah	I	(Deputy Chairman)	9 / 10
Mr A K Pathirage	ED	(Managing Director)	10 / 10
Dr K M P Karunaratne	ED		10 / 10
Mrs D Wimalasundera	ED		9 / 10
Mrs S D Nimalasuria	ED	(Resigned w.e.f. 31st May 2011)	8 / 10
Mr P P Subasinghe	NED		9 / 10
Mr C D Weerasinghe	NED	(Expired on 19th December 2010)	2 / 8
Mr G L H Premaratne	NED		9 / 10
Mr S A B Rajapaksa	NED		9 / 10
Mr T M Wijesinghe	I		6 / 10

## Key

- ED - Executive Director
- I - Independent non-executive Director
- NED - Non-executive Director

## The Chairman and Managing Director

The roles of the Chairman and the Managing Director are separate. The Chairman's main responsibility is to lead and manage the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. The Board has delegated the responsibility of the day-to-day management of the Company to the Managing Director, who is responsible for the recommending of strategy to the Board, leading the executive Directors and for making and implementing operational decisions.

## Appraisal of the Managing Director

The performance of the Managing Director is reviewed every year by the Board. The Managing Director is accountable to the Board and is responsible for the day-to-day operations of the Company while ensuring that corporate goals are achieved making the optimum use of resources available.

## Time Commitment

The Board dedicates adequate time to discharge their duties effectively. In addition to Board Meetings, they attend sub-committee meetings and make decisions via circular resolutions.

## Appointment to the Board

New appointments to the Board are based on collective decisions of the Board. In making new appointments, the Board considers the composition of the Board in order to assess whether they have the right mix of skills and experience to be better prepared for the managing of the Company. The Board aims to appoint independent non-executive Directors who have the skills and experience needed for a comprehensive understanding of the Group's activities.

## Re-election of Directors

As per the Articles of Association of the Company one third of the Directors shall retire from office at each Annual General Meeting (AGM) and offer themselves for re-election. Any Director appointed during the year can seek re-election at the next AGM. The Managing Director is not subject to retirement by rotation.

# Corporate Governance

## Independence of the Directors

Mr. T M Wijesinghe, Dr. S Selliah and Dr. D S Rajapaksa function as independent Directors of the Company.

As per the Rules issued by the Colombo Stock Exchange, Mr. T M Wijesinghe meets all the criteria of independence. Dr. S Selliah meets all the criteria of independence except one. Dr. D S Rajapaksa meets all the criteria except two.

Dr. S Selliah and Dr. D S Rajapaksa are also Directors of Asiri Surgical Hospital PLC and Dr. D S Rajapaksa is also a Director of Asiri Central Hospitals PLC in which a majority of other Directors of Asiri Hospital Holdings PLC are employed and Directors.

Dr. D S Rajapaksa was appointed to the Board on 27th June 1995 and has therefore been serving on the Board for more than 9 years.

The Board, having evaluated all the factors, concluded that their independence has not been impaired due to them serving on the Board for more than 9 years and serving on the Boards of other companies in which a majority of other Directors of Asiri Hospital Holdings PLC are employed and/or Directors.

## Access to independent professional advice

All Directors have access to the advice of the Company Secretary and independent professional advice is available to Directors in appropriate circumstances on request at the Company's expense.

## Remuneration of the Directors

The remuneration of the Directors is determined by the Board and disclosed on page 51 of the Annual Report.

## Company Secretary

Messrs Secretaries & Registrars (Private) Limited acts as the Company Secretary. The role of the Secretary is dealing with Directors at Board Meetings and with shareholders. The Company Secretary attends Board Meetings and ensures that minutes are kept of all proceedings at the Board Meetings. The Company Secretary advises the Board and ensures that proper procedures and applicable rules and regulations are followed by the Board.

## Board Committees

Certain responsibilities of the Board are delegated to Board Committees to assist the Board in carrying out its functions. The two principal Board Committees are:-

### Audit Committee

Mr. S A B Rajapaksa - Chairman  
Dr. D S Rajapaksa  
Dr. S Selliah  
Mr. G L H Premaratne

The Audit Committee meets at least four times a year with the Finance Director and the external Auditors to review, inter alia, the Group's annual and interim financial statements, internal audit, compliance reports and reviews the effectiveness of the Group's system of internal control. Periodically, it also approves and reviews the appointment and retirement of external Auditors, as well as their relationship with the Group.

### Remuneration Committee

Mr. G L H Premaratne - Chairman  
Dr. D S Rajapaksa  
Dr. S Selliah

The Remuneration Committee regularly takes advice from external consultants acknowledged as experts in their fields. The Remuneration Committee usually meets at least twice a year. Its role is to make recommendations to the Board on the following.

- Remuneration policy for executive Directors
- Remuneration policy and specific packages for certain senior executives
- Employee benefits and long term incentive schemes

The Group's remuneration policy is based on the following principles.

- 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

The Committee is not responsible for setting the level of remuneration of non-executive Directors, which is determined by the Board.

## Responsibilities

The Board and its Committees are supplied with full and timely information to enable them to discharge their responsibilities. It is the responsibility of the Board of Directors to ensure good corporate governance. Good corporate governance requires that the Board must govern the Company with integrity. This includes the following:

- Exercise leadership, enterprise, integrity and **judgement** 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 and values, strategy, and ensure that procedures and practices are in place
- Monitor and evaluate the implementation of strategies and policies for better management performance

# Corporate Governance

- Ensure compliance with the relevant laws, regulations and codes of best practice
- Communicate with shareholders effectively and serve the legitimate interest of the shareholders
- Periodic and timely reporting to shareholders on 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
- Authorization 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

## Investor Relations

The Annual General Meeting, Annual Report of the Company and Quarterly Reports are the principal means of communication with the shareholders.

## Compliance with the Corporate Governance Rules of the Colombo Stock Exchange

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

Section	Criteria	Has the Company met the Criteria
7.10.1	Non-executive Directors	Complied with. Out of 9 Directors 6 are non-executive Directors.
7.10.2	Independent Directors	Complied with. There are three independent Directors on the Board. Please refer page 13.
7.10.3	Disclosures relating to Directors	Mr. T M Wijesinghe meets all the criteria set out in Rule 7.10.4 for determining the independence of Directors. Dr. S Selliah meets all the criteria except one. Dr. D S Rajapaksa meets all the criteria except two. Please refer page 13.
7.10.5	Remuneration Committee	Complied with. Comprises of three non-executive Directors including two independent Directors. The names of the members of the Committee are given on page 13 of the Annual Report.
7.10.6	Audit Committee	Complied with. Comprises of four non-executive Directors including two independent Directors. The report of the Committee is given on page 13. The Group Finance Director attends all the meetings.



# Ethics Committee

The Ethics Committee of the Asiri Group of Hospitals was constituted to serve as an advisory body on matters relating to conduct of research and clinical trials within the Asiri Group of Hospitals. The Committee is entrusted with the task of accepting proposals for research, conducting scientific and ethics review of such proposals, granting or refusing ethics clearance and monitoring. The Committee has so far reviewed experimental therapy and clinical trial protocols submitted to it by clinicians at Asiri. These include protocols on experimental stem cell therapy for Parkinson's disease and spinal cord transaction; and a phase II trial for rheumatoid arthritis using an anti TNF alpha antibody. The Committee is constituted and operates according to International Committee on Harmonization of Good Clinical Practice Guidelines (ICH-GCP) and is a member of the Forum for Ethics Review Committees in Sri Lanka.

## MEMBERS:

### **Prof. Rohan W. Jayasekara (Chairperson)**

Professor of Anatomy and Director of Human Genetics Unit, Faculty of Medicine, University of Colombo.

### **Mr. Arittha Wickramanayake**

Attorney-at-Law, Nithya Partners.

### **Dr. Malik Fernando**

Member of Ethics Review Committee of Sri Lanka Medical Association and also Faculty of Medicine, University of Colombo.

### **Dr. Fred Perera**

Consultant Neurosurgeon.

### **Prof. Kemal I. Deen**

Professor of Surgery, Department of Surgery, Faculty of Medicine, University of Kelaniya (Ragama).

### **Dr. Siva Selliah**

Deputy Chairman of Asiri Group of Hospitals.

### **Mrs. Varuni Amunugama Fernando**

Attorney-at-Law. Co-founder and Joint Managing Director of Triad (Pvt) Ltd. and their Group of subsidiary companies.

### **Dr. Indrani Amarasingha**

Consultant Surgeon.



# 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 13.

The Directors' emoluments are disclosed on page 51.

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

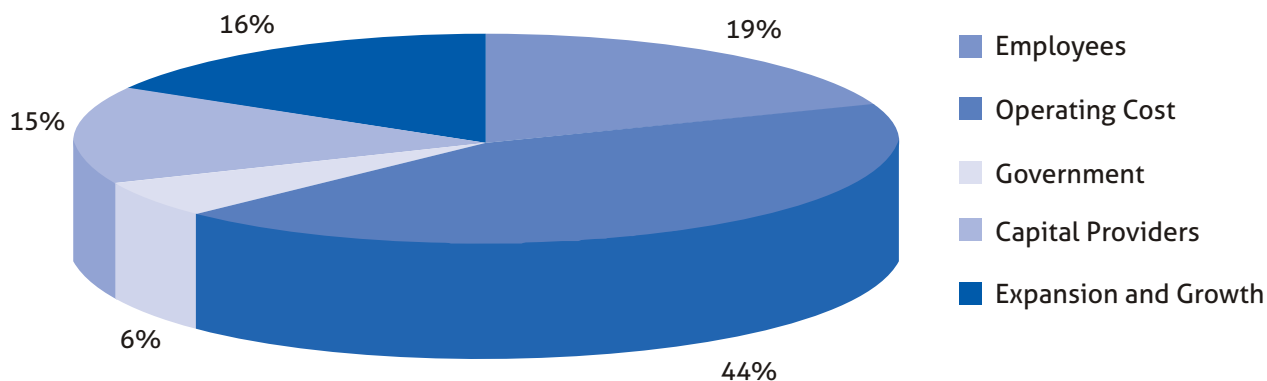
**G.L.H. Premaratne**  
**Chairman – Remuneration Committee**

Colombo  
May 12, 2011

Sri Lanka's leading medical laboratory



# Distribution of Economic Value Added



The creation of wealth is the main purpose of existence of any commercial organization. The value added statement highlights the wealth created by the activities of the company over the last two years and the distribution of this wealth created among its stakeholders.

Through its operation during the financial year 2010/11, the Company created a total wealth of Rs.1.76 billion, which was a 10% increase over the previous year.

	31-Mar-2011 Rs. '000	% to Total Value Added	31-Mar-2010 Rs. '000	% to Total Value Added
<b>Direct Economic Value Generated</b>				
Turnover	1,666,452	95.2%	1,519,882	95.2%
Finance Income	7,115	0.1%	1,764	0.1%
Other Income	86,300	4.7%	74,461	4.7%
	<b>1,759,867</b>	<b>100.0%</b>	<b>1,596,107</b>	<b>100.0%</b>
<b>Employees</b>				
Employee Wages & Benefits	338,458	19.9%	317,595	19.9%
<b>Economic Value Distributed</b>				
Operating Cost	764,799	44.1%	703,517	44.1%
<b>Government</b>				
Taxes Paid	104,000	5.5%	87,978	5.5%
<b>Capital Providers</b>				
To lenders as interest	176,584	12.3%	196,217	12.3%
To shareholders as dividends	88,926	4.2%	66,695	4.2%
<b>Expansion and Growth</b>				
Depreciation	102,557	6.7%	106,335	6.7%
Retained Earnings	184,543	7.4%	117,770	7.4%
	<b>1,759,867</b>	<b>100.0%</b>	<b>1,596,107</b>	<b>100.0%</b>

# Annual Report of the Board of Directors

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 2011.

## Principal Activities and Nature

The principal activity of the Company continues to be carrying out Healthcare 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 page 9 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

The financial statements of the Company and the Group are given on pages 25 to 55.

## Auditor's Report

The Auditor's Report on the financial statements is given on page 24.

## Accounting Policies

The accounting policies adopted in the preparation of the financial statements are given on pages 30 to 36. 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 reviews its effectiveness. The internal control system has been designed to meet the particular needs of the organization 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.

Dr. D S Rajapaksa (Chairman)  
Dr. S Selliah (Deputy Chairman)  
Mr. A K Pathirage (Managing Director)  
Dr. K M P Karunaratne  
Mrs. D Wimalasundera  
Mrs. S D Nimalasuria  
Mr. P P Subasinghe  
Mr. C D Weerasinghe (Expired on 19th December 2010)  
Mr. G L H Premaratne  
Mr. S A B Rajapaksa  
Mr. T M Wijesinghe

It is with a deep sense of regret that the Directors wish to inform the shareholders of the sudden demise of Mr. C D Weerasinghe on 19th December 2010.

In terms of Article 24(6) of the Articles of Association of the Company, Mrs. D Wimalasundera, Mr. G L H Premaratne and Mr. S A B Rajapaksa retire by rotation and, being eligible, offer themselves for re-election.

## Directors' Shareholding

Directors' interest in shares of the Company as at 31st March 2011 were as follows.

Name of Director	No. of shares	
	2011	2010
Dr. D S Rajapaksa	2,238,420	2,238,420
Dr. S Selliah	-	-
Mr. A K Pathirage	368,120	368,120
Dr. K M P Karunaratne	5,201,850	5,201,850
Mrs. D Wimalasundera	9,748,130	9,748,130
Mrs. S D Nimalasuria	7,180	7,180
Mr. P P Subasinghe	11,594,280	11,594,280
Mr. G L H Premaratne	-	-
Mr. S A B Rajapaksa	-	-
Mr. T M Wijesinghe	-	-

## Interest Register

The Interest Register is maintained by the Company as per the Companies Act No.7 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 31 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 2010/2011 is given in note 25 to the financial statements on page 51.

## Donations

The donations made by the Company during the year amounted to Rs. 301,175 (2009/2010 Rs. 536,403/-).

## Auditors

The financial statements for the year ended 31st March 2011 had been audited by Messrs Amerasekera & Co.

# Annual Report of the Board of Directors

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

## Dividends

The Directors recommend to the shareholders that the Interim Dividend of Rs. 0/10 (cents 10) per share paid on 25th May 2010 be considered as the Final Dividend for the year ended 31st March 2011.

## Acquisitions

The Directors of Asiri Hospital Holdings PLC (AHL) wish to inform the shareholders that AHL acquired the entire issued shares of Asiri Hospital Kandy (Private) Limited (formerly known as Digasiri Medical Services (Private) Limited) on 9th September 2010.

## Change of Name of the Company

The name of the Company was changed from 'Asiri Hospitals PLC' to 'Asiri Hospital Holdings PLC' with effect from 10th November 2010.

## Mandatory Offer to the shareholders of Asiri Surgical Hospital PLC

Asiri Hospital Holdings PLC (the offeror) acquired 26,188,012 (4.96%) ordinary shares of Asiri Surgical Hospital PLC at the Mandatory Offer, which expired on 17th December 2010. The offeror held 209,037,541 (39.56%) before the offer period.

## Mandatory Offer by Softlogic Holdings Limited

Softlogic Holdings Limited (the offeror) acquired 94,028,055 (10.57%) ordinary shares of the Company directly before the Mandatory Offer. At the Mandatory Offer which expired on 1st February 2011, the offeror acquired 41,769,190 (4.70%) ordinary shares of Asiri Hospital Holdings PLC (AHL). The offeror and the parties acting in concert with the offeror held 323,858,475 (36.42%) before the offer period.

## Capital Expenditure

The capital expenditure of the Group and the Company during the year amounted to Rs. 947 Mn & Rs. 69 Mn respectively (2009/2010 – Group - Rs. 3,153 Mn & Company - Rs. 44 Mn), details of which are given in note 3 to the financial statements.

## Property, Plant & Equipment

The movement in property, plant and equipment during the year under review is set out in note 3 to the financial statements.

## Stated Capital

The stated capital of the Company as at 31st March 2011 was Rs. 1,636,244,012/-. There was no change in the stated capital of the Company during the year under review.

## Reserves

The total reserves of the Group and the Company as at 31st March 2011 amounted to Rs. 4,822 Mn and Rs. 2,711 Mn respectively. The composition of reserves is shown in the Statement of Changes in Equity in the financial statements.

## Shareholders' Information

The distribution of shareholders is indicated on pages 57 and 58 in the Annual Report. There were 5,773 registered shareholders as at 31st March 2011.

## Share Information

Information on share trading is given on page 58 of the Annual Report.

## Post Balance Sheet Event

No circumstances have arisen and no material events have occurred since the Balance Sheet date, which would require adjustments to, or disclosure in the accounts other than those disclosed in the financial statements and this report.

## Statutory Payments

The Directors to the best of their knowledge and belief are satisfied that all statutory payments in relation to employees and the government have been made up to date.

## 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 31st Annual General Meeting of the Company will be held at Hotel Janaki, Fife Road, Colombo 5 on Thursday the 29<sup>th</sup> day of September 2011 at 12.15 p.m. The Notice of the 31st Annual General Meeting is on page 60 of the Annual Report.

For and on behalf of the Board

Sgd.  
DIRECTOR  
Mr. A.K. Pathirage

Sgd.  
DIRECTOR  
Mrs. D. Wimalasundera

Sgd.  
SECRETARY  
Secretaries &  
Registrars  
(Pvt) Ltd.

Date:- 12th May, 2011

# Statement of Directors' Responsibility

The responsibility of the Directors, in relation to the financial statements of the Company, differs from the responsibilities of the Auditors, which are set out in the Report of the Auditors on page 24.

The Companies Act No.7 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 and of the Group at the end of the financial year, and of the profit or loss of the Company and the Group for the financial year, which comply with the requirements of the Companies Act.

In preparing those Financial Statements set out on pages 25 to 55, the Directors are required to:

- Select appropriate accounting policies and maintain them consistently
- Make judgments and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departure disclosed and explained in the financial statements

The Directors confirm that they have complied with the above requirements in preparing both the Company Financial Statements and the Consolidated Financial Statements. The Directors also confirm that the Company and the Group have adequate resources to continue in business for the foreseeable future and have applied going concern basis in preparing these Financial Statements.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy, at any time, the financial position of the Company and the Group and to ensure that the Financial Statements comply with the Companies Act No. 7 of 2007.

They are also responsible for safeguarding the assets of the Company and the Group 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 Balance Sheet date have been paid or, where relevant, provided for, in arriving at the financial results for the year under review.

For and on behalf of the Board

**(Sgd.)**  
**SECRETARIES & REGISTRARS (PRIVATE) LIMITED**  
**SECRETARIES**

Colombo  
May 12, 2011

# Audit Committee Report

The Audit Committee is appointed by the Board of Directors and comprises of two Independent Directors and two Non-Executive Directors. The Names of the Committee members are stated in the Corporate Governance Report on Page 13.

The Audit Committee examines any matters relating to the financial reporting system, the system of internal control over financial reporting, the audit process and the Company's process for monitoring compliance with laws and regulations. As and when required it requests additional information from the management in order to satisfy itself on the adequacy of the controls in place. The Audit Committee also recommends to the Board the appointment and fees of external Auditors.

The Audit Committee met on four occasions during the year to examine the effectiveness of the Company's internal control system and the system for monitoring compliance with laws and regulations.

The Audit Committee also reviewed and approved the Annual and Interim Financial Statements prior to the final approval by the Board and also assessed major business and control risks of the Company.

The Audit Committee recommends to the Board of Directors that M/s Ernst & Young be appointed as the Auditors of the Company for the financial year ending 31st March 2012, subject to the approval of the shareholders at the Annual General Meeting.

**Samantha Rajapaksa**  
**Chairman – Audit Committee**  
August 10, 2011





The finest NIC unit, equipped  
with sophisticated modern technology



# Independent Auditors' Report

To The Shareholders of Asiri Hospital Holdings PLC



No. 12, Rotunda Gardens,  
Colombo 3, Sri Lanka.

Tel : 2327595, 2445751, 2321758  
Fax : 2337385, 2437346, 5355633  
E-mail: taxaco@sltnet.lk (Tax Branch)  
acom@sltnet.lk (Audit Branch)

## Report on the Financial Statements

We have audited the accompanying Financial Statements of Asiri Hospital Holdings PLC, and the Consolidated Financial Statements of the Company and its subsidiaries as at 31 March 2011 which comprise the Balance Sheet as at 31 March 2011, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 25 to 55.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## Scope of Audit and Basis of Opinion

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall Financial Statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

## Opinion Company

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31 March 2011 and the Financial Statements give a true and fair view of the Company's state of affairs as at 31 March 2011 and its results and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

## Consolidated

In our opinion, the Consolidated Financial Statements give a true and fair view of the state of affairs as at 31 March 2011 and the results and **Cash Flows** for the year then ended, in accordance with Sri Lanka Accounting Standards, of the Company and its subsidiaries dealt with thereby, so far as concerns the shareholders of the Company.

## Report on Other Legal and Regulatory Requirements

These Financial Statements also comply with the requirements of Section 153 (2) to 153 (7) of the Companies Act No.7 of 2007.

A handwritten signature in blue ink, appearing to be 'A. Amerasekera', is written over a horizontal line.

CHARTERED ACCOUNTANTS  
COLOMBO,

12th May 2011.

# Balance Sheet

As at March 31, 2011

	GROUP		COMPANY		
	Note	2011 Rs. '000	2010 Rs. '000 Re-Styled	2011 Rs. '000	2010 Rs. '000
<b>ASSETS</b>					
<b>Non - Current Assets</b>					
Property, Plant and Equipment	3	10,726,431	10,468,659	1,139,111	1,175,227
Leasehold Properties - Rentals Paid in Advance	4	120,348	125,123	-	-
Intangible Assets	5	564,610	200,961	-	-
Deferred Tax Assets	6	101,139	-	-	-
Investment in Subsidiaries	7.2	-	-	3,525,217	2,703,851
Other Investments	7.3	1,541	558	1,384	401
Interest Free Loans - Amounts Receivables More than One Year		10,333	11,334	-	-
<b>Total Non - Current Assets</b>		<b>11,524,402</b>	<b>10,806,635</b>	<b>4,665,712</b>	<b>3,879,479</b>
<b>Current Assets</b>					
Inventories	8	286,648	243,629	98,442	87,401
Trade and Other Receivables	9	433,250	277,818	152,208	87,444
Investments in Short Term Marketable Securities	7.4	47,500	-	47,500	-
AHL - Employees' Share Trust Fund	10	60,000	60,000	60,000	60,000
Amounts Due from Related Parties	11	-	-	216,280	87,188
Short-Term Loans Receivable from Related Parties	11.1	-	-	158,400	-
Income Tax Paid in Advance		749	-	-	-
Interest Free Loans - Amounts Receivables Within One Year		1,000	1,000	-	-
Cash and Cash Equivalents	22.1	44,384	159,987	11,699	20,239
<b>Total Current Assets</b>		<b>873,531</b>	<b>742,434</b>	<b>744,529</b>	<b>342,272</b>
<b>Total Assets</b>		<b>12,397,933</b>	<b>11,549,069</b>	<b>5,410,242</b>	<b>4,221,751</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Stated Capital	12	1,636,244	1,636,244	1,636,244	1,636,244
Capital Reserves	13	358,404	358,404	358,404	358,404
Retained Earnings		735,906	635,278	716,588	532,045
		<b>2,730,554</b>	<b>2,629,926</b>	<b>2,711,236</b>	<b>2,526,693</b>
Minority Interest		2,091,572	2,577,738	-	-
<b>Total Equity</b>		<b>4,822,126</b>	<b>5,207,664</b>	<b>2,711,236</b>	<b>2,526,693</b>
<b>Non - Current Liabilities</b>					
Interest Bearing Loans and Borrowings - Repayable after One Year	14.5	1,895,396	2,093,923	594,491	297,323
Non-Interest Bearing Loans and Borrowings - Repayable after One Year	15	50,561	54,633	11,000	11,000
Deferred Tax Liabilities	16	76,014	100,346	72,305	97,319
Retirement Benefit Obligations	17	170,370	117,946	97,946	70,461
Other Payables		-	69,519	-	-
<b>Total Non - Current Liabilities</b>		<b>2,192,341</b>	<b>2,436,367</b>	<b>775,742</b>	<b>476,103</b>
<b>Current Liabilities</b>					
Trade and Other Payables	18	593,862	408,224	96,256	84,417
Income Tax Liabilities	19	71,578	98,773	58,156	82,177
Dividends Payable		25,846	31,449	24,667	31,449
Amounts Due to Related Parties	20	84	122	111,484	48,591
Interest Bearing Loans and Borrowings - Repayable within One Year	14.4	2,206,419	1,711,369	188,986	212,943
Non-Interest Bearing Liabilities - Repayable within One Year	15	5,113	5,113	-	-
Bank Overdrafts & Short Term Borrowings	14.3	2,480,564	1,649,988	1,443,715	759,378
<b>Total Current Liabilities</b>		<b>5,383,466</b>	<b>3,905,038</b>	<b>1,923,264</b>	<b>1,218,955</b>
<b>Total Equity and Liabilities</b>		<b>12,397,933</b>	<b>11,549,069</b>	<b>5,410,242</b>	<b>4,221,751</b>

I certify that the Financial Statements of the Company comply with the requirements of the Companies Act No. 07 of 2007.

(Sgd.) Priyal De Silva  
Group Financial ControllerThe Board of Directors is Responsible for Preparation and Presentation of these Financial Statements.  
Approved and Signed for and on behalf of the Board,(Sgd.) Ashok Pathirage  
Managing Director(Sgd.) Mrs. D. Wimalasundera  
Director Administration

Audit Report on Page 24

Figures in brackets indicate deductions

The Accounting Policies and Notes on Pages 30 through 55 form an integral part of these Financial Statements.

Colombo,  
May 12, 2011

# Income Statement

For The Year Ended March 31, 2011

	Note	GROUP		COMPANY	
		2011 Rs. '000	2010 Rs. '000 Re-Stated	2011 Rs. '000	2010 Rs. '000
Revenue		4,917,092	3,889,031	1,666,452	1,519,882
Cost of Services Rendered		(2,675,799)	(2,125,716)	(888,889)	(837,211)
<b>Gross Profit</b>		<b>2,241,293</b>	<b>1,763,315</b>	<b>777,563</b>	<b>682,671</b>
Other Income	23	93,988	58,451	93,414	76,225
Administrative Expenses		(1,312,442)	(822,681)	(307,214)	(282,671)
Expenses on Private Placement		-	(40,571)	-	-
Distribution Expenses		(20,141)	(23,028)	(9,711)	(7,565)
Finance Cost	24	(710,526)	(495,578)	(176,584)	(196,217)
<b>Profit Before Taxation</b>	<b>25</b>	<b>292,172</b>	<b>439,908</b>	<b>377,469</b>	<b>272,443</b>
Income Tax Expense	26	(29,037)	(122,610)	(104,000)	(87,978)
<b>Profit for the Year</b>		<b>263,135</b>	<b>317,298</b>	<b>273,469</b>	<b>184,465</b>
<b>Attributable to:</b>					
Equity Holders of the Parent Company		190,796	184,458		
Minority Interest		72,339	132,840		
		<b>263,135</b>	<b>317,298</b>		
<b>Basic Earnings Per Share (Rs.)</b>	<b>27</b>	<b>0.215</b>	<b>0.210</b>	<b>0.308</b>	<b>0.210</b>
<b>Dividend Per Share (Rs.)</b>	<b>21</b>	<b>0.100</b>	<b>0.075</b>	<b>0.100</b>	<b>0.075</b>

## Audit Report on Page 24

Figures in brackets indicate deductions

The Accounting Policies and Notes on Pages 30 through 55 form an integral part of these Financial Statements.

Colombo,  
May 12, 2011

# Statement of Changes in Equity

For The Year Ended March 31, 2011

GROUP	Note	Stated Capital Rs. '000	Revaluation Reserves Rs. '000	Retained Earnings Rs. '000	Minority Interest Rs. '000	Total Rs. '000
<b>Balance as at April 01, 2009</b>		1,636,244	358,404	371,758	912,164	3,278,570
Profit for the Year		-	-	184,876	132,840	317,716
Adjustments Due to Changes in Stake		-	-	145,757	(151,334)	(5,577)
Dividends Paid - Interim	21	-	-	(66,695)	-	(66,695)
Dividends Paid by Subsidiaries		-	-	-	(33,754)	(33,754)
Issuance of Shares by Subsidiaries		-	-	-	1,717,822	1,717,822
<b>Balance as at March 31, 2010 (as Previously Reported)</b>		1,636,244	358,404	635,696	2,577,738	5,208,082
Provision for Gratuity - (Asiri Hospital Matara (Pvt) Ltd)		-	-	(1,418)	-	(1,418)
Investment in Subsidiary - (Asiri Hospital Matara (Pvt) Ltd)		-	-	1,000	-	1,000
<b>Balance as at March 31, 2010 (Re-stated)</b>		1,636,244	358,404	635,278	2,577,738	5,207,664
Profit for the Year		-	-	190,796	72,339	263,135
Adjustments Due to Changes in Stake		-	-	(1,242)	(518,525)	(519,767)
Dividends Paid - Interim	21	-	-	(88,926)	-	(88,926)
Dividends Paid by Subsidiaries		-	-	-	(39,980)	(39,980)
<b>Balance as at March 31, 2011</b>		1,636,244	358,404	735,906	2,091,572	4,822,126
<b>COMPANY</b>	<b>Note</b>	<b>Stated Capital Rs. '000</b>	<b>Revaluation Reserves Rs. '000</b>	<b>Retained Earnings Rs. '000</b>	<b>Minority Interest Rs. '000</b>	<b>Total Rs. '000</b>
<b>Balance as at April 01, 2009</b>		1,636,244	358,404	414,275	-	2,408,923
Net Profit for the Year		-	-	184,465	-	184,465
Dividends Paid - Interim	21	-	-	(66,695)	-	(66,695)
<b>Balance as at March 31, 2010</b>		1,636,244	358,404	532,045	-	2,526,693
Net Profit for the Year		-	-	273,469	-	273,469
Dividends Paid - Interim	21	-	-	(88,926)	-	(88,926)
<b>Balance as at March 31, 2011</b>		1,636,244	358,404	716,588	-	2,711,236

## Audit Report on Page 24

Figures in brackets indicate deductions

The Accounting Policies and Notes on Pages 30 through 55 form an integral part of these Financial Statements.

Colombo,  
May 12, 2011

# Cash Flow Statement

For The Year Ended March 31, 2011

	GROUP		COMPANY	
	2011 Rs. '000	2010 Rs. '000 Re-Styled	2011 Rs. '000	2010 Rs. '000
<b>Cash Flow from Operating Activities</b>				
Profit Before Taxation	292,172	439,908	377,469	272,443
<b>Adjustments for:</b>				
Depreciation	560,636	307,585	104,769	108,138
Amortization of Leasehold Assets	4,775	4,775	-	-
(Profit) / Loss on Sale of Property, Plant and Equipment	(26,714)	(34)	-	-
Provision for Bad Debts	1,543	137	7	137
Mark to Market Value Adjustment for Short-Term Investments	2,027	(39)	2,026	(39)
Provision for Retiring Gratuity	60,370	44,794	32,504	27,549
Interest Expense	710,526	495,461	176,584	196,217
Impairment Loss	7,802	-	-	-
Income from Investments	(18,430)	(16,661)	(49,509)	(39,015)
<b>Operating Profit Before Changes in Working Capital</b>	<b>1,594,705</b>	<b>1,275,926</b>	<b>643,850</b>	<b>565,431</b>
<b>Changes in Working Capital</b>				
(Increase) / Decrease in Inventories	(43,019)	(31,132)	(11,041)	(401)
(Increase) / Decrease in Trade and Other Receivables	(133,939)	104,131	(64,590)	(21,118)
(Increase) / Decrease Amounts Due from Related Parties	-	-	(129,092)	53,384
Increase / (Decrease) Amounts Due to Related Parties	(38)	-	62,893	43,218
Increase / (Decrease) in Trade and Other Payables	185,678	83,955	11,839	3,652
<b>Cash Generated from Operations</b>	<b>1,603,388</b>	<b>1,432,881</b>	<b>513,860</b>	<b>644,166</b>
Interest Paid	(710,526)	(495,578)	(176,584)	(196,217)
Retiring Gratuity Paid	(7,789)	(8,035)	(5,019)	(3,259)
Taxes Paid	(181,703)	(50,611)	(153,035)	(12,219)
<b>Net Cash Generated from Operating Activities</b>	<b>703,370</b>	<b>878,657</b>	<b>179,221</b>	<b>432,471</b>
<b>Cash Flow from Investing Activities</b>				
Acquisition of Property, Plant and Equipment	(848,762)	(217,767)	(68,654)	(44,279)
Investments in Quoted Companies	(50,510)	(157)	(50,510)	-
Capital Work-in-Progress	(95,788)	(2,935,486)	-	-
Acquisition of a Subsidiary	(65,997)	(179,526)	-	-
Short Term Loan Granted to Related Companies	-	-	(158,400)	-
Investments in Subsidiaries	-	-	(821,367)	(432,408)
Proceeds from Disposal of Property, Plant and Equipment	89,914	1,209	-	-
Interest Received	18,430	16,661	7,114	1,764
Dividend Received	-	-	42,395	37,251
<b>Net Cash Used in Investing Activities</b>	<b>(952,713)</b>	<b>(3,315,066)</b>	<b>(1,049,422)</b>	<b>(437,672)</b>
<b>Cash Flow from Financing Activities</b>				
Dividends Paid	(95,705)	(58,472)	(95,705)	(58,473)
Dividends Paid to Minority by Subsidiaries	(39,980)	(33,754)	-	-
Proceeds from Long Term Loans	1,179,567	1,214,705	490,000	240,000
Repayment of Long Term Loans	(1,711,369)	(1,359,857)	(215,907)	(532,925)
Proceeds from Short Term Loans	1,660,000	991,568	935,000	250,000
Repayment of Short Term Loans	(991,568)	-	(250,000)	-
Lease Repayments	(25,237)	-	(1,066)	(588)
Proceeds from Issue of Shares to Minority	-	1,717,823	-	-
Interest Free Loan	1,000	1,000	-	-
Repayment of Non-Interest Bearing Liabilities	(5,113)	(5,113)	-	-
<b>Net Cash Flow from / (used in) Financing Activities</b>	<b>(28,405)</b>	<b>2,467,900</b>	<b>862,323</b>	<b>(101,986)</b>
<b>Net Change in Cash and Cash Equivalents During the Year</b>	<b>(277,747)</b>	<b>31,491</b>	<b>(7,877)</b>	<b>(107,187)</b>
Cash and Cash Equivalents at Beginning of the Year	(498,433)	(529,924)	(489,139)	(381,952)
<b>Cash and Cash Equivalents at End of the Year</b>	<b>(776,180)</b>	<b>(498,433)</b>	<b>(497,016)</b>	<b>(489,139)</b>
<b>Cash and Cash Equivalents at End of the Year Represent;</b>				
Cash at Banks & in Hand	44,384	159,987	11,699	20,239
Bank Overdrafts	(820,564)	(658,420)	(508,715)	(509,378)
	<b>(776,180)</b>	<b>(498,433)</b>	<b>(497,016)</b>	<b>(489,139)</b>

Note 22

## Audit Report on Page 24

Figures in brackets indicate deductions

The Accounting Policies and Notes on Pages 30 through 55 form an integral part of these Financial Statements.

Colombo,  
May 12, 2011

# State-of-the-art CT Scanning



# Notes to the Financial Statements

For The Year Ended March 31, 2011

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 1. CORPORATE INFORMATION

#### 1.1 Reporting Entity

Asiri Hospital Holdings PLC is a public limited liability Company incorporated and domiciled in Sri Lanka. Out of the total issued shares of the Company 44.84% of the shares have a primary listing on the Colombo Stock Exchange. The registered office of the Company and the principal place of business is located at No. 181, Kirula Road, Colombo 5.

The Group consists of the Parent, Asiri Hospital Holdings PLC, and its seven (7) subsidiaries disclosed in Notes 1.4 to the Financial Statements, out of which two (2) subsidiaries are listed on the Colombo Stock Exchange.

#### 1.2 Principal Activities and Nature of Operations of the Group

The principal activity of the group of companies is to provide all healthcare services except that the subsidiary, Asiri Diagnostic Services (Pvt) Ltd only operates a Diagnostic Laboratory in Kandy. There were no significant changes in the nature of principal business operations of the group during the reporting financial period.

#### 1.3 Date of Authorization for Issue

The Financial Statements for the year ended 31st March 2011 were authorized for issue in accordance with a resolution of the Board of Directors on 12th May 2011.

#### 1.4 Companies in the Group

The Group Financial Statements include the results of all subsidiaries and the percentages of ownership of those are disclosed below.

Asiri Surgical Hospital PLC	- 44.51%	(Directly)
Asiri Diagnostic Services (Pvt) Ltd	- 65.54%	(Directly)
Asiri Hospital Matara (Pvt) Ltd	- 100.00%	(Directly)
Asiri Central Hospital PLC	- 70.15%	(Directly & Indirectly)
Central Hospital (Pvt) Ltd	- 65.15%	(Directly & Indirectly)
Matara Medi House (Pvt) Ltd	- 100.00%	(Indirectly)
Asiri Hospital Kandy (Pvt) Ltd	- 100.00%	(Directly)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 GENERAL ACCOUNTING POLICIES

#### 2.1.1 Basis of Preparation and Measurement

These Financial Statements have been prepared mainly based on historical cost and other specific measurements which are explained in the succeeding notes.

No adjustment has been made for inflationary factors affecting the Financial Statements.

#### 2.1.2 Going Concern

The Directors have made an assessment of the company's ability to continue as a going concern and they do not intend either to liquidate or to cease trading.

#### 2.1.3 Statement of Compliance

The Balance Sheet, Statements of Income, Changes in Equity and Cash Flows, together with Accounting Policies and Notes ("Financial Statements") as at 31st March 2011 and for the year then ended, comply with the Sri Lanka Accounting Standards (SLAS) issued by the Institute of Chartered Accountants of Sri Lanka and the requirements of Companies Act No. 7 of 2007.

#### 2.1.4 Functional and Presentation Currency

The functional currency of the Company and each entity of the Group is in Sri Lankan Rupees. All values in these Financial Statements are presented in Sri Lankan Rupees Thousands (Rs '000) unless otherwise indicated.

#### Financial Year

All companies in the Group have a common financial year which ends on 31st March.

#### 2.1.5 Significant Accounting Judgements, Estimates and Assumptions

The preparation of the group's Consolidated and Company Financial Statements in conformity with SLASs requires the management to make judgements, estimates, and assumptions that affects the application of accounting policies and reported amounts of assets, liabilities, income and expenses and disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in an outcome that requires material adjustments to the carrying amounts of assets or liabilities effected in future periods.

The judgements, estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements, estimates and assumptions about the carrying amount of assets, liabilities and contingent liabilities that are not readily identified from other sources.

The judgements, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements, estimates and assumptions made by the management in application of SLASs that could have a significant effect on the Financial Statements are mentioned in the next page.



# Notes to the Financial Statements

For The Year Ended March 31, 2011

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Contd..

Judgments, estimates and assumptions	Note Reference
Valuation of Property, Plant & Equipment	2.2.1.4
Impairment of Non-Financial Assets	2.2.1.7
Deferred Tax Assets	2.1.11 (d)
Current Taxation	2.1.11 (a)
Retirement Benefit Obligation – Gratuity	2.3.2 (1)

### 2.1.6 Foreign Currency Transactions

Foreign Currency Transactions are translated to Sri Lankan Rupees using the prevalent rate at the time the transaction takes place. Monetary assets and liabilities in foreign currencies are translated at the rate of exchange prevailing at the Balance Sheet date. The resulting gains and losses arising on settlement of monetary items and on the translation of monetary items are accounted for in the Income Statement.

### 2.1.7 Post Balance Sheet Events

All material events occurring after the Balance Sheet date have been considered and where necessary adjustments have been made to /or disclosed in the Financial Statements.

### 2.1.8 Comparative Information

The Accounting Policies, which have been consistently applied by the Company and the Group, are unless otherwise stated, consistent with those used in the previous years. Previous year's figures and phrases have been rearranged to confirm to the presentation.

### 2.1.9 New Accounting Standards Issued but not yet Effective

The following standards have been issued by the Institute of Chartered Accountants of Sri Lanka and are effective for the period specified below.

#### a) Sri Lanka Accounting Standard No.44-“Financial Instruments; Presentation” and Sri Lanka Accounting Standard No. 45 - “Financial Instrument; Recognition and Measurement”

Sri Lanka Accounting Standards No 44 and No 45 becomes effective for financial years beginning on or after 1st January 2012. Accordingly Sri Lanka Accounting Standard 44 and 45 will be adopted in preparing and presenting the group Financial Statements for the financial years commencing 1st April 2012

These two standards together provide comprehensive guidance on identification, classification, measurement and presentation of Financial Instruments (including derivatives) into financial assets, financial liabilities and equity instruments.

Accordingly, when financial assets or liabilities are recognized initially, the group is required to measure such financial assets or liabilities at its fair value, plus transaction costs that are directly attributable to the acquisition or issue of the financial assets, financial liability and subsequently measure either at fair value or amortized cost depending on the categorization of the financial assets and financial liabilities.

In order to comply with the requirements of these accounting standards, the group is in the process of assessing the impact, the aforesaid two accounting standard will have on the Financial Statements.

Due to the complex nature of the effect of these accounting standards, in impact of adoption is not estimable as at the date of publication of these Financial Statements.

#### b) Sri Lanka Accounting Standard No. 39 - “Share Based Payment”

Sri Lanka Accounting Standards No.39 becomes effective for financial years beginning on or after 1st January 2012. Accordingly, Sri Lanka Accounting Standards No.39 will be adopted in preparing and presenting the Group Financial Statements for the financial years commencing 1st April, 2012.

Sri Lanka Accounting Standards No.39 requires an expense to be recognized where the Group buys good or services in exchange for share or right over shares (equity-settled transactions), or in exchange for other assets equivalent in value to a given number of shares or rights over shares (cash-settled transactions). For equity settled share based payment transactions, the Group is required to apply Sri Lanka Accounting Standards No.39 in issuing shares, share option or other equity instruments that are to be issued after 1st January 2012.

The Group is currently in the process of evaluating the impact, this Accounting Standard will have on Financial Statements, and the impact if the same is not currently estimable as at the date of publication of these Financial Statements.

#### c) Following the convergence of Sri Lanka Accounting Standards with the International Financial Reporting Standards, the Council of the Institute of Chartered Accountants of Sri Lanka has adopted new set of financial reporting standards that would apply for financial periods beginning on or after 1 January 2012. The application of these financial reporting standards is substantially different to the prevailing standards.

### 2.1.10 Basis of Consolidation

#### a) Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities, which generally accompanies a shareholding of more than one half of the voting rights.

Subsidiaries are consolidated from the date that control commences until the date that control ceases. Adjustments are made to accounting policies of subsidiaries when necessary to align with the policies adopted by the Group. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value/net book value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

# Notes to the Financial Statements

For The Year Ended March 31, 2011

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Contd..

Identifiable assets acquired and liabilities & contingent liabilities assumed in a business combination are measured initially at their fair value/net book values at the acquisition date. The excess of the cost of acquisition over the fair value/net book value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value/net book value of the net assets of the subsidiary acquired, the resulting negative goodwill is recognized directly in the Income Statement.

### b) Transactions Eliminated on Consolidation

Inter-company transactions, balances and unrealized gains on transactions between Group Companies are eliminated. Unrealized gains arising from transactions with Group Companies are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are also eliminated in the same way as unrealized gains, but only to the extent there is no evidence of impairment.

### c) Transaction with Minority Interests

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the Consolidated Income Statement and within equity in the Consolidated Balance Sheet, separately from parent shareholders' equity. Transactions with minority interests are accounted for using the parent entity extension approach, whereby on acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is recognized directly in goodwill. Gain or loss on disposal to minority interests is recognized in the Income Statement.

### d) Goodwill Arising on Consolidation

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets and liabilities. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to groups of cash-generating units that are expected to benefit from the synergies of the combination. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognized. The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets pro-rata to the carrying amount of each asset in the unit.

## 2.1.11 Taxation

### a) Current Income Taxation

Provisions for Income Tax are based on the element of Income and Expenditure as reported in the Financial Statements and computed in accordance with the provisions of relevant tax statutes. Income tax liabilities arise to the Company and the Group in accordance with the provisions of the Inland Revenue Act No. 10 of 2006 and amendments thereto. These liabilities are provided for in the Financial Statements applying the said provisions which the management believes reflect actual liability. There can be instances where the stand taken by the company on transaction is contested by the Revenue Authority. Any additional costs on account of these issues are accounted for as a tax expense at the point of liability is confirmed on the company of the Group.

Current tax assets and liabilities for the current year and prior periods are measured at the amounts expected to be recovered from or paid to Revenue Authority. Tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the Balance Sheet date. The provision for current tax is based on the elements of income and expenditure as reported in the Financial Statements.

### b) Social Responsibility Levy (SRL)

As per the provisions of Finance Act No. 5 of 2005, and amendments thereto, the SRL was introduced with effect from 1 January 2005. SRL is payable at the rate of 1.5% on all taxes and levies chargeable as specified in the First Schedule of the Act.

### c) Economic Service Charge

As per the provisions of the Finance Act No. 11 of 2004, Economic Service Charge (ESC) is payable on the liable turnover at specified rates. ESC paid is deductible from the Company's income tax liability. Any unclaimed amount can be carried forward and set off against the income tax payable for a further five (05) years. However, with regards to the tax free companies ESC has been charged to the Income Statement.

### d) Deferred Taxation

Deferred tax is recognized using the Balance Sheet method, providing for temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. Deferred tax is not recognized for the temporary differences arising in the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investment subsidiaries to the extent that they probably will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by reporting date. Deferred tax assets and liabilities are offset if there is a legal enforceable right to set off current tax liabilities and assets, and they relate to income taxes levied by the same tax authorities on the same taxable entity.

# Notes to the Financial Statements

For The Year Ended March 31, 2011

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Contd..

A deferred tax asset is recognized only to the extent that it is probable that future profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that is no longer probable that the related tax benefit will be realized.

### 2.1.12 Borrowing Cost

Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of the asset.

## 2.2 OTHER SIGNIFICANT ACCOUNTING POLICIES

### 2.2.1 Valuation of Assets and their Measurement Bases

#### 2.2.1.1 Inventories

Inventories are valued at the lower of costs and net realizable value, after making due allowances for obsolete and slow moving items. Net realizable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The cost incurred in bringing inventories to its present location and conditions are accounted for using the following cost formulae:-

Pharmaceuticals	- At actual cost on first-in first-out basis
Surgical and Other Consumables	- At actual cost on first-in first-out basis
Goods in Transit	- At actual cost

#### 2.2.1.2 Trade and Other Receivables

Trade receivables are carried out at anticipated realizable value. A provision for impairment of trade receivables is established when there is reasonable evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organization and default payments are considered as indicators that a trade receivable is impaired. When the carrying amount of the asset is reduced, the loss is recognized in the Income statement. When a trade receivable is uncollectible, it is written off against the provision for trade receivable. Subsequent recoveries of amounts previously written off are recognized as other income in the Income Statement.

#### 2.2.1.3 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 cash in hand and deposits in banks 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.

#### 2.2.1.4 Property, Plant and Equipment

All Property, Plant and Equipment are initially stated at cost. Where items of Property, Plant and Equipment are subsequently revalued, the entire class of such assets is revalued. Subsequent to the initial recognition of the asset at cost the revalued Property, Plant and Equipment are carried at revalued amounts less accumulated depreciation thereon and accumulated impairment losses. Where the assets are carried on cost model, such assets are stated at historical cost less accumulated depreciation less accumulated impairment losses.

##### a) Cost

The cost of PPE is the cost of purchase with any incidental expenses incurred in bringing the assets to its working conditions, for its intended use. Expenditure incurred for the purpose of acquiring, extending or improving assets of permanent nature has been treated as capital expenditure.

##### b) Restoration Costs

Expenditure incurred on repairs or maintenance of Property, Plant and Equipment in order to restore or maintain the future economic benefits expected from originally assessed standard of performance, is recognized as an expense when incurred.

##### c) Revaluation

When an asset is revalued, any increase in the carrying amount is credited directly to a revaluation surplus unless it reverses a previous revaluation decrease relating to the same asset, which was previously recognized as an expense. In these circumstances the increase is recognized as income to the extent of the previous written down. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognized as an expense unless it reverses a previous increment relating to that asset, in which case it is charged against any related revaluation surplus, to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset. Any balance remaining in the revaluation surplus in respect of an asset, is transferred directly to accumulated profits on retirement or disposal of the asset.

##### d) Depreciation

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

# Notes to the Financial Statements

For The Year Ended March 31, 2011

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Contd..

Leasehold Land	- Over	99	Years
Buildings on Leasehold Land	- Over	50	Years
Medical Equipment	- Over	10	Years
Office Equipment	- Over	05	Years
Furniture & Fittings	- Over	10	Years
Kitchen Equipment	- 03 to	10	Years
Generator	- Over	10	Years
Air Conditioners	- 04 to	10	Years
Housekeeping Equipment	- Over	10	Years
Plant and Machinery	- 02 to	10	Years
Motor Vehicle	- 04 to	05	Years
Tools & Equipment	- Over	10	Years
Elevators	- Over	10	Years
Computers	- Over	05	Years
Medical Instruments	- Over	10	Years

Depreciation is provided on a pro- rata basis on the assets purchased / disposed of during the year. Depreciation of an asset begins when it is available for use whereas depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date the asset is derecognized.

### e) De-recognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognizing of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Income Statement in the year the asset is derecognized.

### 2.2.1.5 Investments

#### a) Investments in Subsidiaries

In the company's Financial Statements investments in subsidiaries have been accounted for at cost, net of any impairment losses.

#### b) Other Long Term Investments

All investments, which are held as long term, are initially measured at cost and subsequently stated at the market values. Investments which are held for yield or capital appreciation are classified as long-term investments. All unquoted investments are carried at lower of cost or Director's valuation, if any. Provision is made for any permanent **diminution** in value.

#### c) Short Term Investments

Investments that are held for trading purposes are classified as short-term investments. These are marketable securities acquired and held with the intention of re-sale over a short period of time. Such securities are initially recorded at cost on an aggregate in total and subsequently measured at market value. Adjustments for fall in/ increase in the market value are accounted by charging the difference to the Income Statement.

### 2.2.1.6 Leases

#### a) Finance Leases – Where the Company is the Lessee

Property, Plant and Equipment on finance leases, which effectively transfer to the Company substantially all of the risk and benefits incidental to ownership of the leased

item are capitalized at the inception of the lease at the fair value of the leased Property or, if lower, at the present value of the minimum lease payments. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

#### b) Operating Leases

Lease of assets under which all the risks and benefits of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Income Statement on a straight-line basis over the period of the lease.

### 2.2.1.7 Impairment of Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and 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. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognized in the Income Statement in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognized in equity up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Income Statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

# Notes to the Financial Statements

For The Year Ended March 31, 2011

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Contd..

Impairment losses recognized in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

### 2.3 LIABILITIES AND PROVISIONS

#### 2.3.1 Liabilities

Liabilities classified as current liabilities in the Balance Sheet are those obligations payable on demand or within one year from the Balance Sheet date. Items classified as non current liabilities are those obligations which expire beyond a period of one year from the Balance Sheet date.

All known liabilities have been accounted for in preparing the Financial Statements and adequate provisions have been made for liabilities which are known to exist.

#### 2.3.2 Provisions

Provisions are recognized when the company 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. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

#### 2.3.2 Retirement Benefit Obligations

##### a) Defined Benefit Plan – Gratuity

The cost of defined benefit plans - Gratuity is determined using actuarial valuations. The Group measures the present value of the promised retirement benefits for 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 required by Sri Lanka Accounting Standards No. 16, Employee Benefits (Revised 2006).

The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date.

The item is stated under Retirement Benefit Obligations in the Balance Sheet. The liability is not externally funded.

##### b) Defined Contribution Plan- Employees' Provident Fund & Employees' Trust Fund

Employees are eligible for Employees' Provident Fund and Employees' Trust Fund Contributions in line with respective statutes and regulations. The Company contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively. Employer's contribution to the defined contribution plans are recognized as an expense in the Income Statement when incurred.

#### 2.3.3 Interest Bearing Loans and Borrowings

Interest Bearing Loans are recorded at the amount of proceeds received, net of transaction cost if any. All borrowing costs are charged to Income Statement as an expense in the period in which they are incurred.

#### 2.3.4 Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that can not be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the Financial Statements.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company. The company does not recognize contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

#### 2.3.5 Trade and Other Payables

Trade and Other Payables are stated at their costs.

## 2.4 INCOME STATEMENT

#### 2.4.1 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes. The following specific criteria are used for the purpose of recognition of revenue.

##### a) Rendering of Services

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

##### b) Interest

Interest Income is recognized as the interest accrues unless collectibles is in doubt.

##### c) Others

Other income is recognized on an accrual basis.

# Notes to the Financial Statements

For The Year Ended March 31, 2011

## 2.4.2 Expenditure Recognition

- a) Expenses are recognized in the Income Statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the Property, Plant & Equipment in a state of efficiency has been charged to Income Statement in arriving at the profit for the year.
- b) For the purpose of presentation of the Income Statement the Directors are of the opinion that nature of expenses method and function of expenses method presents fairly the elements of the Company's performance, and hence such presentation method is adopted.

Notes to the Financial Statements Continued on Page 37



# Notes to the Financial Statements

For The Year Ended March 31, 2011

3 Property, Plant and Equipment	As At 01.04.2010	Revaluation	Additions / Transfers	Acquisition of Subsidiaries	Disposals / Write offs / Transfers	As At 31.03.2011
Group	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>3.1 At Cost / Valuation</b>						
<b>Free Hold Assets</b>						
Land & Buildings	3,582,159	-	3,450,156	-	-	7,032,315
Plant & Machinery	26,920	-	-	-	(23,698)	3,222
Buildings on Leasehold Land	934,417	-	6,101	-	-	940,518
Medical Equipment	1,806,232	-	1,082,347	-	(115,942)	2,772,637
Furniture & Fixtures and Equipment	613,892	-	708,862	-	(297,195)	1,025,559
Office Equipment	74,096	-	14,201	-	(866)	87,431
Sundry Equipment	37,262	-	527	-	-	37,789
Kitchen Equipment	19,303	-	4,086	-	-	23,389
Televisions & Cassette Recorder	2,882	-	10	-	-	2,892
Tools & Equipment	57,381	-	1,416	-	-	58,797
Push Cycles	12	-	9	-	-	21
Generators	39,251	-	2,895	-	-	42,146
Water Pumps	383	-	-	-	-	383
Motor Vehicles	47,762	-	17,701	-	(14,103)	51,360
Computers	29,022	-	7,849	-	-	36,871
Air Conditioners	127,803	-	7,244	-	-	135,047
Laundry Equipments	8,385	-	-	-	-	8,385
House Keeping Equipment	15,681	-	309	-	-	15,990
IT, Electrical & Sports Life Equipment	-	-	166,676	-	-	166,676
Linen, Mattresses & General Accessories	-	-	11,969	-	-	11,969
Elevators	32,527	-	-	-	-	32,527
<b>Total Value of Depreciable Assets</b>	<b>7,455,370</b>	<b>-</b>	<b>5,482,358</b>	<b>-</b>	<b>(451,804)</b>	<b>12,485,924</b>
<b>In the Course of Construction</b>						
Building Work-in-Progress	4,546,848	-	95,788	-	(4,633,596)	9,040
Building Work-in-Progress on Leasehold Land	-	-	-	2,020	-	2,020
	<b>12,002,218</b>	<b>-</b>	<b>5,578,146</b>	<b>2,020</b>	<b>(5,085,400)</b>	<b>12,496,984</b>
<b>Lease Hold Assets</b>						
Motor Vehicles	8,090	-	-	-	-	8,090
<b>Total Gross Carrying Amount</b>	<b>12,010,308</b>	<b>-</b>	<b>5,578,146</b>	<b>2,020</b>	<b>(5,085,400)</b>	<b>12,505,073</b>
<b>3.2 Depreciation</b>	<b>As At 01.04.2010</b>	<b>Adjustments</b>	<b>Impairment for the Year</b>	<b>Charge for the Year</b>	<b>Disposals / Write offs / Transfers</b>	<b>As At 31.03.2011</b>
<b>Free Hold Assets</b>						
Land & Buildings	85,795	-	-	86,058	-	171,853
Plant & Machinery	24,415	-	13	630	(21,836)	3,222
Buildings on Leasehold Land	71,763	-	-	18,746	-	90,509
Medical Equipment	768,372	-	-	254,121	(57,245)	965,248
Furniture & Fixtures and Equipment	369,886	(5,489)	7,789	108,935	(234,662)	246,459
Office Equipment	41,512	(1,457)	-	14,387	(102)	54,340
Sundry Equipment	23,705	-	-	1,557	-	25,262
Kitchen Equipment	9,526	-	-	2,068	-	11,594
Televisions & Cassette Recorder	1,367	-	-	288	-	1,655
Tools & Equipment	24,069	-	-	5,832	-	29,901
Push Cycle	7	-	-	2	-	9
Generator	12,952	-	-	4,024	-	16,976
Water Pump	273	-	-	20	-	293
Motor Vehicle	30,382	-	-	8,658	(10,653)	28,387
Computers	14,692	-	-	5,640	-	20,332
Air Conditioners	43,376	-	-	13,176	-	56,552
Laundry Equipments	4,990	-	-	839	-	5,829
House Keeping Equipment	1,884	-	-	1,582	-	3,466
IT, Electrical & Sports Life Equipment	-	-	-	24,181	-	24,181
Linen, Mattresses & General Accessories	-	-	-	5,213	-	5,213
Elevators	10,599	-	-	3,253	-	13,852
	<b>1,539,565</b>	<b>(6,946)</b>	<b>7,802</b>	<b>559,210</b>	<b>(324,498)</b>	<b>1,775,133</b>
<b>Lease Hold Assets</b>						
Motor Vehicles	2,084	-	-	1,426	-	3,510
<b>Total Depreciation</b>	<b>1,541,649</b>	<b>(6,946)</b>	<b>7,802</b>	<b>560,636</b>	<b>(324,498)</b>	<b>1,778,643</b>

Figures in brackets indicate deductions

\* Notes to the Financial Statements Continued on page 38

# Notes to the Financial Statements

For The Year Ended March 31, 2011

### 3.3 Net Book Values

#### Free Hold Assets at Valuation

Land & Buildings

#### at Cost

Plant & Machinery

Buildings on Leasehold Land

Medical Equipment

Furniture & Fixtures and Equipment

Office Equipment

Sundry Equipment

Kitchen Equipment

Televisions & Cassette Recorder

Tools & Equipment

Push Cycle

Generator

Water Pump

Motor Vehicles

Computers

Air Conditioners

Laundry Equipments

House Keeping Equipment

IT, Electrical & Sports Life Equipment

Linen, Mattresses & General Accessories

Elevators

**Total Value of Depreciable Free Hold Assets**

#### In the Course of Construction

Building Work-in-Progress

#### Lease Hold Assets

Motor Vehicles

**Total Carrying Amount of Property, Plant and Equipment**

	As at 31.03.2011 Rs. '000	As at 31.03.2010 Rs. '000
Land & Buildings	6,860,462	3,496,364
Plant & Machinery	-	2,505
Buildings on Leasehold Land	850,009	862,654
Medical Equipment	1,807,389	1,037,860
Furniture & Fixtures and Equipment	779,100	244,006
Office Equipment	33,091	32,584
Sundry Equipment	12,527	13,557
Kitchen Equipment	11,795	9,777
Televisions & Cassette Recorder	1,237	1,515
Tools & Equipment	28,896	33,312
Push Cycle	12	5
Generator	25,170	26,299
Water Pump	90	110
Motor Vehicles	22,973	17,380
Computers	16,539	14,330
Air Conditioners	78,495	84,427
Laundry Equipments	2,557	3,395
House Keeping Equipment	12,524	13,797
IT, Electrical & Sports Life Equipment	142,495	-
Linen, Mattresses & General Accessories	6,756	-
Elevators	18,675	21,928
<b>Total Value of Depreciable Free Hold Assets</b>	<b>10,710,791</b>	<b>5,915,805</b>
Building Work-in-Progress	11,060	4,546,848
Motor Vehicles	4,580	6,006
<b>Total Carrying Amount of Property, Plant and Equipment</b>	<b>10,726,431</b>	<b>10,468,659</b>

3.4 During the year, the Group of Companies acquired Property, Plant and Equipment to the aggregate value of Rs 947 Mn (2010 - Rs. 3,637 Mn). Cash payments amounting to Rs 947 Mn (2010 - Rs 3,634 Mn) were made during the year for purchase of Property, Plant & Equipment.

3.5 Assets included in the above table comprises cost of the assets obtained under finance leases, amounting to Rs. Nil (31 March 2010 – Rs 3.4 Mn) and accumulated depreciation amounting to Rs 3.5 Mn (31 March 2010 - Rs 2 Mn)

3.6 Group's Property, Plant and Equipment include fully depreciated assets still in use, the cost of which at 31 March 2011 amounted to Rs 223Mn (31 March 2010 - Rs 202 Mn).

### 3.7 Revaluation of Free Hold Land and Buildings

a) Land with an extent of 1 Acre & 0.98 Perches and the building (one building) at #181, Kirula Road, Colombo 05 of **Asiri Hospital Holdings PLC** have been last revalued on March 31, 2009 to an aggregate value of Rs. 798,000,000/- by Mr. P. B. Kalugalagedara (FIV, MSIZ, IRRV, FRICS), partner of P. B. Kalugalagedara Associates, Chartered Valuation Surveyors & Estate Agents. Resultant surplus on valuation of Rs. 310,341,739/- had been credited to the revaluation reserve account. The valuation has been done on market value basis.

b) Land with an extent of 1 Acre 3 Roots & 10 Perches at #37, Horton Place, Colombo 7 of **Asiri Central Hospitals PLC** was last revalued on 30th November 2010 by Mr.P.B.Kalugalagedara & Associates. Resultant surplus of such revaluation of Rs. 852,056,000/- were incorporated to the Equity Statement of the subsidiary's Financial Statements. The valuation was made on the basis on market value.

3.8 The carrying amounts of revalued assets of the group that would have been included in the Financial Statements had the assets been carried at cost less depreciation is as follows:

Class of Asset	Cost Rs. '000	Cumulative Depreciation if assets were carried at cost	Net Carrying Amount 2011 Rs. '000	Net Carrying Amount 2010 Rs. '000
Free Hold Land	948,103	-	948,103	836,703
Buildings	5,100,081	338,218	4,761,863	1,387,930
	<u>6,048,185</u>	<u>338,218</u>	<u>5,709,966</u>	<u>2,224,633</u>

Figures in brackets indicate deductions

\* Notes to the Financial Statements Continued on page 39



# Notes to the Financial Statements

For The Year Ended March 31, 2011

## 3.9 At Cost / Valuation

### Free Hold Assets

Land	401,000
Buildings	399,367
Medical Equipment	801,721
Furniture & Fittings	39,070
Office Equipment	14,947
Sundry Equipment	21,844
Kitchen Equipment	6,415
Televisions & Cassette Recorder	2,105
Tools & Equipment	14,132
Push Cycle	12
Generator	12,715
Water Pump	244
Motor Vehicles	22,029
Computers	21,273
Air Conditioners	32,597
House Keeping Equipment	12,711
<b>Total Value of Depreciable Assets</b>	<b>1,802,182</b>

### Lease Hold Assets

Motor Vehicles	2,511
<b>Gross Carrying Amount</b>	<b>1,804,693</b>

	As At 01.04.2010 Rs. '000	Additions / Transfers Rs. '000	Disposals Rs. '000	As At 31.03.2011 Rs. '000
	401,000	-	-	401,000
	399,367	321	-	399,688
	801,721	48,012	(6,135)	843,598
	39,070	6,661	-	45,731
	14,947	861	-	15,808
	21,844	452	-	22,296
	6,415	1,504	-	7,919
	2,105	10	-	2,115
	14,132	-	-	14,132
	12	9	-	21
	12,715	1,826	-	14,541
	244	-	-	244
	22,029	-	-	22,029
	21,273	4,699	-	25,972
	32,597	4,226	-	36,823
	12,711	73	-	12,784
	<b>1,802,182</b>	<b>68,654</b>	<b>(6,135)</b>	<b>1,864,701</b>
	2,511	-	-	2,511
	<b>1,804,693</b>	<b>68,654</b>	<b>(6,135)</b>	<b>1,867,212</b>

## 3.10 Depreciation

### Free Hold Assets

Buildings	8,271
Medical Equipment	502,052
Furniture & Fittings	30,382
Office Equipment	13,317
Sundry Equipment	21,749
Kitchen Equipment	3,391
Televisions & Cassette Recorder	1,173
Tools & Equipment	3,451
Push Cycle	7
Generator	7,254
Water Pump	237
Motor Vehicles	13,732
Computers	11,522
Air Conditioners	11,241
House Keeping Equipment	660
<b>Total Depreciation</b>	<b>628,439</b>

### Lease Hold Assets

Motor Vehicles	1,027
<b>Total Depreciation</b>	<b>629,466</b>

	As At 01.04.2010 Rs. '000	Charge for the Year Rs. '000	Adjustments Rs. '000	Disposals Rs. '000	As At 31.03.2011 Rs. '000
	8,271	8,325	-	-	16,596
	502,052	81,407	-	(6,135)	577,324
	30,382	4,193	(5,489)	-	29,086
	13,317	1,239	(1,457)	-	13,099
	21,749	24	-	-	21,773
	3,391	704	-	-	4,095
	1,173	210	-	-	1,383
	3,451	1,413	-	-	4,864
	7	2	-	-	9
	7,254	1,317	-	-	8,571
	237	7	-	-	244
	13,732	3,805	-	-	17,537
	11,522	3,806	-	-	15,328
	11,241	3,486	-	-	14,727
	660	1,275	-	-	1,935
	<b>628,439</b>	<b>111,213</b>	<b>(6,946)</b>	<b>(6,135)</b>	<b>726,571</b>
	1,027	503	-	-	1,530
	<b>629,466</b>	<b>111,716</b>	<b>(6,946)</b>	<b>(6,135)</b>	<b>728,101</b>

Figures in brackets indicate deductions

\* Notes to the Financial Statements Continued on page 40

# Notes to the Financial Statements

For The Year Ended March 31, 2011

## 3.11 Net Book Values

### Free Hold Assets at Valuation

Land

Buildings

### at Cost

Medical Equipment

Furniture & Fittings

Office Equipment

Sundry Equipment

Kitchen Equipment

Televisions & Cassette Recorder

Tools & Equipment

Push Cycles

Generators

Water Pumps

Motor Vehicles

Computers

Air Conditioners

House Keeping Equipment

**Total Value of Depreciable Free Hold Assets**

### Lease Hold Assets

Motor Vehicles

**Total Carrying Amount of Property, Plant and Equipment**

	2011 Rs. '000	2010 Rs. '000
Land	401,000	401,000
Buildings	383,092	391,096
Medical Equipment	266,274	299,669
Furniture & Fittings	16,645	8,688
Office Equipment	2,709	1,630
Sundry Equipment	523	95
Kitchen Equipment	3,824	3,024
Televisions & Cassette Recorder	732	932
Tools & Equipment	9,268	10,681
Push Cycles	12	5
Generators	5,970	5,461
Water Pumps	-	7
Motor Vehicles	4,492	8,297
Computers	10,644	9,751
Air Conditioners	22,096	21,356
House Keeping Equipment	10,849	12,051
<b>Total Value of Depreciable Free Hold Assets</b>	<b>1,138,130</b>	<b>1,173,742</b>
Lease Hold Assets		
Motor Vehicles	981	1,484
<b>Total Carrying Amount of Property, Plant and Equipment</b>	<b>1,139,111</b>	<b>1,175,227</b>

3.12 During the year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs 69 Mn (2010-Rs 44 Mn). Cash payments amounting to Rs 69 Mn (2010-Rs 44 Mn) were made during the year for purchase of Property, Plant & Equipment.

3.13 Property, Plant and Equipment include fully depreciated assets still in use the cost of which at 31 March 2011 is Rs. 223 Mn (31 March 2010 - Rs 202 Mn).

3.14 The carrying amounts of revalued assets of the group that would have been included in the Financial Statements had the assets been carried at cost less depreciation is as follows :

### Class of Asset

Free Hold Land

Buildings

Class of Asset	Cost	Cumulative Depreciation if assets were carried at cost	Net Carrying Amount 2011	Net Carrying Amount 2010
Free Hold Land	29,617	-	29,617	29,617
Buildings	320,003	92,453	227,550	234,206
	<b>349,620</b>	<b>92,453</b>	<b>257,167</b>	<b>263,822</b>

Figures in brackets indicate deductions

\* Notes to the Financial Statements Continued on page 41

# Notes to the Financial Statements

For The Year Ended March 31, 2011

	GROUP		COMPANY	
	2011 Rs. '000	2010 Rs. '000	2011 Rs. '000	2010 Rs. '000
<b>4 Leasehold Properties - Lease Rentals Paid in Advance</b>				
<b>Balance at Beginning of the Year</b>	125,123	129,898	-	-
Purchased / (Transferred) of Lease Rights During the Year	-	-	-	-
Amortization for the Year	(4,775)	(4,775)	-	-
<b>Balance at End of the Year</b>	<b>120,348</b>	<b>125,123</b>	-	-

**4.1 Asiri Surgical Hospital PLC** obtained leasehold rights to the land (extent of which 2 Acres 1Root & 11.6 Perches and 3 buildings) situated at No. 21, Kirimandala Mawatha, Colombo 05 for 99 years from the Board of Investment of Sri Lanka by the agreement dated 29 March 2000. Based on the Ruling 11 of Urgent Issues Task Force (UITF) of The Institute of Chartered Accountants of Sri Lanka, it was stated at revalued amounts. As a result of a revision to said ruling, the Company now carries such leasehold rights to land at the values recorded in the Balance Sheet as at the effective date of SLAS 19 - Leases.

**4.2 Asiri Hospital Matara (Pvt) Ltd** obtained a lease hold rights to a building, situated at a land with 38.34 Perches at #37, Anagarika Dharmapala Mawatha Matara, for 20 years commencing from October 04, 2006.

**5 Intangible Assets**  
**Goodwill on Consolidation**

**Balance at Beginning of the Year**  
Additions During the Year  
Adjustment Due to Change in Stake During the Year  
**Balance at End of the Year**

Note 5.1

	GROUP	
	2011 Rs. '000	2010 Rs. '000 Re-Stated
<b>Balance at Beginning of the Year</b>	200,961	201,862
Additions During the Year	34,085	-
Adjustment Due to Change in Stake During the Year	329,564	(901)
<b>Balance at End of the Year</b>	<b>564,610</b>	<b>200,961</b>

**5.1 Acquisition of Subsidiaries During the Year**

On 09th September 2010, Asiri Hospital Holdings PLC has acquired entire share capital of Digasiri Medical Services (Pvt) Ltd.

Investment Made  
Fair Value of Net Assets Acquired  
**Goodwill on Acquisition**

	GROUP	
	2011 Rs. '000	2010 Rs. '000
Investment Made	65,997	-
Fair Value of Net Assets Acquired	31,912	-
<b>Goodwill on Acquisition</b>	<b>34,085</b>	-

**6 Deferred Tax Assets**

**Balance at Beginning of the Year**  
Provision / (Reversal) During the Year  
**Balance at End of the Year**

Note 6.1

	GROUP		COMPANY	
	2011 Rs. '000	2010 Rs. '000	2011 Rs. '000	2010 Rs. '000
<b>Balance at Beginning of the Year</b>	-	-	-	-
Provision / (Reversal) During the Year	101,139	-	-	-
<b>Balance at End of the Year</b>	<b>101,139</b>	-	-	-
<b>6.1 Deferred Tax Expense / (Income)</b>				
<b>Deferred Tax Expense / (Income) arising due to</b>				
Origination and reversal of timing Differences	(18,202)	-	-	-
Benefit Arising from Tax Losses	119,341	-	-	-
	<b>101,139</b>	-	-	-

**6.2** Deferred tax assets in the balance sheet is attributable to provision for retirement benefit obligations, carry forward tax losses and accelerated tax depreciation as shown below.

**Deferred Tax Liability Relates to Taxable Temporary Differences from**

Accelerated Depreciation for Tax Purposes

**Deferred Tax Assets Relates to Deductible Temporary Differences from**

Provision for Retirement Benefit Obligation

Carried Forward Tax Losses

**Deferred Tax Asset Net**

	2011 Rs. '000	2010 Rs. '000	2011 Rs. '000	2010 Rs. '000
Accelerated Depreciation for Tax Purposes	(24,546)	-	-	-
	<b>(24,546)</b>	-	-	-
Provision for Retirement Benefit Obligation	6,344	-	-	-
Carried Forward Tax Losses	119,341	-	-	-
	<b>125,685</b>	-	-	-
<b>Deferred Tax Asset Net</b>	<b>101,139</b>	-	-	-

Figures in brackets indicate deductions

\* Notes to the Financial Statements Continued on page 42

# Notes to the Financial Statements

For The Year Ended March 31, 2011

- 6.3** Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilized
- 6.4** Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. Deferred taxation has been computed using current effective tax rates.

Notes	GROUP		COMPANY	
	2011 Rs. '000	2010 Rs. '000	2011 Rs. '000	2010 Rs. '000
<b>7 Investments</b>				
Investments in Subsidiaries	-	-	3,525,217	2,703,851
Other Investments	1,541	558	1,385	401
Investments in Short-Term Marketable - Securities	47,500	-	47,500	-
	<b>49,041</b>	<b>558</b>	<b>3,574,101</b>	<b>2,704,252</b>
<b>7.1 Movement in the Investment</b>				
<b>Balance at Beginning of the Year</b>	558	362	2,704,252	2,271,805
Investment made during the year	50,510	157	871,876	432,447
Mark to Market Value Adjustment (Net)	(2,027)	39	(2,027)	-
<b>Balance at End of the Year</b>	<b>49,041</b>	<b>558</b>	<b>3,574,101</b>	<b>2,704,252</b>

Type of Shares	No. of Shares	% of Holding	COMPANY	
			2011 Rs. '000	2010 Rs. '000
<b>7.2 Investment in Subsidiaries Quoted</b>				
Asiri Surgical Hospital PLC	235,225,553 21,000,000	44.51% 100.00%	1,006,972 630,000	251,603 630,000
Asiri Central Hospitals PLC	12,413,491	55.59%	1,213,447	1,213,447
			<b>2,850,419</b>	<b>2,095,050</b>
<b>Unquoted</b>				
Asiri Diagnostics Services (Pvt) Ltd	273,221	66.54%	2,691	2,691
Asiri Hospital Matara (Pvt) Ltd	26,000,000	100.00%	260,000	260,000
Central Hospital (Pvt) Ltd	34,610,940	10.88%	346,109	346,110
Asiri Hospital Kandy (Pvt) Ltd	5	100.00%	65,997	-
			<b>674,798</b>	<b>608,801</b>
<b>Total Investments in Subsidiaries</b>			<b>3,525,217</b>	<b>2,703,851</b>

No. of Shares	GROUP		COMPANY	
	2011 Rs. '000	2010 Rs. '000	2011 Rs. '000	2010 Rs. '000
<b>7.3 Other Investments Quoted Investments</b>				
National Development Bank	558	558	401	401
Mark to Market Value Adjustment	983	-	983	-
	<b>1,541</b>	<b>558</b>	<b>1,384</b>	<b>401</b>
<b>7.4 Investments in Short Term Marketable Securities Quoted Investments</b>				
Hatton National Bank	50,510	-	50,510	-
Mark to Market Value Adjustment	(3,010)	-	(3,010)	-
	<b>47,500</b>	<b>-</b>	<b>47,500</b>	<b>-</b>

Figures in brackets indicate deductions

\* Notes to the Financial Statements Continued on page 43

# Notes to the Financial Statements

For The Year Ended March 31, 2011

	GROUP		COMPANY	
	2011 Rs. '000	2010 Rs. '000	2011 Rs. '000	2010 Rs. '000
<b>8 Inventories</b>				
Chemical & Test Materials	60,981	81,083	58,417	54,364
Pharmaceuticals	48,815	51,472	21,198	16,743
Surgical	74,336	79,428	10,870	6,824
X-ray Consumables	4,609	2,118	801	781
Foodstuff	880	1,222	639	598
Stationery	9,679	10,119	3,969	5,229
House Keeping	1,229	1,992	1,006	1,107
Kitchen / Canteen	649	-	-	-
Maintenance	1,219	584	1,204	584
Drugs	51,374	-	-	-
Genetic Lab	25,513	6,510	-	463
Consumables	1,122	9,101	338	708
Sundry	10,110	-	-	-
	<b>290,516</b>	<b>243,629</b>	<b>98,442</b>	<b>87,401</b>
Provision for Obsolete Stocks	(3,868)	-	-	-
	<b>286,648</b>	<b>243,629</b>	<b>98,442</b>	<b>87,401</b>
<b>9 Trade and Other Receivables</b>				
Trade Receivables	234,217	144,144	46,866	48,250
Provision for Bad Debts	(4,847)	(4,664)	(133)	(422)
	<b>229,370</b>	<b>139,480</b>	<b>46,733</b>	<b>47,828</b>
Advances	11,900	83,192	-	-
Prepayments and Other Receivables	191,980	55,146	105,475	39,616
	<b>433,250</b>	<b>277,818</b>	<b>152,208</b>	<b>87,444</b>
<b>10 AHL - Employees' Share Trust Fund</b>				
Balance as at 31 March	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>

Asiri Hospital Holdings PLC Employee Share Trust Fund has been formed with effect from April 01, 2001 by the indenture of the trust dated March 29, 2001.

The permanent employees of the company are eligible to receive distribution of income made by the trust as specified in the indenture of the trust. However, no distribution can be made by way of transferring shares owned by the trust to beneficiaries.

Jacey Trust Services (Pvt) Ltd has been appointed as the trustees of the trust with effect from April 01, 2001.

	COMPANY		
	Relationship	2011 Rs. '000	2010 Rs. '000
<b>11 Amounts Due from Related Parties</b>			
Asiri Hospital Matara (Pvt) Ltd	Subsidiary	101,934	78,625
Central Hospital (Pvt) Ltd	Subsidiary	34,778	-
Asiri Central Hospitals PLC	Subsidiary	10,137	8,563
Matara Medi House (Pvt) Ltd	Subsidiary	32,542	-
Asiri Hospital Kandy (Pvt) Ltd	Subsidiary	36,889	-
		<b>216,280</b>	<b>87,188</b>

	Relationship	Interest Rate	COMPANY	
			2011 Rs. '000	2010 Rs. '000
<b>11.1 Short Term Loan Balance</b>				
Central Hospital (Pvt) Ltd	Subsidiary	AWPLR+1.5%	132,350	-
Asiri Central Hospitals PLC	Subsidiary	AWPLR+1.5%	26,050	-
			<b>158,400</b>	<b>-</b>

Figures in brackets indicate deductions

\* Notes to the Financial Statements Continued on page 44

# Notes to the Financial Statements

For The Year Ended March 31, 2011

		COMPANY			
		2011		2010	
		Number of Shares in 000s	Value of Shares Rs. '000	Number of Shares in 000s	Value of Shares Rs. '000
<b>12 Stated Capital</b>					
	<b>Fully Paid Ordinary Shares</b>				
	At Beginning of the Year	889,263	1,636,244	889,263	1,636,244
	Issues of Shares	-	-	-	-
	<b>At End of the Year</b>	<b>889,263</b>	<b>1,636,244</b>	<b>889,263</b>	<b>1,636,244</b>
		<b>GROUP</b>		<b>COMPANY</b>	
		<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
		<b>Rs. '000</b>	<b>Rs. '000</b>	<b>Rs. '000</b>	<b>Rs. '000</b>
<b>13 Capital Reserves</b>					
	<b>Revaluation Reserves</b>				
	Balance at Beginning of the Year	358,404	358,404	358,404	358,404
	Revaluation for the Year	-	-	-	-
	<b>Balance at End of the Year</b>	<b>358,404</b>	<b>358,404</b>	<b>358,404</b>	<b>358,404</b>
<b>14 Interest Bearing Loans and Borrowings</b>					
	Finance Leases	7,354	34,769	615	1,316
	Bank Overdrafts & Short Term Borrowings	2,480,564	1,649,988	1,443,715	759,378
	Long Term Bank Borrowings	4,094,462	3,770,523	782,862	508,950
		<b>6,582,380</b>	<b>5,455,280</b>	<b>2,227,192</b>	<b>1,269,644</b>
<b>14.1 Movement in Interest Bearing Loans and Borrowings During the Year</b>					
	<b>Balance at Beginning of the Year</b>	<b>5,455,280</b>	<b>4,283,179</b>	<b>1,269,644</b>	<b>1,313,153</b>
	Borrowings During the Year	4,488,457	3,176,268	1,375,000	490,000
	Loans from Acquisitions of New Subsidiaries	-	38,163	-	-
	Repayments During the Year	(3,361,357)	(2,042,330)	(417,452)	(533,510)
	<b>Balance at End of the Year</b>	<b>6,582,380</b>	<b>5,455,280</b>	<b>2,227,192</b>	<b>1,269,644</b>
		<b>GROUP</b>		<b>COMPANY</b>	
		<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
		<b>Rs. '000</b>	<b>Rs. '000</b>	<b>Rs. '000</b>	<b>Rs. '000</b>
			<b>Re-Styled</b>		
<b>14.2 Finance Leases</b>					
	<b>Balance at Beginning of the Year</b>	10,121	8,174	1,316	1,901
	Additions	-	36,062	-	-
	Repayments	(2,768)	(9,467)	(701)	(585)
	<b>Balance at End of the Year</b>	<b>7,354</b>	<b>34,769</b>	<b>615</b>	<b>1,316</b>
<b>14.3 Bank Overdrafts &amp; Short Term Borrowings</b>					
	Bank Overdrafts	820,564	658,420	508,715	509,378
	Short Term Borrowings	1,660,000	991,568	935,000	250,000
		<b>2,480,564</b>	<b>1,649,988</b>	<b>1,443,715</b>	<b>759,378</b>
<b>14.4 Long Term Loans and Borrowings Repayable within One Year</b>		2,206,419	1,711,369	188,986	212,943
		<b>2,206,419</b>	<b>1,711,369</b>	<b>188,986</b>	<b>212,943</b>
<b>14.5 Long Term Loans and Borrowings Repayable After One Year</b>		1,895,396	2,093,923	594,491	297,323
		<b>1,895,396</b>	<b>2,093,923</b>	<b>594,491</b>	<b>297,323</b>
	<b>Total Interest Bearing Loans and Borrowings</b>	<b>6,582,380</b>	<b>5,455,280</b>	<b>2,227,192</b>	<b>1,269,644</b>

Figures in brackets indicate deductions

\* Notes to the Financial Statements Continued on page 45

# Notes to the Financial Statements

For The Year Ended March 31, 2011

## 14.6 Security and Repayment Terms of Borrowings

Company	Lending Institution	Nature of Facility	2011 Rs. '000	2010 Rs. '000	Repayment Terms
Asiri Hospital Holdings PLC <b>Security</b> Concurrent Mortgage Over Land Marked Lot . L, and Called Ambagahawatta together with the Fixed Machinery Bearing Assessment at No .181, Kirula Road, Colombo 5 and Corporate Guarantee by Asiri Surgical Hospital PLC for Rs. 30 Mn.	Bank of Ceylon	Long Term Loan 75 Mn	9,375	28,125	48 Monthly Installments
Asiri Hospital Holdings PLC <b>Security</b> Mortgage Bond Over CT Machine at Jaffna Lab.	Commercial Bank	Long Term Loan 20 Mn	17,669	-	60 Monthly Installments
Asiri Hospital Holdings PLC <b>Security</b> Registered Primary Floating Mortgage Bond for Rs. 200 Mn Over the Leased Hold Commercial Property at No. 21, Kirimandala Mawatha, Narahenpita, Colombo 5. (Asiri Surgical Hospital PLC Premises)	Hatton National Bank	Long Term Loan 200 Mn	123,318	163,326	60 Monthly Installments
Asiri Hospital Holdings PLC <b>Security</b> Secondary Mortgage Over Property at No. 181, Kirula Road, Colombo 5.	Commercial Bank	Long Term Loan 150 Mn	75,000	112,500	48 Monthly Installments
Asiri Hospital Holdings PLC <b>Security</b> Assignment of 134,915,107 Ordinary Shares of Asiri Surgical Hospital PLC held by Asiri Hospital Holdings PLC in favour of DFCC Bank.	DFCC Bank	Long Term Loan 200 Mn	100,000	140,000	36 Monthly Installments after 1 year period
Asiri Hospital Holdings PLC <b>Security</b> Corporate Guarantee of Rs. 150 Mn by Asiri Surgical Hospital PLC	Amana Bank	Long Term Loan 150Mn	150,000	-	60 Monthly Installments
Asiri Hospital Holdings PLC <b>Security</b> Corporate Guarantee of Rs. 150 Mn by Asiri Surgical Hospital PLC	Nations Trust Bank	Long Term Loan 150 Mn	137,500	-	60 Monthly Installments
Asiri Hospital Holdings PLC <b>Security</b> Corporate Guarantee of Rs. 20 Mn by Asiri Surgical Hospital PLC	Hatton National Bank	Long Term Loan 20 Mn	20,000	-	One off payment after 12 Months
Asiri Hospital Holdings PLC <b>Security</b> Concurrent Mortgage Over Land Marked Lot. L, Land Called Ambagahawatta Bearing Assessment. No. 181, Kirula Road, Colombo 5.	Commercial Bank	Long Term Loan 150 Mn	150,000	-	60 Monthly Installments
Asiri Hospital Holdings PLC <b>Security</b> Assignment of 54,055,762 Shares of Asiri Surgical Hospital PLC in favour of Sampath Bank.	Sampath Bank	Short Term Loan 755 Mn	755,000	-	One off payment in December 2011

Figures in brackets indicate deductions

\* Notes to the Financial Statements Continued on page 46

# Notes to the Financial Statements

For The Year Ended March 31, 2011

## 14.6 Security and Repayment Terms of Borrowings

Company	Lending Institution	Nature of Facility	2011 Rs. '000	2010 Rs. '000	Repayment Terms
Asiri Hospital Holdings PLC  <b>Security</b> Corporate Guarantee of Rs. 100 Mn by Asiri Surgical Hospital PLC	Commercial Bank	Short Term Loan 100 Mn	100,000	-	One off payment after 6 Months
Asiri Hospital Holdings PLC  <b>Security</b> Corporate Guarantee by Asiri Surgical Hospital PLC	Hatton National Bank	Import Loan 30 Mn	30,000	-	One off payment after 1 Month
Asiri Hospital Holdings PLC  <b>Security</b> Corporate Guarantee of Rs. 100Mn from Asiri Surgical Hospital PLC	NDB Bank	Short Term Loan 50 Mn	50,000	-	One off payment after 3 Months
Asiri Surgical Hospital PLC  <b>Security</b> Corporate Guarantee from Asiri Hospital Holdings PLC	Commercial Bank	Rs.300 Mn	135,000	195,000	60 Monthly Installments
Asiri Surgical Hospital PLC  <b>Security</b> Primary Mortgage over machinery to be imported	Commercial Bank	Rs.100 Mn	100,000	100,000	60 Monthly Installments
Asiri Surgical Hospital PLC  <b>Security</b> Leased hold Land and Buildings	Commercial Bank	Rs.175 Mn	76,400	111,200	60 Monthly Installments
Asiri Surgical Hospital PLC  <b>Security</b> Secondary Concurrent Mortgage Bond with Hatton National Bank PLC over the leasehold land and buildings of Asiri Surgical Hospital PLC.	Commercial Bank	Rs. 100 Mn	73,280	93,390	One off payment after 3 Months
Asiri Surgical Hospital PLC  <b>Security</b> Leased hold Land and Buildings	Hatton National Bank	Rs.175 Mn	79,300	114,100	60 Monthly Installments
Asiri Surgical Hospital PLC  <b>Security</b> Corporate Guarantee from Asiri Hospital Holdings PLC	Hatton National Bank	Rs.50 Mn	50,000	50,000	One off payment after 3 Months

Figures in brackets indicate deductions

\* Notes to the Financial Statements Continued on page 47



# Notes to the Financial Statements

For The Year Ended March 31, 2011

## 14.6 Security and Repayment Terms of Borrowings

Company	Lending Institution	Nature of Facility	2011 Rs. '000	2010 Rs. '000	Repayment Terms
Asiri Surgical Hospital PLC  <b>Security</b> Mortgage over Equipment	Nations Trust Bank	Rs 36 Mn	15,750	24,750	48 Monthly Installments
Asiri Surgical Hospital PLC  <b>Security</b> Corporate Guarantee from Asiri Hospital Holdings PLC	Pan Asia Banking Corporation PLC	Rs.50 Mn	48,608	50,000	One off payment after 3 Months
Asiri Surgical Hospital PLC  <b>Security</b> 66,000,000 ordinary shares of Asiri Surgical Hospital PLC held by Asiri Hospital Holdings PLC	DFCC Bank	Rs.200 Mn	138,996	179,664	50 Monthly Installments

### Asiri Central Hospitals PLC

Bank borrowings were obtained to invest in Central Hospital (Pvt) Ltd and are secured by a primary mortgage bond over the Company's premises, at No. 37, Horton Place, Colombo 7.

### Central Hospital (Pvt) Ltd

Syndicated loan is secured by a primary concurrent mortgage over the Company's premises at No. 114, Norris Canal Road, Colombo 10 and secondary concurrent mortgage shall be released upon the first repayment of Rs 750,000,000.

Other borrowings are secured by a corporate guarantee of Asiri Hospital Holdings PLC and Asiri Central Hospitals PLC.

### Asiri Hospital Matara (Pvt) Ltd

Primary mortgage for Rs. 237 Mn over the hospital premises at No. 26, Esplanade road, Uyanwatta, Matara and at No. 15, Dharmarathna Mawatha, Uyanwatta, Matara owned by Matara Medi House (Pvt) Ltd.

## 15 Non - Interest Bearing Loans and Borrowings

Payable to the Board of Investment of Sri Lanka  
Borrowings from Related Companies

### 15.1 Group

Payable to the  
Board of Investment of Sri Lanka

On Leasehold Land  
On - Relocation

	GROUP		COMPANY	
	2011 Rs. '000	2010 Rs. '000	2011 Rs. '000	2010 Rs. '000
<b>Note 15.1</b>	55,674	59,746	-	-
<b>Note 15.2</b>	-	-	11,000	11,000
	<b>55,674</b>	<b>59,746</b>	<b>11,000</b>	<b>11,000</b>
	<b>2011 Amount Repayable Within 1 Year Rs. '000</b>	<b>2011 Amount Repayable Within 2-5 Years Rs. '000</b>	<b>2011 Amount Repayable After 5 Years Rs. '000</b>	<b>2011 Total Rs. '000</b>
	<b>2010 Total Rs. '000</b>			
	4,072	16,288	34,273	54,633
	1,041	-	-	1,041
	<b>5,113</b>	<b>16,288</b>	<b>34,273</b>	<b>55,674</b>
				<b>59,746</b>

### 15.2 Company

An amount of Rs. 11,000,000/- has been obtained by Asiri Hospital Holdings PLC from its subsidiary Asiri Diagnostics Services (Pvt) Ltd as an interest free loan.

Figures in brackets indicate deductions

\* Notes to the Financial Statements Continued on page 48

# Notes to the Financial Statements

For The Year Ended March 31, 2011

## 15.3 Terms of Repayment - Board of Investment of Sri Lanka

- a) 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 .
- b) BOI reserves the right to revise the annual lease rent every 5 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 10% in the financial year 2009/10 and the resulting finance cost amounting to Rs. 203,600/- has been recognised as an expense in 2010/11.

If BOI exercises same right, at the end of 5 years (i.e. after the financial year of 2013/14) and every 5 years thereafter at the maximum allowed rate of 10%, the Company would have to incur a gross liability of Rs.113,100,004/- including future finance costs of Rs. 8,363,870/-.

Due to the uncertainty of exercising such right, the Company has not accounted for future finance costs pertaining to the above lease which would amount to approximately Rs.570,264/- for the year ended 31 March 2011.

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

- c) An amount of Rs. 7,288,940/- is payable in seven equal annual installments on account of re-location fees commencing from the financial year 2004/2005.

## 16 Deferred Tax Liabilities

	GROUP		COMPANY	
	2011 Rs. '000	2010 Rs. '000	2011 Rs. '000	2010 Rs. '000
<b>Balance at Beginning of the Year</b>	100,346	115,088	97,319	114,126
Provision / (Reversal) During the Year	(24,332)	(14,742)	(25,014)	(16,807)
<b>Balance at End of the Year</b>	<b>76,014</b>	<b>100,346</b>	<b>72,305</b>	<b>97,319</b>
<b>16.1 Deferred Tax Expense / (Income)</b>				
<b>Deferred Tax Expense / (Income) arising due to</b>				
Origination and reversal of timing Differences	(5,329)	(14,742)	(6,938)	(16,807)
Changes in Tax Rates or Imposition of New Taxes	(19,003)	-	(18,076)	-
	<b>(24,332)</b>	<b>(14,742)</b>	<b>(25,014)</b>	<b>(16,807)</b>

- 16.2 Deferred tax liability in the Balance Sheet is attributable to provision for retirement benefit obligations and accelerated tax depreciation as shown below.

	GROUP		COMPANY	
	2011 Rs. '000	2010 Rs. '000	2011 Rs. '000	2010 Rs. '000
<b>Deferred Tax Liability Relates to</b>				
<b>Taxable Temporary Differences</b>				
Accelerated Depreciation for Tax Purposes	104,451	124,225	99,848	120,356
	<b>104,451</b>	<b>124,225</b>	<b>99,848</b>	<b>120,356</b>
<b>Deferred Tax Assets Relates to</b>				
<b>Deductible Temporary Differences</b>				
Provision for Retirement Benefit Obligation	(28,438)	(23,879)	(27,543)	(23,037)
	<b>(28,438)</b>	<b>(23,879)</b>	<b>(27,543)</b>	<b>(23,037)</b>
<b>Deferred Tax Liability Net</b>	<b>76,014</b>	<b>100,346</b>	<b>72,305</b>	<b>97,319</b>

Figures in brackets indicate deductions

\* Notes to the Financial Statements Continued on page 49

# Notes to the Financial Statements

For The Year Ended March 31, 2011

- 16.3** Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilized.
- 16.4** Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. Deferred taxation has been computed using current effective tax rates.
- 16.5** With regard to Asiri Surgical Hospital PLC, Asiri Central Hospitals PLC & Asiri Hospital Matara (Pvt) Ltd, the provisions of the Income Tax Act is not applicable as per the agreement signed with the BOI stated in the note 26 to the Financial Statements. As a result, no timing differences arise as at the Balance Sheet Date. As such requirement of provisioning of deferred tax does not arise.

	GROUP		COMPANY	
	2011 Rs. '000	2010 Rs. '000 Re-Styled	2011 Rs. '000	2010 Rs. '000
<b>17 Retirement Benefit Obligations</b>				
<b>Balance at Beginning of the Year</b>	117,946	78,887	70,461	46,171
Acquisition of Subsidiaries	-	2,295	-	-
Charge / (Reverse) for the Year	38,741	44,799	10,875	27,549
Interest Cost	7,751	-	7,751	-
Actuarial Gain / (Loss)	13,878	-	13,878	-
Benefits Paid	(7,789)	(8,035)	(5,019)	(3,259)
Transferred to / (from) Related Company	(158)	-	-	-
<b>Balance at End of the Year</b>	<b>170,370</b>	<b>117,946</b>	<b>97,946</b>	<b>70,461</b>

- 17.1** A separate fund has not been established to accommodate the liability arising on gratuity. Messrs Actuarial & Management Consultants (Pvt) Ltd. carried out an actuarial valuation of the above provision on 31 March 2011. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used are as follows:

**Principal Actuarial Assumption**

Discount Rate 10.5% - 11% p.a.

Future Salary Increase Rate 11.5% p.a

Staff Turnover - Up to 50 years - 10%

The demographic assumption underlying the valuation are retirement age of 55 years

- 17.2** During the previous financial year, with the transfer of employees of Asiri Central Hospitals PLC to related companies, terminal benefits were provided for all employees of the company at the rate of one half of the basic or consolidated wage or salary and cost of living and all other allowances for the last month of the financial year, for employees who have completed five years in service to meet the requirements as required by the Gratuity Act. With the transfer of employees the liability so provided was transferred during the current financial year.

	GROUP		COMPANY	
	2011 Rs. '000	2010 Rs. '000 Re-Styled	2011 Rs. '000	2010 Rs. '000
<b>18 Trade and Other Payables</b>				
Trade Payables	187,153	160,061	48,676	43,642
Accrued Expenses	89,912	83,718	18,372	9,297
Contract Retention	142,522	-	-	-
Other Payables	174,275	164,445	29,208	31,478
	<b>593,862</b>	<b>408,224</b>	<b>96,256</b>	<b>84,417</b>
<b>19 Income Tax Liabilities</b>				
<b>Balance at Beginning of the Year</b>	98,773	6,641	82,177	(10,392)
Dividend Tax Payable	-	5,391	-	5,391
Provision for Income Tax During the Year <b>Note 26.1</b>	154,508	137,352	129,015	104,785
	<b>253,281</b>	<b>149,384</b>	<b>211,192</b>	<b>99,784</b>
Payments Made During the Year	(181,703)	(50,611)	(153,035)	(17,607)
<b>Balance at the End of the Year</b>	<b>71,578</b>	<b>98,773</b>	<b>58,156</b>	<b>82,177</b>

Figures in brackets indicate deductions

\* Notes to the Financial Statements Continued on page 50

# Notes to the Financial Statements

For The Year Ended March 31, 2011

	GROUP		COMPANY	
	2011 Rs. '000	2010 Rs. '000 Re-Styled	2011 Rs. '000	2010 Rs. '000
<b>20 Amounts Due to Related Parties</b>				
Asiri Surgical Hospital PLC	-	-	67,213	40,559
Asiri Diagnostic Services (Pvt) Ltd	-	-	44,187	7,910
Softlogic Communication (Pvt) Ltd	84	122	84	122
	<b>84</b>	<b>122</b>	<b>111,484</b>	<b>48,591</b>

	COMPANY	
	2011	2010
<b>21 Dividend Per Share</b>		
No of Shares	889,263	889,263
Dividend Declared / Paid	88,926	66,695
<b>Dividend Per Share</b>	<b>0.100</b>	<b>0.075</b>

	GROUP		COMPANY	
	2011 Rs. '000	2010 Rs. '000	2011 Rs. '000	2010 Rs. '000
<b>22 Cash and Cash Equivalents</b>				
<b>22.1 Favourable Cash and Cash Equivalents Balance</b>				
Cash and Bank Balances	44,383	159,986	11,698	20,238
Interest Bearing Short Term Deposit	1	1	1	1
	<b>44,384</b>	<b>159,987</b>	<b>11,699</b>	<b>20,239</b>
<b>22.2 Unfavourable Cash and Cash Equivalents Balance</b>				
Bank Overdrafts	(820,564)	(658,420)	(508,715)	(509,378)
<b>Total Cash and Cash Equivalents for the Purposes of Cash Flow Statement</b>	<b>(776,180)</b>	<b>(498,433)</b>	<b>(497,016)</b>	<b>(489,139)</b>

	GROUP		COMPANY	
	2011 Rs. '000	2010 Rs. '000	2011 Rs. '000	2010 Rs. '000
<b>23 Other Income</b>				
Dividend Income	-	-	42,395	37,251
Interest Income	18,430	16,661	7,114	1,764
Share of Profit from Kalubowila Centre	23,302	17,558	23,302	17,558
Share of Profit from Ragama Centre	14,870	14,338	14,870	14,338
Profit / (Loss) on Sale of Property, Plant and Equipment	23,894	34	-	-
Rent Income	2,218	600	872	600
Sundry	4,496	3,686	830	640
Dialog Antenna Rentals	1,607	-	-	-
Mobitel Income Account	720	-	-	-
Gain on Transfer of Assets	2,820	-	-	-
Parking Fees	1,631	5,574	1,631	1,674
Management Fees	-	-	2,400	2,400
	<b>93,988</b>	<b>58,451</b>	<b>93,414</b>	<b>76,225</b>

Figures in brackets indicate deductions

\* Notes to the Financial Statements Continued on page 51

# Notes to the Financial Statements

For The Year Ended March 31, 2011

	GROUP		COMPANY	
	2011 Rs. '000	2010 Rs. '000	2011 Rs. '000	2010 Rs. '000
<b>24 Finance Cost</b>				
Interest Expense on Overdrafts	104,712	100,783	78,652	84,555
Interest Expense on Loans & Borrowings Payable to - Banks	599,782	393,590	97,709	111,364
Bank Charges / Debit Tax	565	117	-	-
Interest Expense on Lease	5,467	1,088	223	298
<b>Total</b>	<b>710,526</b>	<b>495,578</b>	<b>176,584</b>	<b>196,217</b>
<b>25 Profit Before Taxation</b>				
<b>Stated after Charging / (Crediting)</b>				
Directors' Fees	17,973	12,791	4,746	3,451
Directors' Remuneration	9,730	14,926	9,739	8,170
Audit Fees	2,212	1,868	360	385
<b>Staff Costs Includes</b>				
Salaries, Wages and Other Related Expenses including the followings	852,007	636,997	396,364	331,709
- Defined Benefit Plan Costs - Gratuity	61,270	45,675	32,504	27,549
- Defined Contribution Plan Costs - EPF & ETF	69,795	51,671	32,177	30,011
Depreciation	560,636	304,898	104,769	108,266
Provision for Impairment	7,803	-	-	-
Amortisation of Leasehold Property	4,775	4,775	-	-
Charity & Donations	1,209	1,846	301	536
Legal Fees	3,250	3,150	2,110	1,314
<b>26 Income Tax Expense</b>				
Current Income Tax Provision	154,508	137,352	129,015	104,785
Deferred Tax Charge / (Reversal)	(125,471)	(14,742)	(25,014)	(16,807)
<b>Total Charge to the Income Statement</b>	<b>29,037</b>	<b>122,610</b>	<b>104,000</b>	<b>87,978</b>
<b>26.1 Reconciliation Between Current Tax Expense and the Product of Accounting Profit</b>				
		<b>Re-Stated</b>		
Profit Before Taxation	292,172	439,908	377,469	272,443
Expenses Disallowed for Tax	308,830	144,846	143,706	144,428
Expenses Allowed for Tax	(169,183)	(78,325)	(88,501)	(84,660)
Income Not Liable for Tax	(42,395)	(292,470)	(42,395)	(37,251)
Exempt Profit / (Loss)	111,823	61,741	-	-
<b>Adjusted Business Profit / (Loss)</b>	<b>501,247</b>	<b>275,699</b>	<b>390,279</b>	<b>294,960</b>
Income Tax Provision for the Year	165,048	121,156	136,598	103,237
Income Tax Provision for the Year	594	13,562	-	-
Tax on Inter - Company Dividends	-	1,085	-	-
SRL	2,485	1,549	2,049	1,548
Over / (Under) Provision	(13,620)	-	(9,632)	-
<b>Income Tax for the Year</b>	<b>154,508</b>	<b>137,352</b>	<b>129,015</b>	<b>104,785</b>
<b>26.2 Analysis of Deferred Tax Charge / (Reversal) for the Year</b>				
(Charge) / Reversal of Deferred Tax Assets	(101,139)	-	-	-
Charge / (Reversal) of Deferred Tax Liabilities	(24,332)	(14,742)	(25,014)	(16,807)
	<b>(125,471)</b>	<b>(14,742)</b>	<b>(25,014)</b>	<b>(16,807)</b>

Figures in brackets indicate deductions

\* Notes to the Financial Statements Continued on page 52

# Notes to the Financial Statements

For The Year Ended March 31, 2011

## 26.3 Tax on Profits

The Company and all other subsidiaries are liable for income tax at the rate of 35 % except for the following.

## 26.4 Tax Exemptions and Concessions

### a) Asiri Surgical Hospital PLC

Pursuant to the agreement dated 1st June 2000 entered into with the Board of Investment under section 17 of the Board of Investment Law the Company is exempt from income tax for the business of operating a two tier hospital and providing healthcare services, for a period of 10 years commencing from 31st March 2004. This exemption expires on 31st March 2014.

### b) Asiri Hospital Matara (Pvt) Ltd

Profits of the Asiri Hospital Matara (Pvt) Ltd, pursuant to the agreement dated May 25, 2007 entered in to with the Board of Investment under section 17 (2) of the Board of Investment Law No. 4 of 1978 the Company is exempt from income tax for the business of providing health care services, for a period of 8 years.

### c) Asiri Central Hospitals PLC

The Company was exempted from income tax on operating profit for 7 years commencing from the year in which it makes a taxable profit from any year of assessment not later than 5 years reckoned from the date of commencement of commercial operations, whichever is earlier. Immediately following the aforementioned tax exemption period, the Company can opt for a concessionary tax period of a further 15 years at a rate of 2% on its turnover which is deemed to be the profit and income of the Company. The Company commenced its commercial operations on August 1994 and continuously incurred losses up to the year of assessment 2000/2001. Pursuant the agreement dated September 8, 1992, entered in to by the Company under the Greater Colombo Economic Commission Law No. 4 of 1978 and as per the Board of Investment letter dated August 30, 1999, tax exemption period of the enterprise commenced from the year of assessment 1999/2000 and ended in the year of assessment 2005/2006 subject to the fulfilment of all conditions stipulated in clause 10 (vii) of the Board of Investment Agreement.

Subsequent to the expiration of aforesaid tax exemption period, which deemed to the profits and income of the Company, the Company opted for the concessionary tax period of 15 years at the rate of 2% on its turnover. The interest income earned and other operating income are taxed at 35% (2010 - 35%)

## 26.5 Deferred Taxation

- a) The provisions of the Deferred Tax is not applicable to Asiri Surgical Hospital PLC, Asiri Central Hospitals PLC and Asiri Hospital Matara (Pvt) Ltd as per the above stated agreements signed with the BOI, there are no temporary differences as at the Balance Sheet date. As such requirement for provisioning of Deferred Tax does not arise.
- b) No Deferred Tax Asset / Liability is recognized for Asiri Hospital Kandy (Pvt) Ltd due to non existence of taxable / deductible temporary differences. Further, no Deferred Tax Asset is recognized for tax losses of the said Company since it is not probable that taxable profit will be available against which the unused tax losses can be utilized

## 27 Basic 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.

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

	GROUP		COMPANY	
	2011	2010	2011	2010
Net Profit Attributable to Ordinary Shareholders for Basic Earnings Per Share	190,796	184,458	273,469	184,465
Number of Ordinary Shares used as the Denominator	Number	Number	Number	Number
Weighted Average Number of Ordinary Shares in issue applicable to basic Earnings Per Share	889,263	889,263	889,263	889,263
Basic Earnings Per Share	0.215	0.210	0.31	0.210

Figures in brackets indicate deductions

\* Notes to the Financial Statements Continued on page 53

# Notes to the Financial Statements

For The Year Ended March 31, 2011

## 28 Commitments and Contingencies

### 28.1 Capital Expenditure Commitments

There were no material commitments outstanding as at 31 March 2011 for future Capital Expenditure. Please refer Post Balance Sheet Events for further details.

#### Commitments

Following contractual obligations have arisen in respect of work carried out in the constructions

	GROUP		COMPANY	
	2011	2010	2011	2010
Architectural Fees/Construction Work/Electrical Installation/Air Conditioning / Data Voice/Equipment and Furniture / Ancillary roofing and cladding etc...	121,887	546,253	-	-

### 28.2 Contingencies

28.2.1 Asiri Hospital Holdings PLC has signed Corporate Guarantee Bonds with the following banks securing the bank facilities obtained by Asiri Surgical Hospital PLC

	GROUP		COMPANY	
	2011 Rs. Mn.	2010 Rs. Mn.	2011 Rs. Mn.	2010 Rs. Mn.
Hongkong & Shanghai Banking Corporation Ltd	285	285	285	285
Commercial Bank PLC	580	580	300	300
Hatton National Bank PLC	350	330	150	150
Nations Trust Bank PLC	377	180	-	-
Pan Asia Banking Corporation PLC	100	100	100	100
Seylan Bank PLC	50	20	25	10
Sampath Bank PLC	60	175	-	-
Bank of Ceylon	30	24	-	-
	<b>1,832</b>	<b>1,694</b>	<b>860</b>	<b>845</b>

The Directors of the Company have signed Corporate Guarantee Bonds with the following banks securing the bank facilities obtained by Central Hospital (Pvt) Ltd

	2011 Rs. Mn.	2010 Rs. Mn.
Hatton National Bank PLC	500	500
	<b>500</b>	<b>500</b>

The Directors of the Company have signed Corporate Guarantee Bonds with the following banks securing the bank facilities obtained by Matara Medi House (Pvt) Ltd

	2011 Rs. Mn.	2010 Rs. Mn.
Seylan Bank PLC	3	3
Hatton National Bank PLC	33	33
	<b>36</b>	<b>36</b>

Figures in brackets indicate deductions

\* Notes to the Financial Statements Continued on page 54

# Notes to the Financial Statements

For The Year Ended March 31, 2011

**28.2.2** Asiri Surgical Hospital PLC has signed Corporate Guarantee Bonds to the value of Rs. 825 Mn in assisting the Company for its Borrowings.

**29 Assets Pledge**

Concurrent Mortgage bond over Land & Building for overdraft facility of Rs. 100 Mn from Commercial Bank and overdraft facility of Rs. 30 Mn & Term Loan of Rs. 60 Mn obtained from Bank of Ceylon Ltd. Further secondary mortgage bond has been executed for a Term Loan of Rs. 150 Mn & Short term loan of Rs. 100 Mn obtained from Commercial Bank Ltd. Ordinary Shares of Asiri Surgical Hospital (134,915,107) mortgaged to DFCC Bank Ltd for Loan of Rs. 150 Mn, Rs. 200 Mn and for a term loan of Rs 200 Mn obtain by Asiri Surgical Hospital PLC. Assignment of 2,600,000 Shares of Asiri Central Hospitals PLC in favour of Hatton National Bank.

No Assets have been pledged as security for liabilities other than the assets stated in Note 14.6 to these Financial Statements.

**30 Events Occurring after the Balance Sheet Date**

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

**31 Related Party Disclosure**

Details of significant related party disclosures are as follows:

**31.1 Transactions with Key Management Personnel**

The key management personnel of the Company are the members of its Board of Directors and that of its parent .

a) Key Management Personnel Compensation

Short-Term Employee Benefits  
Post Employee Benefits

GROUP		COMPANY	
2011 Rs. '000	2010 Rs. '000	2011 Rs. '000	2010 Rs. '000
47,414	33,996	14,485	11,621
Nil	Nil	Nil	Nil
<b>47,414</b>	<b>33,996</b>	<b>14,485</b>	<b>11,621</b>

**31.2 Transactions with Other Related Entities / Parties**

Other Related Companies includes Companies of which the parent companies or key management personnel of the Company, their close family members have significant influence and has the control over such Companies.

Transactions with Asiri Hospital Holdings PLC				Transaction with other Companies Rs. '000
Name of Company	Name of Directors	Particulars of Transaction	Amounts (paid)/ Received (Rs.)	
Asiri Surgical Hospital PLC	<b>Note 1</b>	Temporary Finance Granted	(156,175)	(2,000)
		Temporary Finance Received	163,425	153,198
		Transfer of PPE		63,384
		Payments made	481	364
		Net Income (collected)/Received by AHL	13,096	477
		Net sale/(Purchase) of Goods/Services	5,995	10,297
Asiri Diagnostics Services (Pvt) Ltd	<b>Note 2</b>	Payments made	(9,337)	-
		Reimbursement of Expenses	(10,496)	800
		Sale of Goods/Services	(5,883)	
		Temporary Finance Received	41,000	
Asiri Central Hospital PLC	<b>Note 3</b>	Temporary Finance Granted	(26,050)	
		Sale of Goods/Services	134	27,499
		Payments made	(33)	
		Staff Related (Income)/Expenses	3	
		Reimbursement of Expenses	102	

Figures in brackets indicate deductions

\* Notes to the Financial Statements Continued on page 55



# Notes to the Financial Statements

For The Year Ended March 31, 2011

Transactions with Asiri Hospital Holdings PLC				Transaction with other Companies Rs. '000	
Name of Company	Name of Directors	Particulars of Transaction	Amounts (paid)/ Received (Rs.)		
Asiri Hospital Matara (Pvt) Ltd	<b>Note 4</b>	Temporary Finance Granted	(14,750)	(18,846)	
		Settlement of Temporary Finance	1,750		
		Payments made	(3,421)		
		Reimbursement of Expenses	309		
		Staff Related (Income)/Expenses	(5)		
		Sale of Goods/Services	(7,192)		
Matara Medi House (Pvt) Ltd	<b>Note 5</b>	Temporary Finance Granted	(24,703)	(18,727)	
		Payments made	(4,801)		
		Reimbursement of Expenses	110		237
		Staff Related (Income)/Expenses	1		9
		Sale of Goods/Services	(449)		
Asiri Hospital Kandy (Pvt) Ltd	<b>Note 6</b>	Payments made	(36,889)	(102)	
Central Hospitals (Pvt) Ltd	<b>Note 7</b>	Temporary Finance Granted	(132,350)	(87,925)	
		Payments made	(7,367)		
		Transfer of PPE			134,414
		Reimbursement of Expenses	(1,261)		
		Staff Related (Income)/Expenses	(2,648)		
		Net Income Collected	(7,143)		
		Sale of Goods	(14,028)		(34,843)
		Interest Accrued	(4,121)		
Softlogic Holdings Ltd & Subsidiaries	<b>Note 8</b>	Purchase of computers & Accessories	5,471	4,708	
		Software Development Charges	2,147	2,016	
		Purchase of Mobile	131	455	
Uniwalkers Ltd	<b>Note 8</b>	Purchase of Electronic Items	8,011	4,958	
D. Samsons & Sons (Pvt) Ltd	<b>Dr. D.S. Rajapaksa</b>	Drinking Water / Shoes	1,840	2,109	

## Common Directors

**Note 1:** Messrs. A.K. Pathirage, Dr. D. S. Rajapaksa, S.D. Nimalasuria, Dr. S. Selliah, Dr. K.M.P. Karunaratne, D. Wimalasundera, G.L.H. Premarathna, C.D. Weerasinghe, S.A.B. Rajapaksa

**Note 2:** Messrs. A.K. Pathirage, P.P.Subasinghe, Dr. K.M.P. Karunaratne, D. Wimalasundera

**Note 3:** Messrs. A.K. Pathirage, Dr. D. S. Rajapaksa, S.D. Nimalasuria, Dr. S. Selliah, Dr. K.M.P. Karunaratne, D. Wimalasundera, C.D. Weerasinghe, S.A.B. Rajapaksa, G.L.H. Premarathna

**Note 4:** Messrs. A.K. Pathirage, Dr. D. S. Rajapaksa, Dr. S. Selliah, Dr. K.M.P. Karunaratne, D. Wimalasundera.

**Note 5:** Messrs. A.K. Pathirage, Dr. D. S. Rajapaksa, Dr. S. Selliah, Dr. K.M.P. Karunaratne, D. Wimalasundera

**Note 6:** Messrs. A.K. Pathirage, Dr. D. S. Rajapaksa, Dr. S. Selliah, Dr. K.M.P. Karunaratne, D. Wimalasundera

**Note 7:** Messrs. A.K. Pathirage, Dr. D. S. Rajapaksa, Dr. S. Selliah, Dr. K.M.P. Karunaratne, D. Wimalasundera, S.D. Nimalasuria, G.L.H. Premarathna, S.A.B. Rajapaksa

**Note 8:** Messrs. A.K. Pathirage, S.A.B. Rajapaksa

Figures in brackets indicate deductions

# Modern laboratory testing systems



# Shareholders 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, 2011 and copies of this annual report have been submitted to The Colombo Stock Exchange.

## Distribution of Shareholders

Shareholdings	31st March 2011			31st March 2010		
	No of Shareholders	Total Holding	Total Holding %	No of Shareholders	Total Holding	Total Holding %
1 to 1000 shares	1,880	852,818	0.10	1,558	760,230	0.09
1001 to 10,000 shares	2,225	10,002,897	1.12	2,180	9,786,170	1.10
10,001 to 100,000 shares	1,315	44,212,535	4.97	1,309	44,575,340	5.01
100,001 to 1,000,000 shares	296	77,412,320	8.71	308	80,032,350	9.00
Over 1,000,001 shares	57	756,782,480	85.10	55	754,108,960	84.80
<b>Total</b>	<b>5,773</b>	<b>889,263,050</b>	<b>100.00</b>	<b>5,410</b>	<b>889,263,050</b>	<b>100.00</b>
<b>Composition of Shareholders</b>						
Individual	5,600	285,627,797	32.12	5,258	288,770,450	32.47
Institutional	173	603,635,253	67.88	152	600,492,600	67.53
<b>Total</b>	<b>5,773</b>	<b>889,263,050</b>	<b>100.00</b>	<b>5,410</b>	<b>889,263,050</b>	<b>100.00</b>
Residence	5,731	885,178,070	99.54	5,372	885,306,870	99.56
Non-Residence	42	4,084,980	0.46	38	3,956,180	0.44
<b>Total</b>	<b>5,773</b>	<b>889,263,050</b>	<b>100.00</b>	<b>5,410</b>	<b>889,263,050</b>	<b>100.00</b>

	As at 31st March 2011	%	As at 31st March 2010	%
Softlogic Holdings Ltd	404,605,450	45.50	180,969,200	20.35
Sri Lanka Insurance Corporation Ltd-Life Fund	-	-	138,634,530	15.59
Sri Lanka Insurance Corporation Ltd-General Fund	-	-	95,253,970	10.71
Waldock Mackenzie Ltd/ Jacy Trust	83,027,800	9.34	81,027,800	9.11
Mr. Tissa Weerasinghe	40,000,000	4.50	60,750,000	6.83
Softlogic International (Pvt) Ltd	26,140,890	2.94	26,140,890	2.94
Mrs. Neetha Weerasingha	20,750,000	2.33	-	-
DSI Samson Group (Pvt) Ltd	20,647,160	2.32	20,647,160	2.32
Softlogic Trading (Pvt) Ltd	19,233,030	2.16	19,233,030	2.16
Mr. P P Subasinghe	11,594,280	1.30	11,594,280	1.30
Mr. C D Weerasinghe	9,375,000	1.05	9,375,000	1.05
Mrs. D Wimalasundera	8,770,090	0.99	8,770,090	0.99
Mr. S C Wimalasundera	7,198,580	0.81	6,308,180	0.71
Mr. H B Jayasekera	6,407,610	0.72	6,869,410	0.77
Mr. A H Weerasuriya	5,704,120	0.64	5,704,120	0.64
Ms. T T Weerasinghe	5,625,000	0.63	5,625,000	0.63
Dr. K M P Karunaratne	5,201,850	0.58	5,201,850	0.58
Mr. D M Rajapakshe	5,053,970	0.57	5,034,370	0.57
Mr. B A Mahipala	4,540,510	0.51	-	-
Employees' Trust Fund Board	4,106,220	0.46	-	-
Timex Garments	3,578,900	0.40	3,578,900	0.40
Dr. L D A C Luvis	3,541,720	0.40	3,541,720	0.40
Distilleries Company of Sri Lanka Ltd	3,432,370	0.39	3,432,370	0.39
Dr. W M S Gunawardena	3,375,000	0.38	3,375,000	0.38
Ms. H K Weerasinghe	3,000,000	0.34	3,000,000	0.34
	704,909,550	79.27	704,066,870	79.17
Shares held by the balance shareholdings	184,353,500	20.73	185,196,180	20.83
<b>Total Issue Shares</b>	<b>889,263,050</b>	<b>100.00</b>	<b>889,263,050</b>	<b>100.00</b>
Public Shareholding	398,713,610	44.84%	425,370,280	47.83%

# Shareholders Information

## Share Trading

Market Price (Rs)  
 Highest (07/07/2010)  
 Lowest (10/08/2010)  
 As at year end (31/03/2011)

No. of Trades  
 No. of Shares Traded  
 Value of the Shares Traded (Rs)

Earning per Share (Rs)  
 Dividends per Share (Rs)  
 Net Assets per Share (Rs)

	2010/11	2009/10
	9.75	11.75
	7.70	10.25
	8.80	10.25
	8,045	1,757
	136,460,805	5,436,500
	1,226,708,205	58,936,150
	0.215	0.208
	0.100	0.075
	5.42	5.86



# Six Year Summary

Year Ended 31st March

	2011 Rs. '000	2010 Rs. '000	2009 Rs. '000	2008 Rs. '000	2007 Rs. '000	2006 Rs. '000
Revenue	4,917,092	3,889,031	3,338,907	2,544,626	1,706,835	1,291,754
Cost of Sales	(2,675,799)	(2,125,716)	(1,809,725)	(1,359,039)	(898,737)	(716,806)
Gross Operating Profit	2,241,293	1,763,315	1,529,182	1,185,587	808,098	574,948
Other Income	93,988	58,451	54,228	31,837	17,220	3,107
Administration and Distribution Expenses	(1,332,583)	(886,280)	(736,399)	(566,252)	(360,012)	(290,972)
Profit Before Interest and Tax	1,002,698	935,486	847,011	651,172	465,306	287,083
Finance Expenses	(710,526)	(495,578)	(610,504)	(455,876)	(77,731)	(43,857)
Profit before Tax	292,172	439,908	236,507	195,296	387,575	243,226
Income Tax	(29,037)	(122,610)	(38,377)	(56,477)	(74,842)	(33,127)
Profit After Tax	263,135	317,298	198,130	138,819	312,733	210,099
Minority Interest	(72,339)	(132,840)	(120,385)	(81,294)	(128,471)	(85,131)
Profit after Minority Interest & Tax	190,796	184,458	77,745	57,525	184,262	124,968
Property, Plant & Equipment	10,846,779	10,593,782	7,283,573	5,284,517	2,216,331	2,077,348
Intangible Assets	665,749	198,783	199,684	184,660	-	-
Investments	49,041	558	362	1,185	1,232	994
Interest-free Loans	11,333	12,333	13,333	14,334	-	-
Inventories	286,648	243,629	207,152	175,952	119,756	101,034
Trade Debtors	229,370	139,480	102,613	105,183	49,461	26,999
Other Current Assets	264,629	200,517	328,055	454,616	109,950	84,143
Cash and Bank Balance	44,384	159,987	81,700	970,411	20,142	7,108
Total Assets	12,397,933	11,549,069	8,216,472	7,190,858	2,516,872	2,297,626
Issued Share Capital	1,636,244	1,636,244	1,636,244	711,410	711,410	663,984
Share Application	-	-	-	924,834	-	-
Reserves	358,404	358,404	358,404	48,062	48,062	95,489
Retained Earnings	735,906	635,278	371,758	427,403	441,020	363,469
Dividend Proposed	-	-	-	-	-	-
Minority Interest	2,091,572	2,577,738	912,164	578,015	396,704	335,965
Shareholders' Funds	4,822,126	5,207,664	3,278,570	2,689,724	1,597,196	1,458,907
Non Interest Bearing Long Term Liabilities	50,561	54,633	59,746	64,249	69,565	75,086
Interest Bearing Long Term Liabilities	1,895,396	2,093,923	3,074,698	2,232,359	143,691	97,874
Deferred Tax	76,014	100,346	115,087	129,894	124,805	112,542
Deferred Liabilities	170,370	117,946	78,887	69,761	37,038	26,241
Other Payables - Non Current	-	69,519	98,626	62,296	-	-
Trade Creditors	593,862	408,224	267,397	221,667	92,388	64,546
Other Payables	97,508	130,345	29,867	6,519	33,029	18,424
Non Interest Bearing Loans and Borrowings	5,113	5,113	5,113	5,317	5,317	7,196
Interest Bearing Borrowings & Bank Overdraft	4,686,983	3,361,356	1,208,481	1,709,072	413,844	436,810
	12,397,933	11,549,069	8,216,472	7,190,858	2,516,872	2,297,626
Earnings per Share	Rs 0.215	Rs 0.208	Rs 0.087	Rs 0.081	Rs 0.259	Rs 0.176
Dividends per Share	Rs 0.100	Rs 0.075	Rs 0.150	Rs 0.100	Rs 0.150	Rs 0.117
Net Assets per Share	Rs 5.42	Rs 5.86	Rs 3.69	Rs 3.78	Rs 2.25	Rs 2.05
Gearing Ratio	% 58%	% 51%	% 57%	% 59%	% 26%	% 27%
Interest Cover	Times 0.4	Times 0.9	Times 0.4	Times 0.4	Times 6.0	Times 6.5

Figures in brackets indicate deductions

# Notice of Meeting

NOTICE IS HEREBY GIVEN that the Thirty First Annual General Meeting of Asiri Hospital Holdings PLC will be held at Hotel Janaki, Fife Road, Colombo 5 on Thursday the 29<sup>th</sup> day of September 2011 at 12.15 p.m. for the following purposes:

- 1) To receive and consider the Annual Report of the Board of Directors, Statements of Accounts and the Balance Sheet of the Company for the year ended 31st March 2011 together with the Report of the Auditors thereon.
  - 2) To ratify the Interim Dividend of Rs. 0/10 per share paid on 25th May 2010 as the Final Dividend for the year ended 31st March 2011.
  - 3) To re-elect Mrs. D Wimalasundera 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 Mr. G L H Premaratne 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. S A B Rajapaksa who retires by rotation in terms of Article 24(6) of the Articles of Association, as a Director of the Company.
  - 6) To appoint Messrs Ernst & Young as Auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration.
  - 7) Special Business
- 
1. To authorize the Directors to determine and make donations for the year ending 31st March 2012 and up to the date of the next Annual General Meeting.

**By Order of the Board  
SECRETARIES & REGISTRARS (PRIVATE) LIMITED**

**(Sgd.)  
SECRETARIES**

**Colombo  
August 25, 2011**

**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 5, not less than 48 hours before the time for holding the Meeting.

**IMPORTANT NOTICE FOR SHAREHOLDERS**

**PLEASE NOTE THAT THE SHAREHOLDERS IN POSSESSION OF SHARE CERTIFICATE/S [I.E. SHAREHOLDERS WHOSE SHARES ARE NOT LODGED WITH THE CENTRAL DEPOSITORY SYSTEMS (PRIVATE) LIMITED (CDS)] **ARE KINDLY REQUESTED TO LODGE THEIR SHARE CERTIFICATES WITH THE CDS BEFORE 31<sup>ST</sup> OF DECEMBER 2011 AS PER THE CIRCULAR NO. 13/2010 ISSUED BY THE CDS.****

# Form of Proxy

\*I/We ..... of  
..... being\* a member/ members of ASIRI  
HOSPITAL HOLDINGS PLC, do hereby appoint ..... of  
..... or failing \*him/her

Dr. D S Rajapaksa	of Colombo or failing him
Dr. S Selliah	of Colombo or failing him
Mr. A K Pathirage	of Colombo or failing him
Dr. K M P Karunaratne	of Colombo or failing him
Mrs. D Wimalasundera	of Colombo or failing her
Mr. P P Subasinghe	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. T M Wijesinghe	of Colombo

as \*my/our Proxy to represent \*me/us and to speak and vote for \*me/us on \*my/our behalf at the 31st ANNUAL GENERAL MEETING OF THE COMPANY to be held at Hotel Janaki, Fife Road, Colombo 5 at 12.15 p.m. on Thursday the 29th day of September 2011 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, Statements of Accounts and the Balance Sheet of the Company for the year ended 31st March 2011 together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2) To approve the interim dividend of Rs. 0/10 per share paid on 25th May 2010 as the final dividend for the year ended 31st March 2011.	<input type="checkbox"/>	<input type="checkbox"/>
3) To re-elect Mrs. D Wimalasundera who retires by rotation in terms of Article 24(6) of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4) To re-elect Mr. G L H Premaratne who retires by rotation in terms of Article 24(6) of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
5) To re-elect Mr. S A B Rajapaksa who retires by rotation in terms of Article 24(6) of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
6) To appoint Auditors Messrs Ernst & Young and to authorize the Directors to fix their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
7) Special Business I. To authorize the Directors to determine and make donations.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this..... day of ..... Two Thousand and Eleven.

.....  
\*Signature/s

**Note:**

- 1) \*Please delete the inappropriate words.
- 2) Instructions as to completion are noted on the reverse hereof.
- 3) The shareholders / proxy holders are requested to bring their National Identity Card or Passport when attending the meeting.

# 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 5, 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)





With state-of-the-art technology,  
a highly professional staff and a profound vision,  
Asiri Hospitals take pride in being the largest  
hospital chain in Sri Lanka.



# Asiri

**HOSPITAL HOLDINGS PLC**

# 181, Kirula Road, Colombo 5, Sri Lanka.  
Tel : +94 11 4524400 E-mail : [info@asiri.lk](mailto:info@asiri.lk)  
Website : [www.asiri.lk](http://www.asiri.lk)