



QUALITY HEALTHCARE FOR EVERY SRI LANKAN

Continuous quality improvement is our passion



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At Asiri Group of Hospitals, we believe that medical expert care, advanced technology and comfortable surroundings are paramount. We believe in being a compassionate, efficient and dynamic private health care of provider state-of-the-art technology at a reasonable cost. We look at our services through our patients' eyes to create caring relationships with our patients and their families.

Asiri's qualified administrators and skilled paramedics, aided by high-tech equipment, provide a congenial atmosphere for the medical professionals to offer services that are comparable to international standards.

Our Mission

To care for and improve the quality of human life, through the provision of ethical healthcare solutions together with professional and compassionate staff.

Our Vision

To be a leading health care provider in South Asia with highest quality of clinical performance and customer care with cutting-edge technology.

Our Values

- Caring with a human touch
- Respect for all stakeholders
- Innovation and forward focus

QUALITY
HEALTHCARE
FOR EVERY
SRI LANKAN

Continuous quality improvement is our passion

As one of the nation's best equipped healthcare providers, we have set ourselves apart. Through our unique offering of nationally certified quality standards combined with the finest in clinical and surgical expertise, we are indisputably setting the benchmark for the industry as a whole.

This report details the many ways in which we make good on our pledge to offer the best results in healthcare with state of the art technology and skills, delivered in the warm and caring manner that every patient has come to expect of us. Quality healthcare offered to every Sri Lankan.

SERVICE OVERVIEW



Emergency



Diagnostic Laboratory Services



Asiri Heart Services



Rehabilitation Centre



Dental Clinic



X Ray CT/MRI



Eye Clinic



Blood Bank Department



Nuclear Medicine



General Surgery



Genetic Laboratory



Catheterisation Laboratory



Health Check



Lithotripsy Unit



Urology Unit

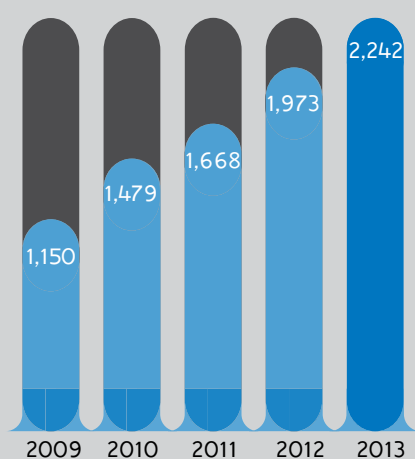


Urodynamic Unit

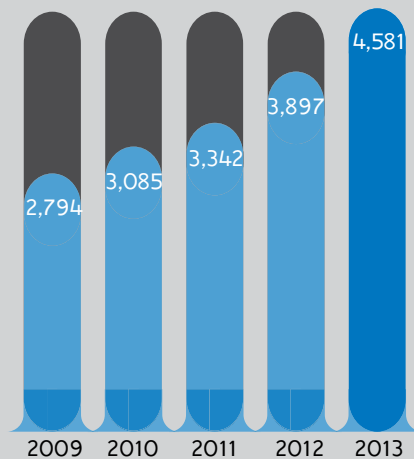
FINANCIAL HIGHLIGHTS

		2013	2012	% Change
Operating Results				
Revenue	Rs. '000	2,242,969	1,973,666	13.64
Profit before Interest and Tax	Rs. '000	1,880,845	591,387	218.04
Profit after Tax	Rs. '000	1,750,800	495,680	253.21
Cash from Operations	Rs. '000	419,706	283,570	48.01
Balance Sheet Highlights				
Total Assets	Rs. '000	4,581,797	3,897,518	17.56
Total Equity	Rs. '000	3,380,121	2,591,433	30.43
Debts to Equity	%	25.60%	44.39%	(42.34)
Shareholder Information				
Return on Total Equity	%	51.80%	19.13%	170.80
Earnings per Share	Rs.	1.70	0.84	102.38
Net Assets per Ordinary Share	Rs.	6.40	4.90	30.61
Market Price of a Share as at 31st March	Rs.	9.30	7.90	17.72
Market Capitalisation as at 31st March	Rs. '000	4,914,655	4,174,815	17.72

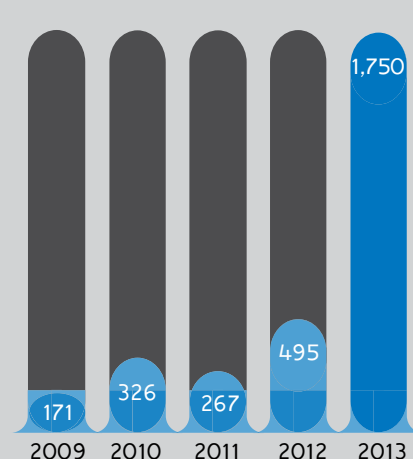
Turnover (Rs. Mn)



Total Assets (Rs. Mn)



Profit After Tax (Rs. Mn)



ASIRI SURGICAL
WINS NATIONAL
BUSINESS
EXCELLENCE
AWARDS 2012



GOLD AWARD -
BEST TECH-SAVVY COMPANY

Asiri Surgical Hospital PLC performed exceptionally well with two major awards at the National Business Excellence Awards 2012 organised by the National Chamber of Commerce, Sri Lanka. The two Gold Awards were for the Best Tech Savvy company and the Best in the Healthcare and Related Services sector.

The Gold Award for the Best Tech Savvy Company was awarded for employing 'best state of the art technology contributing to the upliftment of national health and social well-being'. The competition for the award included not just healthcare providers but also many large scale entities in Sri Lanka.



GOLD AWARD -
HEALTHCARE AND RELATED
SERVICES SECTOR

The Gold Award for the Healthcare and Related Services sector was presented for the best financial performance, new products and processes introduced, Human Resource policies and procedures and CSR activities conducted during the financial year 2011/12.

“Plans are ahead to further invest in the hospitals, thus making them a world class healthcare provider. Suffice, it is to say, your company regularly upgrades its medical facilities with the latest technologies used in the medical world.”





CHAIRMAN'S STATEMENT

Dear stakeholder,

I am pleased to note that the year 2012/13 was one that reflected strategic growth and consolidation for Asiri Surgical Hospital PLC. Your Company stands at the forefront of private healthcare in the nation and excels in surgeries and operations using cutting edge technologies under one roof. Asiri Surgical Hospital PLC has taken rapid strides in upgrading its in-patient facilities and enhancing its medical care services during the year.

Audited Accounts of Asiri Surgical Hospital PLC for the year under review indicates revenues of Rs.2,242 million which is a growth of 13.6% compared with the corresponding year. The Company achieved a Profit Before Tax (PBT) of Rs.1,773 million reflecting a 259% growth while Profit After Tax (PAT) reached Rs.1,750 million registering a growth of 253%, which pushed up its earnings per share to Rs. 1.70 from Rs. 0.84. Dividend of Rs. 1 per share was declared during the year.

Sustainable Initiatives

As the hub for superior medical care, Asiri Surgical Hospital ensures a promising and healthy future for the underprivileged. You will be proud to note that the company performed 20 free heart surgeries during the year under review at a cost of Rs.7.6 million. These surgeries have given a new lease of life to 20 underprivileged patients, who are now leading normal active lives. We have also established a Cancer treatment centre at the Asiri Surgical Hospital, which will provide a vital source of information for diagnostic purposes and treatment of cancer patients.

High Quality Standards

This year proved to be the springboard for reinforcing our quality standards across the Company. During the period under review, Asiri Surgical Hospital received ISO 9001:2008 Accreditation Certificate for the Total Quality Management System and OHSAS 18001:2007 for Occupational Health and Safety Management System. The Company's Food Safety Management System was also certified by the ISO 22000:2005 accreditation certificate. These certifications have strengthened our commitment to quality standards and reinforced our Company's values amongst our employees who have put in exceptional effort in meeting the criteria for these certifications. Further, Asiri Surgical Hospital won two Gold awards at the National Business Excellence Awards 2012 for Best Healthcare and Related Services and as a Best Tech Savvy Company respectively.

The Asiri hospitals' pursuit of additional international accreditation is ongoing as it strives to acquire the Joint Commission International (JCI) certification next. JCI is an American based non-profit organisation that provides healthcare accreditations globally to 19,000 healthcare organisations and programs in the US and over 500 hospitals world-wide. JCI is recognized as a leader in patient safety in the global Healthcare industry. Asiri Hospitals has embarked on the JCI program for hospitals in the area of Patient Centered Standards and Health Care Organisation Management Standards. Going forward, we will allocate our resources to achieve this certification which will propel the hospitals as a medical destination for foreigners and tourists. Furthermore, plans are ahead to further invest in the hospitals thus making them a world class healthcare provider. Suffice, it is to say, your Company regularly upgrades its medical facilities with the latest technologies used in the medical world.

Appreciations

I am grateful to my fellow directors for their untiring efforts and dedication to implement those initiatives that have thus enabled us to become what we are today. There is no doubt that the Asiri group of hospitals is performing an important role in providing quality healthcare services to the country. Our employees are commended for their commitment to upholding the good reputation of Asiri Surgical Hospital PLC. Combined with the passion for serving patients and further investment to be made in your Company, the future seems promising for Asiri Surgical Hospital PLC.

(Sgd.)

Ashok Pathirage

Chairman/Managing Director







“Our certifications have strengthened our commitment to quality standards and reinforced our Company’s values amongst our employees who have put in exceptional effort in meeting the criteria for these certifications.”

THE BOARD OF DIRECTORS



Dr. S. Selliah (Deputy Chairman), Mr. G.L.H. Premaratne, Dr. M. Karunaratne,
Mr. A.K. Pathirage (Chairman), Mr. S.A.B Rajapaksa, Mr. S.G. Wijesinha



BOARD OF DIRECTORS PROFILE

Mr. Ashok K. Pathirage

Chairman/ Managing Director

Mr. Ashok Pathirage co-founded Softlogic in 1991 and has served the Softlogic Group as the Managing Director from the inception. He was appointed as the Chairman of the Group in 2000. He is the Chairman / Managing Director of Asiri group of hospitals. He is also the Chairman of Softlogic Capital PLC, Asian Alliance Insurance PLC and Softlogic Finance PLC besides being the Chairman of many other Group Companies that operate in Leisure, Retail, Automobile and ICT sectors.

He also serves as the Deputy Chairman of National Development Bank PLC and the Chairman of NDB Capital Holdings PLC.

He started his career at a leading blue chip company in Sri Lanka and has over 25 years of experience in senior managerial capacity in the Information Technology industry and in the business world.

Dr. S. Selliah (MBBS, M.Phil)

Deputy Chairman

Dr. Sivakumar Selliah is the Deputy Chairman of Asiri Hospital Holdings PLC. Dr. Selliah holds a MBBS degree and a Master's Degree (M.Phil). He has over 21 years of experience in various fields.

He is currently the Deputy Chairman of Asiri Surgical Hospital PLC and Central Hospital Limited.

He is also the Deputy Chairman of Lanka Floor Tiles PLC. Dr. Selliah is a Director of Softlogic Holdings PLC, Lanka Walltiles PLC, Expolanka Holdings PLC, Lanka Ceramic PLC, Horana Plantation PLC, Swisstek (Ceylon) PLC, Swisstek Aluminium Pvt Ltd, and Unidil Packaging Ltd. Dr. Selliah is the Chairman of Cleanco Lanka Pvt Ltd.

Dr. Selliah serves on the Remuneration Committee and Audit Committee of some of the companies listed above.

Dr. Manjula Karunaratne MBBS, M.Sc (Trinity, Dublin), MSOrth Med. (Eng)

Director (Medical)/Deputy Chief Executive 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 25 years professional experience is responsible for the overall medical policy of the Group. He also serves on the Boards of Central Hospital Limited, Asiri Central Hospitals PLC, Asiri Hospital Matara (Pvt) Ltd, Asiri Diagnostic Services (Pvt) Ltd. and Asiri Hospital Kandy (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 Chartered Institute of Bankers of London. He served as the Managing Director of Sampath Bank from 2009 to December 2011.

He held the position of Chairman of Sri Lanka Banks' Association. He also serves on the Board of Asiri Hospital Holdings PLC and Central Hospital Limited.

He functions as the Chairman of the Remuneration Committee and also a member of the Audit Committee of all three Hospitals.

Mr. S.A.B. Rajapaksa

Director

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

Mr. Rajapaksa began his career at Ernst & Young. He went on to serve as Director/GM at Informatics International, Director/Chief Executive Officer at CF Venture Fund, Group Director of Central Finance Co. PLC, Senior Project Manager at AT&T Inc. USA and Group Director of Kshatriya Holdings PLC. Mr. Rajapaksa was also a Group Director of the Softlogic Group and Director/ Chief Executive Officer of Softlogic Communications Ltd. He also served as the Chairman of Softlogic Credit Ltd. while also serving on the Boards of Softlogic Capital PLC and Softlogic Finance PLC. Mr. Rajapaksa currently serves as the Group Managing Director of Associated Motorways (Private) Limited .

Mr. S.G. Wijesinha

Non Executive Independent Director

Sunil G Wijesinha has a multi-disciplinary background with qualifications in Production Engineering, Management Accountancy, and Management Services and has a Masters Degree in Business Administration. He has specialised in Industrial Engineering/Productivity, and is a well known proponent of Japanese style management techniques, having pioneered the introduction of some of them in Sri Lanka.

He has held many CEO positions in state sector organisations and private companies. He has served on the Boards of Directors of several private and public companies and State organisations.

He is currently Managing Director of BizEx Consulting (Pvt) Ltd, Chairman of Watawala Plantations PLC, Chairman of United Motors Lanka PLC, Chairman of the Employers' Federation of Ceylon, President of the National Chamber of Commerce, President of the Sri Lanka Association for the Advancement of Quality and Productivity, Deputy Chairman of Sampath Leasing and Factoring Ltd, and a Director of Asiri Surgical Hospital PLC, and DFCC Vardhana Bank Ltd. He serves as a member on the National Labour Advisory Council, The National Administrative Reforms Council, The EDB Advisory Committee on Ceramics and Porcelain and the Senior Minister's Advisory Council on Science, Technology and Innovation.

THE CONSULTANT MEDICAL TEAM



Front row seated L to R

Dr. Thushara Fernando *Consultant Anaesthesiologist*
Dr. Darshani Amarasinghe *Consultant Anaesthesiologist*
Dr. Stella Fernando *Consultant Anaesthesiologist*
Dr. Maya Atapattu *Consultant Mycologist*
Dr. Natasha Pieris *Resident Physician*
Dr. Gulpa Subasinghe *Consultant Radiologist*
Dr. Kantha Samarawickrema *Consultant Radiologist*
Dr. Shantha Hettiarachchi *Consultant Radiologist*
Dr. Gayani Senanayake *Consultant Anaesthesiologist*

Back row standing L to R

Dr. Dinesh de Silva *Consultant Eye Surgeon*
Dr. Aruna Ratnasooriya *Consultant/Dental Surgeon*
Dr. Vivek Gupta *Consultant Cardiothoracic Surgeon*
Dr. Anil Perera *Consultant /Head Dept. of Anaesthesiology*
Dr. Rangika Goonaratne *Consultant Eye Surgeon*
Dr. Thurul Attygalle *Resident Physician Stroke Unit*
Dr. Narme Wickramasinghe *Consultant Occupational Physician*
Dr. Menik Goonewardhena *Consultant Neonatologist*
Dr. Lakmali Paranehewa *Consultant Interventional Radiologist*
Dr. S.D. Athukorala *Consultant Clinical Bacteriologist*



Dr. Lushantha Padmasiri *Consultant Anaesthesiologist*
Dr. Chrishantha Mendis *Consultant Anaesthesiologist*
Dr. Saman Perera *Consultant Radiologist*
Dr. Gamini Jayaweera *Consultant Transfusion Medicine*
Prof. L.R. Amarasekara *Consultant Histopathologist*
Absent - Prof. Vajira Dissanayake *Consultant Medical Geneticist*

THE SENIOR MANAGEMENT TEAM



Front row seated L to R

Mr. Kamal Wijetillaka *Group Marketing Manager, Laboratory Services*
Mr. Kosala Dissanayake *Director, Administration*
Mrs. Hasanthi De Saram Karandagaspathiya *Group Head, Human Resources and Human Resource Development*
Mr. N.P. John *Director, Laboratory Services*
Mrs. Thelani Wijesinghe *Director Nursing*
Dr. Tissa Wickramasuriya *Medical Director*
Dr. (Mrs.) Shanika Algama *Chief Medical Officer*
Mr. Nipuna Mediwake *Chief Financial Officer*

Back row standing L to R

Mr. K.S.L. Hewage *Group Pharmacy Manager*
Mr. Upul Wijekoon *Group Head, Food and Beverage*
Mrs. Hemanthi Vithanage *Manager Supply Chain*
Mr. Samitha Premaratne *Group IT Manager.*
Mr. Dasarath Hettiarachchi *Marketing Manager*
Dr. (Mrs.) Aruni Munasinghe *Medical Registrar, Asiri Heart Centre*
Mr. Salinda De Silva *Finance Manager*
Mr. Kasun Rupasinghe *Group Internal Auditor*
Ms. Senani Deegala *Chief Nursing Officer*




Mr. Deepthi Wijeratne *Group Maintenance Manager*

Mr. Sudath Dabare *Group Security Consultant*

Mr. Prasad Korlage *Housekeeping Manager*

Mr. Lionel Robinson *Front Office Manager*



A photograph of an elderly Black woman lying in a hospital bed. She has short, grey hair styled in a braid and is wearing a pink and white floral patterned hospital gown. She is looking upwards and to the left with a thoughtful expression. Her right hand is resting on her chest, and she is wearing a green ring. The background shows the white linens of the hospital bed and a tiled wall.

“As the hub for superior medical care, Asiri Surgical Hospital ensures a promising and healthy future for the underprivileged.”



“The advantage of being in the health care sector is that, we are very close to the hearts and minds of the public and the local communities.”

CORPORATE GOVERNANCE

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

The primary responsibility of the Board of Directors' is to foster the Company's long-term success, consistent with the Board's fiduciary duty to shareholders. In keeping with current concepts of corporate governance, the Board believes that the Company has designed effective corporate governance principles and practices to provide a strong framework to assist its stakeholders and on creating long term shareholder value. This statement sets out the Corporate Governance policies and practices adopted by the Board.

Board of Directors

The Board establishes broad corporate policies, sets strategic direction and oversees management, which is responsible for Company's day-to-day operations. The Board comprises of two executive Directors and four non-executive Directors. Their profiles appear on pages 14 to 15 of the Annual Report.

Board Meetings

The Board generally meets once a quarter. Special Board Meetings are also held as and when needed. To facilitate active and informed discussion at Board and committee meetings, directors receive background materials in advance 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.

The Chairman of the Board

The Board generally believes that the Managing Director should also serve as the Chairman of the Board. The Chairman's main responsibility is to lead and manage the work of the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities.

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.

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. The Board may select directors to fill vacancies in existing or new director positions. Such directors serve until the next AGM and seek re-election. The Managing Director is not subject to retirement by rotation.

Independence of the Directors

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

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

Dr. S. Selliah, Mr. G.L.H. Premaratne and Mr. S.A.B. Rajapaksa are Directors of Asiri Hospital Holdings PLC, in which majority of other Directors of Asiri Surgical Hospital PLC is employed as directors.

The Board having evaluated all the factors concluded that their independence have not been impaired due to them serving on the Boards of other companies in which majority of other Directors of Asiri Surgical Hospital PLC is employed and/or directors.

CORPORATE GOVERNANCE

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 at the Company's expense.

Remuneration of the Directors

The remuneration of the Directors is determined by the Board and disclosed on page 58 of the Annual Report.

Company Secretary

Messrs Softlogic Corporate Services (Pvt) Ltd, act as the Company Secretaries. 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

The Board may establish committees from time to time to discharge their duties effectively. There are currently two Board committees.

The Audit Committee comprises of the following members.

Audit Committee

Mr. S.A.B. Rajapaksa - Chairman

Mr. G.L.H. Premaratne

Mr. S.G. Wijesinha

The Audit Committee meets at least four times a year with the Chief Financial Officer and the external/internal auditors to monitor the Company's financial reporting processes and systems of internal accounting control, the independence and the performance of the independent auditors and the performance of the internal auditors. Periodically, it also approves and reviews the appointment and retirement of external Auditors, as well as their relationship with the Company.

The Remuneration Committee of the parent company (i.e. Asiri Hospital Holdings PLC) acts as the Remuneration Committee of the Company.

Remuneration Committee

Mr. G.L.H. Premaratne - Chairman

Dr. S. Selliah

Mr. A.H.E. Rodrigo

The Remuneration Committee regularly takes advice from external consultants acknowledged as experts in their fields. The Remuneration Committee usually meets at least once 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 terms incentive schemes

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
- 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 of the progress and performance of the Company
- Review processes and procedures regularly and ensure that internal control is effective

- Identify key risk areas and ensuring that these risks are addressed and managed effectively
- Appoint and evaluate the performance of the Managing Director
- Approve the Annual Budget
- Authorisation of Directors' conflicts or possible conflicts of interest
- Determination of independence of non-executive Directors
- Ensure the continuation of the Company as a going concern

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 6 Directors 4 are non-executive Directors.
7.10.2	Independent Directors	Complied with. There are four independent Directors on the Board. Please refer page 23
7.10.3	Disclosures relating to Directors	Mr. S G Wijesinha meets all the criteria set out in Rule 7.10.4 for determining the independence of Directors. Dr. S Selliah, Mr. G L H Premaratne and Mr. S A B Rajapaksa meet all the criteria except one. Please refer to page. 23
7.10.5	Remuneration Committee	Complied with. Comprises of three non-executive Directors including two independent Directors. The remuneration committee of Asiri Hospital Holdings PLC (parent company) acts as the remuneration committee of Asiri Surgical Hospital PLC. The names of the members of the committee are given on page 24 of the Annual Report.
7.10.6	Audit Committee	Complied with. Comprises of three non-executive Directors including two independent Directors. The Chief Financial Officer attends all the meetings. The report of the committee is given on page 31

CORPORATE SOCIAL RESPONSIBILITY

Asiri Group of Hospitals is committed to operate its business aligning with the legal obligations, ethical standards, local and international norms and the codes of practice prevailing in the Country. Our commitment to CSR is reflected in all our standards and procedures especially Human Resources, Purchasing and Environmental Policies along with the contributions we make to the stakeholders and to the local communities where we operate in.

The advantage of being in the health care sector is that, we are very close to the hearts and minds of the public and the local communities. Our organization CSR has been looked at as an opportunity not as a responsibility.

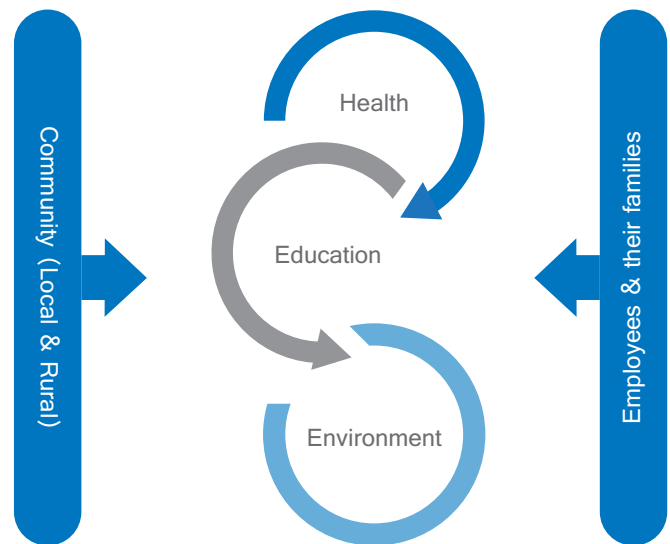
The endearing motive and aspiration in our organization is to ensure that the society as a whole is provided with the best standards of health care facilities consistent with that of the developed world and that our staff, are willing and able to provide the care needed. This propagates our stability and recognition in the Health care industry in Sri Lanka and this brings about the long term success that the stakeholders demand. "Healthy return on their investment".

CSR also helps improve brand recognition and perception of the Group among the staff, particularly in community activities.

To make a way of life through our daily activities and events and contribute to the betterment of our societies in order to aim for a knowledge based, healthier nation, while ensuring our customers, employees, environment and other stakeholders' are protected by all our goals and actions.

Our CSR Model

While keeping our main focus on health related activities, we are concentrating on various stakeholder groups in assisting and advocating them to upgrade their health standards and address concerns. In line with our objective we operate on the following model;



Some of our CSR activities are mentioned below;

- Free Heart Surgeries for Underprivileged Children
- Free health camps for school children, teachers and general public conducted regularly
- Free Laboratory testing facilities carried out regularly for underprivileged patients
- Rs. 10 Mn cash donation to CCC Foundation of Sri Lanka through the National Health Development Fund for the construction of Transit Home at the National Cancer Hospital Maharagama



Free health camps conducted for public

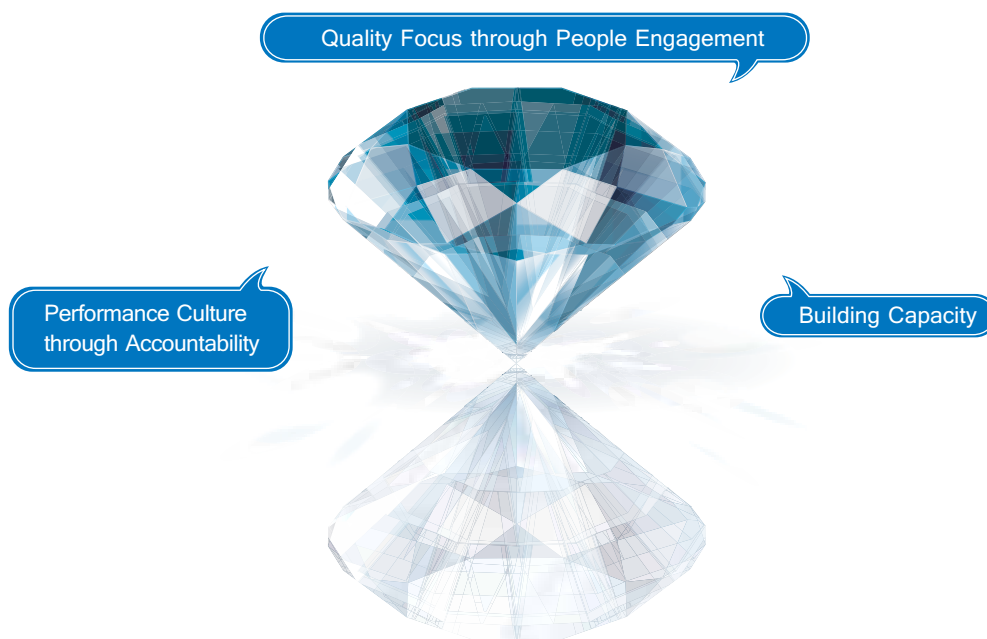
- Conducting Free regular Health Camps for the public in areas such as Kandy, Matara, Kalutara, Jaffna, Trincomalee, Negombo, Anuradhpura and Ampara and Pamunugama in Collaboration with the social organizations in the area
- Platinum sponsor for the “BEAP Project” (Batticaloa Teaching Hospital Emergency & Accident Project) which was introduced to empower doctors in Sri Lankan Teaching Hospitals to improve health care services by providing them with adequate medical resources, training and support to build the necessary infrastructure within the hospital. The long term aim of this Hospital would be to enhance the National Trauma Service from Karapitiya to Batticaloa and beyond.

OUR PEOPLE'S STRATEGY

We continuously look for innovative solutions to develop, recognize and retain our most important asset - 'People'

Our People's strategy is built to focus on three main areas;

HR Focus



Quality Focus through People Management

We have obtained several Quality accreditations, namely ISO 9001: 2008 Quality Management Systems, ISO 14001 Environment Management System, OHSAS 18001 Occupational Health & Safety, ISO 15189 Laboratory accreditation, ISO 22000 Food Safety Management and have progressed in TQM along with 5S, Kaizen and Quality Circles. We have also embarked on JCI (Joint Commission International) which is the highest standard a hospital could obtain. These initiatives have been introduced through various schemes and competitions to attain the highest level of employee engagement to make this journey easy, enjoyable and beneficial to our staff.

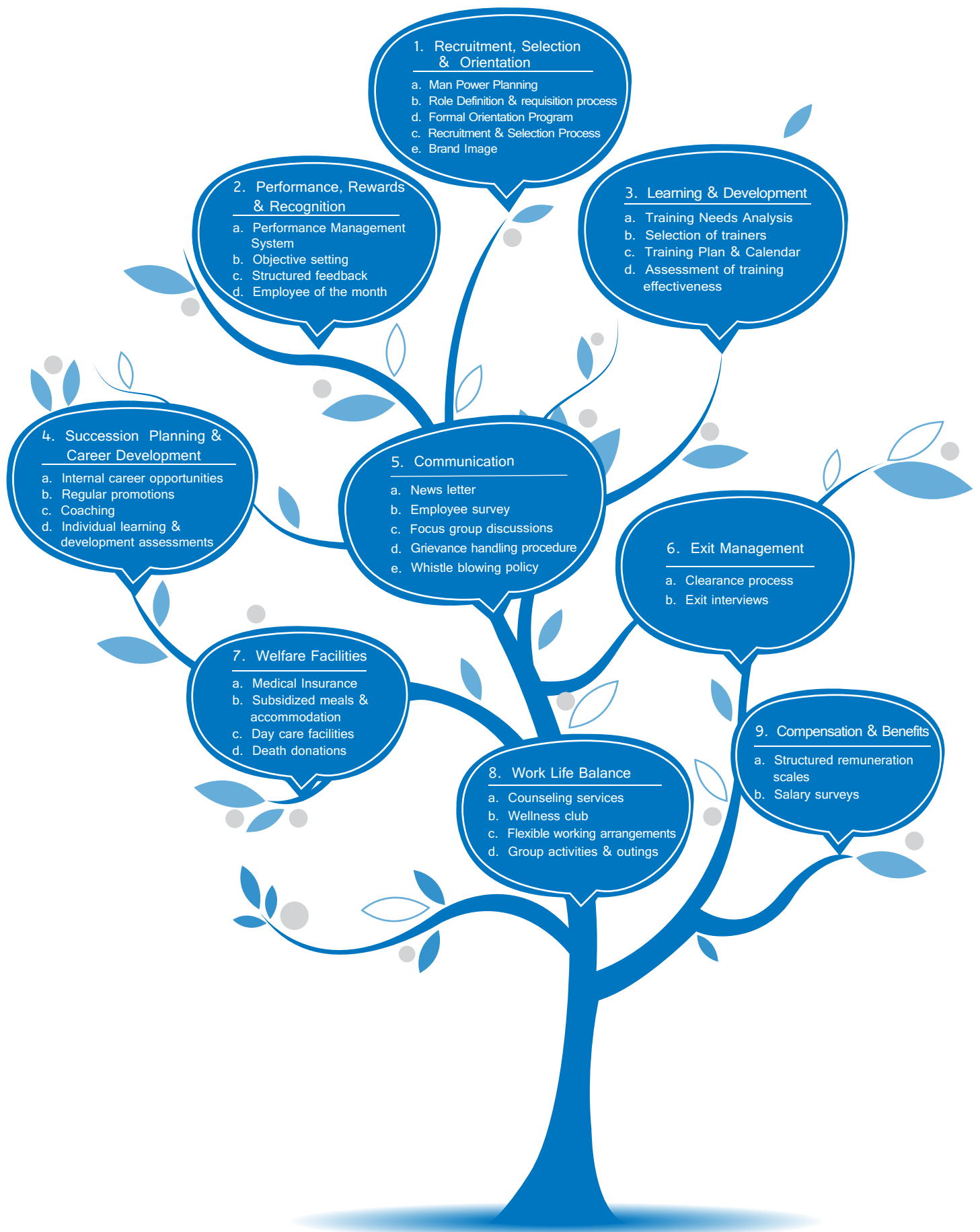
Performance Culture through Accountability

A good performance management system emphasizes on accountability. Therefore, during the year 2012/13 a group-wide workshop on setting goals and objectives was conducted for the management team of Asiri Group of Hospitals. The

Vision, Mission, Corporate Values and Objectives were re-visited in the context of the current healthcare market to determine our future focus. Cascading from the Corporate Objectives, all Heads of Divisions formulated respective divisional goals and objectives. The individual's responsibilities were assigned accordingly.

Building Capacity

The objective of the Learning and Development Policy of Asiri Group of Hospitals is to build capacity of staff through a focused training plan in order to achieve the business goals. We mainly concentrate on enhancing knowledge and skills of our staff to achieve service excellence through a focused effort to address the learning needs with the aim of achieving a higher level of patient care, personal development and camaraderie among our staff members. The learning needs could be categorized into three main areas; Learning for delivering quality services, learning for competency development and learning for career development.



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 ethical reviews of such proposals, granting or refusing ethics clearances and monitoring of the same. 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 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 / The Dean, Faculty of Medicine, University of Colombo.

Dr. Malik Fernando

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

Mr. Arittha Wickramanayake

Attorney at Law / Precedent Partner, Nithya Partners

Dr. Siva Selliah,

Deputy Chairman of Asiri Group of Hospitals/ Senior Lecturer , Dept of Physiology, Faculty of Medicine University of Kelaniya.(Ragama)

Dr. Fred Perera

Consultant Neurosurgeon

Prof. Kemal I Deen,

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

Mrs.Varuni Amunugama Fernando

Attorney-at-Law. / Co-founder and Jt. Managing Director of Triad Pvt Ltd and their Group of subsidiary companies

Dr. Indrani Amarasinghe

Consultant Oncologist

(Sgd.)

Prof. Rohan Jayasekara

Chairperson - Ethics Committee

29th July 2013

AUDIT COMMITTEE REPORT

The Audit Committee appointed by the Board of Directors and comprises of three Independent Non-Executive Directors. The Names of the Committee members are stated in the Corporate Governance Report on page 24.

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 six 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 recommend to the Board of Directors the M/s Ernst & Young be re-appointed as the auditors of the Company for the financial year ending 31st March 2014, subject to the approval of the shareholders at the Annual General Meeting.

(Sgd.)

Samantha Rajapaksa

Chairman - Audit Committee

29th July 2013

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 three Non-Executive Directors including two Non-Executive Independent Directors. The names of the Committee members are stated in the Corporate Governance Report on page 24.

The Directors' emoluments are disclosed on page 58

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

(Sgd.)

G.L.H. Premaratne

Chairman - Remuneration Committee

29th July 2013

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.

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 noncompliance 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.

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.

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.

Foreign Exchange Risk

Foreign Exchange Risk is the Company's exposure to adverse movement in Foreign currency against Lankan Rupee. The Company has obtained a Foreign loan from International Finance Corporation (IMF) and obtained facilities from Commercial banks to hedge against major part of the loan.

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. 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, offsite 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.

FINANCIAL INFORMATION

“Asiri Surgical Hospital won two Gold awards at the National Business Excellence Awards 2012 for ‘Healthcare and Related Services’ and as a ‘The Best Tech Savvy Company’ respectively.”



ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Directors of Asiri Surgical Hospital PLC have pleasure in presenting to the members their report together with the audited financial statements of the Company for the year ended 31 March 2013.

Principal Activities and Nature

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

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

Review of Operations

A review of the operations of the Company and its performance during the year is contained in the Chairman's Review on pages 8 to 9 of the Annual Report. This review together with the Financial Statements reflects the state of affairs of the Company. These reports form an integral part of the Directors' Report.

Financial Statements

The financial statements of the Company are given on pages 41 to 45 The financial statements which include the Income Statement, Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement and notes to the financial statements are given on pages 46 to 78

Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Company to reflect a true and fair view of the state of affairs. The Directors are of the view that these financial statements have been prepared in conformity with the requirements of the Companies Act No. 7 of 2007 and the Sri Lanka Financial Reporting Standards. A statement in this regard is given on page no 39

Auditor's Report

The Auditor's Report on the financial statements is given on page 40

Accounting Policies

The accounting policies adopted in the preparation of the financial statements are given on pages 46 to 52 There was no change in the accounting policies adopted.

Property, Plant & Equipment

The movement in property, plant and equipment during the year under review is set out in note 10 to the financial statements.

Capital Expenditure

The capital expenditure of the Company during the year amounted to Rs. 161,994,588/- (2011/2012 - Rs. 205,047,144/-) details of which are given in note 10.4 to the financial statements.

Reserves

The total reserves of the Company as at 31 March 2013 amounted to Rs. 1,986,793,831/- The composition of

reserves is shown in the Statement of Changes in Equity in the financial statements.

Donations

The donations made by the Company during the year amounted to Rs. 598,250 (2011/2012 Rs. 448,419/-).

Stated Capital

The stated capital of the Company as at 31 March 2013 was Rs. 1,393,327,565/-. There was no change in the stated capital of the Company during the year under review.

210,000,000 Preference Shares of the Company issued to Asiri Hospital Holdings PLC were repurchased by the Company under Section 64 of the Companies Act No. 7 of 2007 on 21 December 2012.

Dividends

The Directors recommend to the shareholders that the Interim Dividend of Rs. 1.00 per share paid on 25 March 2013 be considered as the Final Dividend for the year ended 31 March 2013.

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.

Events after the date of the Statement of Financial Position

No circumstances have arisen and no material events have occurred since after the date of Statement of Financial Position, which would require adjustments to, or disclosure in the accounts other than those disclosed in Note 26 to the Financial Statements.

Internal Control

The Board has overall responsibility for the Company's system of internal control and review its effectiveness. The internal control system has been designed to meet the particular needs of the 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.

Mr. A K Pathirage (Chairman / Managing Director)

Dr. S Selliah (Deputy Chairman)

Dr. K M P Karunaratne

Mrs. D Wimalasundera (resigned w.e.f. 28 February 2013)

Dr. D S Rajapaksa (resigned w.e.f. 5 November 2012)

Mr. G L H Premaratne

Mr. S A B Rajapaksa

Mr. S G Wijesinha

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

Directors' Shareholding

Directors' interest in shares of the Company as at 31 March 2013 were as follows.

Name of Director	No. of shares
Mr. A K Pathirage	-
Dr. S Selliah	17,000
Dr. K M P Karunaratne	133
Mr. G L H Premaratne	-
Mr. S A B Rajapaksa	-
Mr. S G Wijesinha	-

Directors' Remuneration

Directors' remuneration in respect of the Company for the financial year 2012/2013 are given in note 6 to the Financial Statements on page 58

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 with the Company, both direct and indirect are given below. These interests have been declared at the Board Meetings. The Directors have no direct or indirect interest in any other contracts or proposed contracts with the Company.

Company	Particulars of Transaction	Name of Directors	Nature of Interest	Amounts (Paid) Received
Asiri Hospital Holdings PLC	Repayment of Temporary Finance obtained and fund transfers, Temporary Finance obtained, Interest Charged, Staff Related Income/Expenses, Channelling fee collected on behalf of Related Party, Expenses Reimbursed to Related Party	Note 01	Common Directors	635,936,082
Asiri Matara Hospital (Pvt) Ltd.	Repayment of Temporary Finance obtained and fund transfers, Temporary Finance obtained, Staff Related Income/Expenses, Expenses Reimbursed to Related Party	Dr. K.M.P. Karunaratne	Directors	2,350,376
Medi House (Pvt) Ltd.	Repayment of Temporary Finance obtained and fund transfers, Interest Charged, Staff Related Income/Expenses, Expenses Reimbursed to Related Party	Dr. K.M.P. Karunaratne	Directors	(634,282)
Asiri Central Hospitals PLC	Interest Charged, Expenses Reimbursed to Related Party	Note 02	Common Directors	18,831,691
Central Hospital Limited	Staff Related Income/Expenses, Channelling fee collected on behalf of Related Party, Expenses Reimbursed to Related Party	Note 03	Common Directors	(188,471,007)
Asiri Diagnostic Services (Pvt) Ltd.	Repayment of Temporary Finance obtained and fund transfers, Interest Charged, Staff Related Income/Expenses, Expenses Reimbursed to Related Party	Dr. K.M.P. Karunaratne	Directors	(3,076,778)
Asiri Hospital Kandy (Pvt) Ltd	Interest Charged, Expenses Reimbursed to Related Party	Note 04	Common Directors	1,394,907
Softlogic Holdings PLC & Subsidiaries	Temporary Finance Obtained, Interest Charged, Expenses Reimbursed to Related Party	Note 05	Common Directors	97,810,629
Uni Walkers (Pvt) Ltd	Temporary Finance Obtained, Interest Charged Purchase of Electronic Equipment	Mr. A.K. Pathirage	Common Directors	32,875,413 (4,946,957)

ANNUAL REPORT OF THE BOARD OF DIRECTORS

Company	Particulars of Transaction	Name of Directors	Nature of Interest	Amounts (Paid) Received
Softlogic Holdings & Subsidiaries	Purchase of Computers and Software Maintenance	Note 05	Common Directors	(5,067,884)
D. Samson & Sons (Pvt) Ltd	Purchase of Shoes	Dr D S Rajapaksa	Director	(850,227)
Mount Spring Water (Pvt) Ltd	Drinking Water	Dr D S Rajapaksa	Director	(2,036,360)

Note 01: Messers. A.K.Pathirage, Dr.S. Selliah, Dr. K.M.P. Karunaratne, G.L.H Premarathna, S A B Rajapakse

Note 02: Messers. A.K.Pathirage, Dr. K.M.P. Karunaratne, G.L.H Premarathna

Note 03: Messers. A.K. Pathirage, Dr.S. Selliah, Dr.K.M.P. Karunaratne, G.L.H.Premarathna

Note 04: Messers.A.K. Pathirage, Dr. K.M.P.Karunaratne

Note 05: Messers. A.K.Pathirage, S Selliah

Auditors

Company's Auditors during the period under review were Messrs Ernst & Young, Chartered Accountants.

The following payments were made to them during the year.

Audit Fees - Rs. 1,809,786/-

Fees for other Services - Nil

Other services consisted tax related work.

As far as the Directors are aware the Auditors do not have any relationship with the Company or any of its subsidiaries other than those disclosed above. Auditors also do not have any interest in the Company or any of the Group Companies.

Shareholders' Information

The twenty largest shareholders of the Company as at 31st March 2013 are given on page 82 together with an analysis of the shareholding. There were 2,799 registered shareholders as at 31 March 2013.

Share Information

Information on share trading is given on page 82 of the Annual Report.

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 Thirteenth Annual general Meeting of the Company will be held at Hotel Janaki, Fife Road, Colombo 05 on Thursday the 26 day of September 2013 at 11.15 a.m. The Notice of the 13th Annual General Meeting is on page 84 of the Annual Report.

For and on behalf of the Board

(Sgd.)
Director

(Sgd.)
Director

(Sgd.)
Softlogic Corporate Services (Pvt) Ltd
Secretaries

29 July 2013
Colombo

STATEMENT OF DIRECTORS' RESPONSIBILITY

The responsibility of the Directors, in relation to the financial statements of the Company differ from the responsibilities of the Auditors, which are set out in the Report of the Auditors on page 40.

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

The Directors consider that, in preparing financial statements set out on pages 41 to 45 of the Annual Report, appropriate accounting policies have been selected and applied in a consistent manner and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed. The Directors confirm that they have justified in adopting the going concern basis in preparing the financial statements since adequate resources are available to continue operations in the foreseeable future.

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

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

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

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

Compliance Report

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

For and on behalf of the Board

(Sgd.)

Softlogic Corporate Services (Pvt) Ltd
Secretaries

29 July 2013
Colombo

INDEPENDENT AUDITOR'S REPORT



Ernst & Young
Chartered Accountants
201 De Soignee Place
P.O. Box 101
Colombo 10
Sri Lanka

Tel : +94 11 2463500
Fax Gen : +94 11 2697359
Fax : +94 11 55 92180
e-mail: ey@ey.com
ey.com

Independent Auditor's Report to the Shareholders of Asiri Surgical Hospital PLC

Report on the financial statements

We have audited the accompanying financial statements of Asiri Surgical Hospital PLC ("Company"), which comprise the Statement of Financial Position as at 31 March 2013, and the Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31 March 2013 and the financial statements give a true and fair view of the Company's financial position as at 31 March 2013 and its performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on other legal and regulatory requirements

These financial statements also comply with the requirements of Section 151(2) of the Companies Act No. 07 of 2007.

29 July 2013
Colombo

INCOME STATEMENT

Year Ended 31 March 2013

	Note	2013 Rs.	2012 Rs.
Revenue		2,242,969,418	1,973,665,799
Cost of Services		(1,229,818,788)	(1,039,002,739)
Gross Profit		1,013,150,630	934,663,060
Other Income	3	1,252,965,137	8,327,143
Administrative Expenses		(459,592,508)	(384,089,663)
Selling and Distribution Costs		(8,451,697)	(8,796,070)
Finance Cost	4.1	(107,763,059)	(97,609,284)
Finance Income	4.2	113,253,143	21,889,146
Share of Profit/(Loss) of Associate	12.3	(12,323,813)	36,181,554
Net Trading Income/ (Expenses)	5	(20,190,419)	21,425,729
Net Exchange Gain/ (Loss)	20.2	2,034,327	(38,213,611)
Profit Before Tax	6	1,773,081,741	493,778,004
Income Tax (Expense)/ Reversal	7	(22,281,471)	1,901,926
Profit for the Year		1,750,800,270	495,679,930
Earnings Per Share - Basic	8	1.70	0.84
Dividend Per Share - Ordinary Shares	9.1	1.00	0.255
- Preference Shares	9.2	-	0.255

The Accounting Policies and Notes on pages 46 to 78 form an integral part of these Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

Year Ended 31 March 2013

	Note	2013 Rs.	2012 Rs.
Profit for the Year		1,750,800,270	495,679,930
Other Comprehensive Income			
Revaluation of Building	18	1,251,613,601	-
Deferred Tax Effect	18	(150,193,632)	-
		1,101,419,969	
Transfer of Available for Sale Reserve	3.2	(53,047,662)	-
Other Comprehensive Income for the Year, Net of Tax		1,048,372,307	-
Total Comprehensive Income for the Year, Net of Tax		2,799,172,577	495,679,930

The Accounting Policies and Notes on pages 46 to 78 form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2013

	Note	2013 Rs.	2012 Rs.	2011 Rs.
ASSETS				
Non-current Assets				
Property, Plant and Equipment	10	2,930,517,548	1,732,386,055	1,709,539,976
Leasehold Property	11	89,349,111	90,386,044	91,422,977
Deferred Tax Asset	7.2	-	10,585,950	8,420,493
Investment in Associate	12	-	763,175,776	726,994,222
Available for Sale Investment	13	-	270,020,673	270,020,673
		3,019,866,659	2,866,554,498	2,806,398,341
Current Assets				
Inventories	15	127,300,028	120,285,960	105,885,730
Trade and Other Receivables	16	1,205,391,028	755,464,731	369,527,368
Advances and Prepayments	16	53,624,368	122,541,083	40,461,225
Loan Granted to Related Parties	16	130,686,042	-	-
Income Tax Receivables		-	12,065,698	7,442,093
Short Term Deposit		-	-	5,000,000
Cash and Cash Equivalents	23	44,928,890	20,605,716	8,217,563
		1,561,930,356	1,030,963,188	536,533,979
Total Assets		4,581,797,015	3,897,517,686	3,342,932,320
EQUITY AND LIABILITIES				
Capital and Reserves				
Stated Capital	17	1,393,327,565	1,393,327,565	1,393,327,565
Revaluation Reserve	18	1,101,419,969	-	-
Retained Earnings		885,373,862	1,145,058,147	836,405,717
Available for Sale Reserve		-	53,047,662	53,047,662
Total Equity		3,380,121,396	2,591,433,374	2,282,780,944
Non-current Liabilities				
Amount Due on Leasehold Property	19	42,416,667	46,488,666	50,560,667
Interest Bearing Loans and Borrowings	20	383,852,765	598,038,946	320,787,514
Retirement Benefit Liability	21	23,978,884	23,975,939	19,037,974
Deferred Tax Liability	7.2	137,287,956	-	-
		587,536,272	668,503,551	390,386,155
Current Liabilities				
Amount due on Leasehold Property	19	4,072,000	4,072,000	5,113,277
Interest Bearing Loans and Borrowings	20	434,866,972	501,854,409	538,373,654
Trade and Other Payables	22	166,727,420	130,478,294	125,096,470
Tax Payable		6,918,511	-	-
Dividend Payable		1,554,444	1,176,058	1,181,820
		614,139,347	637,580,761	669,765,221
Total Equity and Liabilities		4,581,797,015	3,897,517,686	3,342,932,320

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

(Sgd.)
Chief Financial Officer

The board of directors is responsible for the preparation and presentation of these Financial Statements. Signed for and on behalf of the board by:

(Sgd.)
Director

(Sgd.)
Director

The Accounting Policies and Notes on pages 46 to 78 form an integral part of these Financial Statements.

29 July 2013
Colombo

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 March 2013

Note	Stated Capital Rs.	Available for Sale Reserve Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 1st April 2011	1,393,327,565	53,047,662	-	836,405,717	2,282,780,944
Profit for the Year	-	-	-	495,679,930	495,679,930
Fair Value Adjustment - Guarantee	-	-	-	1,279,178	1,279,178
Total Comprehensive Income	-	-	-	496,959,108	496,959,108
Dividend Paid - Ordinary Shares	-	-	-	(134,756,678)	(134,756,678)
- Preference Shares	-	-	-	(53,550,000)	(53,550,000)
Balance as at 31st March 2012	1,393,327,565	53,047,662	-	1,145,058,147	2,591,433,374
Profit for the Year	-	-	-	1,750,800,270	1,750,800,270
Fair Value Adjustment - Guarantee	-	-	-	572,990	572,990
Other Comprehensive Income	-	-	-	-	-
- Transfer of Available for Sale Reserve on	-	-	-	-	-
Sale of Investment	-	(53,047,662)	-	-	(53,047,662)
- Revaluation Reserve	-	-	1,101,419,969	-	1,101,419,969
Repurchase of Preference Shares	-	-	-	(1,482,600,000)	(1,482,600,000)
Total Comprehensive Income	-	(53,047,662)	1,101,419,969	268,773,260	1,317,145,567
Dividend Paid - Ordinary Shares	-	-	-	(528,457,545)	(528,457,545)
Balance as at 31st March 2013	1,393,327,565	-	1,101,419,969	885,373,862	3,380,121,396

The Accounting Policies and Notes on pages 46 to 78 form an integral part of these Financial Statements.

CASH FLOW STATEMENT

For the Year Ended 31 March 2013

	Note	2013 Rs.	2012 Rs.
Cash Flows From Operating Activities			
Profit Before Income Tax Expense		1,773,081,741	493,778,004
Adjustments for			
Amortisation of Leasehold Land	11	1,036,933	1,036,933
Depreciation	10.2	215,476,696	182,201,065
Profit on Disposal of Property Plant and Equipment	3	(600,645)	-
Share of Loss/ (Gain) of Associate	12.3	12,323,813	(36,181,554)
Profit on Sale of Associate	3	(1,063,779,175)	-
Profit on Sale of Available for Sale Investment	3	(180,116,214)	-
Provision for Bad Debts		4,030,706	3,761,455
Finance Income	4.2	(113,253,143)	(21,889,146)
Finance Costs	4.1	107,763,059	97,609,284
Unrealised Foreign Currency Exchange Loss		(9,195,483)	31,091,465
Provision for Gratuity	21.1	2,625,988	5,843,470
Operating Profit Before Working Capital Changes		749,394,276	757,250,976
(Increase)/Decrease in Inventories		(7,014,068)	(14,400,230)
(Increase)/Decrease in Trade and Other Receivables		(366,084,251)	(464,662,291)
Increase/(Decrease) in Trade and Other Payables		43,410,282	5,381,824
Cash Generated From Operations		419,706,239	283,570,279
Income Tax Paid		(5,616,987)	(4,887,136)
Finance Costs Paid		(103,650,651)	(87,516,296)
Defined Benefit Plan Costs Paid	21.1	(2,623,043)	(905,505)
Net Cash From Operating Activities		307,815,558	190,261,342
Cash Flows From/(Used in) Investing Activities			
Acquisition of Property, Plant and Equipment	10.4	(161,994,588)	(205,047,144)
Proceeds from Sale of Property, Plant and Equipment		600,645	-
Loans Granted to Related Parties		(114,699,960)	-
Finance Income Received		74,857,836	18,002,864
Upliftment of Short Term Investment		-	5,000,000
Proceeds from Disposal of Associate		1,814,631,138	-
Proceeds from Disposal of Available for Sale Investment		397,089,225	-
Net Cash Flows from/(Used in) Investing Activities		2,010,484,296	(182,044,280)
Cash Flows from/(Used in) Financing Activities			
Proceeds From Interest Bearing Loans and Borrowings	20.2	49,852,000	706,830,716
Repayment of Amount due on Leasehold Property		(4,071,999)	(5,113,278)
Repayment of Interest Bearing Loans and Borrowings		(357,886,524)	(585,396,522)
Repayment of Finance Lease Installment	20.1	(1,351,983)	(1,192,133)
Repurchase of Preference Shares	17.2	(1,482,600,000)	-
Dividend Paid		(528,079,159)	(188,306,678)
Net Cash Flows Used in Financing Activities		(2,324,137,665)	(73,177,895)
Net Increase/(Decrease) in Cash and Cash Equivalents		(5,837,811)	(64,960,834)
Cash and Cash Equivalents at the beginning of the year	23	(194,759,065)	(129,798,231)
Cash and Cash Equivalents at the end of the year	23	(200,596,876)	(194,759,065)

The Accounting Policies and Notes on pages 46 to 78 form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2013

1. CORPORATE INFORMATION

1.1 General

Asiri Surgical Hospital PLC (“Company”) is a public limited liability Company, incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The registered office and principal place of business is located at No. 21, Kirimandala Mawatha, Colombo 5.

1.2 Principal Activities and Nature of Operations

During the year, principal activities of the Company were to operate a two tier hospital and provide healthcare services.

1.3 Parent Enterprise and Ultimate Parent Enterprise

The Company’s immediate parent undertaking is Asiri Hospital Holdings PLC.

In the opinion of the Directors, Softlogic Holdings PLC is the ultimate parent undertaking and controlling party of the Company.

1.4 Date of Authorization for Issue

The Financial Statements of Asiri Surgical Hospital PLC for year ended 31 March 2013 was authorized for issue in accordance with a resolution of the Board of Directors dated 29th July 2013.

2. STATEMENT OF COMPLIANCE

The Financial Statements of Asiri Surgical Hospital PLC have been prepared in accordance with the Sri Lanka Accounting Standards (“SLFRS”) as issued by the Institute of Chartered Accountants of Sri Lanka.

The preparation and presentation of these financial statements is in compliance with the requirements of the Companies Act No. 7 of 2007.

2.1 Basis of Preparation and Adoption of SLAS (SLFRS And LKAS) Effective for the Financial Period Beginning on or After 01 January 2012

The Financial Statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards comprising SLFRS and LKAS (hereafter “SLFRS”), as issued by the Institute of Chartered Accountants of Sri Lanka.

For all periods up to and including the year ended 31 March 2012, the Company prepared its Financial Statements in accordance with previous SLASs.

These Financial Statements for the year ended 31 March 2013 are the first, the Company has prepared in accordance with SLFRS effective for the periods beginning on or after 01 January 2012.

Subject to certain transition elections and exceptions disclosed in Note 2.5, the Company has consistently applied the accounting policies used in preparation of its opening SLFRS Statement of Financial Position at 1 April 2011 through all periods presented, as if these policies had always been in effect.

Note 2.5 discloses the impact of the transition to SLFRS on the Company’s reported financial position and performance, including the nature and effect of significant changes in accounting policies from those used in the Company’s Financial Statements for the year ended 31 March 2012 prepared under previous SLAS.

The Financial Statements have been prepared on a historical cost basis unless otherwise indicated.

2.2 Summary of Significant Accounting Policies Applied

The following are the significant accounting policies applied by the Company in preparing its Financial Statements:

2.2.1 Investments

Investment in Associate

The Company’s investment in associate is accounted for using the equity method of accounting. An associate is an entity in which the Company has significant influence.

Under the equity method, the investment is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company’s share of net assets of associate since acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The income statement reflects the Company’s share of results of operations of the associate. When there has been a change recognised directly in the equity of the associate, the Company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate.

The Company’s share of the profit or loss of an associate is shown on the face of the income statement and represents profit or loss after tax of the associate.

The financial statements of the associate are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in its associate. The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in 'share of losses of an associate' in the income statement.

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

2.2.2 Foreign Currency Translation

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

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rate ruling at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences arising are taken to the Income Statement.

Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.2.3 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised.

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 is recognized on a time proportion basis that takes in to account the effective interest rate on the asset.

c. Net Trading Income

Net trading income comprises of gains and losses arise from changes in fair value of foreign exchange forward contracts.

d. Others

Other income is recognised on an accrual basis.

2.2.4 Taxation

Current Taxes

Pursuant to the agreement dated 29 March 2000 entered into with the Board of Investment under section 17 of the Board of Investment Law, the Inland Revenue Act relating to the imposition, payment and recovery of income tax shall not apply to the business of operating a two tier hospital and providing healthcare services, for a period of 10 years commencing from 31 March 2004. This exemption expires on 31 March 2014.

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

Deferred Taxation

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, 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 credits and unused tax losses can be utilized.

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

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2013

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

2.2.5 Property, Plant and Equipment

Property, plant and equipment is initially stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property, plant and equipment if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred.

Buildings are subsequently measured at fair value, less accumulated depreciation and accumulated impairment on buildings. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Depreciation is calculated on a straight-line basis over the useful life of assets or components. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

A revaluation surplus is recognised in other comprehensive income and credited to the revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on 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.

2.2.6 Leases

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

Company as a lessee:

Finance leases that transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the income statement.

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

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

2.2.7 Borrowing Costs

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

2.2.8 Financial Instruments-Initial Recognition and Subsequent Measurement

i) Financial Assets

Initial Recognition and Measurement

Financial assets within the scope of LKAS 39 are classified as loans and receivables, available-for-sale financial assets, held to maturity or fair value through profit or loss as appropriate. The Company determines the classification of its financial assets at initial recognition.

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

The Company's financial assets include cash and bank balances, trade and other receivables, available-for-sale financial assets and other financial assets.

Subsequent Measurement

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

Available-for-sale Financial Investments

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

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

Trade and Other Receivables

Trade and Other Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate method (EIR), less impairment. The losses arising from impairment are recognised in the income statement.

Derecognition

Financial Assets

A financial asset is derecognised when the rights to receive cash flows from the asset have expired or Company has transferred substantially all the risks and rewards of the asset.

Impairment of Financial Assets

The Company assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial Assets Carried at Amortised Cost

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

Available-for-Sale Financial Instruments

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

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

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For the Year Ended 31 March 2013

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

ii) Financial Liabilities

Initial Recognition and Measurement

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

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

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

Subsequent measurement

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

Interest Bearing Loans and Borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the Effective Interest Rate method (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

Financial Guarantee Contracts

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

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

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

Fair Value of Financial Instruments

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models.

Derivative Financial Instruments - Forward Foreign Exchange Contracts

The Company uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risks. Forward Foreign Exchange Contracts are contractual agreements with banks to exchange two currencies at an agreed rate on an agreed date in the future. These transactions are exposed to market risks due to fluctuation of market rates. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each date that a statement of financial position is prepared.

Forward Foreign Exchange Contracts are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on forward contracts are taken directly to the income statement as "Net Trading Income".

2.2.9 Inventories

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

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

2.2.10. Impairment of Non-financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is higher of asset's fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2.2.11 Cash and Cash Equivalents

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

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

2.2.12 Dividend Distributions

The Company recognises a liability to make cash or non-cash distributions to owners of equity when the distribution is authorised and is no longer at the discretion of the Company. A corresponding amount is recognised directly in equity.

2.2.13 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. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

2.2.14 Post Employment Benefits

a. Defined Benefit Plan - Gratuity

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

The Company's accounting policy for defined benefit plans is to recognise actuarial gains and losses in the period in which they occur in full in income statement.

The Company is liable to pay gratuity in terms of the relevant statute.

The Gratuity liability is not externally funded.

b. Defined Contribution Plans Employees' Provident Fund and Employee' Trust Fund

Employees are eligible for Employees' Provident Fund and Employee' Trust Fund contributions, in line with respective statute and regulations. The Company contributes 12% and 3% of gross remuneration of employees towards Employees' Provident Fund and Employee' Trust Fund respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2013

2.3 Significant Accounting Judgments, Estimates and Assumptions

Estimates and Assumptions

The preparation of the financial statements of the Company require the management to make judgments, estimates and assumptions, which may affect the amounts of income, expenditure, assets and liabilities at the end of the reporting period. In the process of applying the Company's accounting policies, the key assumptions made relating to the future and the sources of estimation at the reporting date together with the related judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Fair Value of Property, Plant and Equipment

The Company measures buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The Company and Associate Company engaged an independent valuation specialist to assess fair value of such assets as at 31 March 2013 and during the financial year 2010 respectively. (Refer Note 10.5 and 12.5 to these financial statements).

Deferred Taxes

Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. (Refer Note 7.2 to these financial statements)

Defined Benefit Plans

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

Impairment of Non Financial Assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

Impairment of Trade and Other Receivables

The Company reviews at each reporting date all receivables to assess whether impairment should be recorded in the income statement. The management uses judgment in estimating such allowance considering the duration of outstanding and any other factors management is aware of that indicates uncertainty in recovery. (Refer Note 16 to these financial statements)

2.4 Effect of Sri Lanka Accounting Standards Issued but not yet Effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

a. SLFRS 9 - Financial Instruments : Classification and Measurement

SLFRS 9, as issued reflects the first phase of work on replacement of LKAS 39 and applies to classification and measurement of financial assets and liabilities.

b. SLFRS 13 - Fair Value Measurement

SLFRS 13 establishes a single source of guidance under SLFRS for all fair value measurements.

SLFRS 9 will be effective for financial periods beginning on or after 1 January 2015 whilst SLFRS 13 will be effective for financial periods beginning on or after 1 January 2014.

In addition to the above, following standards have also been issued and will be effective from 01 January 2014.

SLFRS 10 - Consolidated Financial Statements

SLFRS 11 - Joint Arrangements

SLFRS 12 - Disclosure of Interest in Other Entities

The Company will adopt these standards when they become effective. Pending a detailed review, the financial impact is not reasonably estimatable as at the date of publication of these financial statements.

2.5 First Time Adoption of SLFRSs

2.5.1 Reconciliation of Equity as at 1st April 2011 (Date of Transition to SLFRS)

	Note	Previous SLAS Rs.	Remeasurements Rs.	Reclassifications Rs.	SLAS Rs.
Assets					
Non-Current Assets					
Property, Plant and Equipment	A	1,638,948,154	70,591,822	-	1,709,539,976
Leasehold Property		91,422,977	-	-	91,422,977
Deferred Tax Assets	F	-	8,420,493	-	8,420,493
Investment in Associate		726,994,222	-	-	726,994,222
Investments in Equity Securities	B	216,973,011	-	(216,973,011)	-
Available for Sale Investment	B	-	53,047,662	216,973,011	270,020,673
		2,674,338,364	132,059,977	-	2,806,398,341
Current Assets					
Inventories		105,885,730	-	-	105,885,730
Trade and Other Receivables	C	409,988,593	-	(40,461,225)	369,527,368
Advance and Prepayments	C	-	-	40,461,225	40,461,225
Income Tax Receivables	G	-	7,442,093	-	7,442,093
Short Term Deposit		5,000,000	-	-	5,000,000
Cash and Cash Equivalents		8,217,563	-	-	8,217,563
		529,091,886	7,442,093	-	536,533,979
Total Assets		3,203,430,250	139,502,070	-	3,342,932,320
Equity and Liabilities					
Equity					
Stated Capital		1,393,327,565	-	-	1,393,327,565
Retained Earnings	D	747,479,063	88,926,654	-	836,405,717
Available for Sale Reserve	B	-	53,047,662	-	53,047,662
Total Equity		2,140,806,628	141,974,316	-	2,282,780,944
Non-current Liabilities					
Amount Due on Leasehold Property		50,560,667	-	-	50,560,667
Interest Bearing Loans and Borrowings		320,787,514	-	-	320,787,514
Retirement Benefit Liability		19,037,974	-	-	19,037,974
		390,386,155	-	-	390,386,155
Current Liabilities					
Amount due on Leasehold Property		5,113,277	-	-	5,113,277
Interest Bearing Loans and Borrowings	E	537,094,248	-	1,279,406	538,373,654
Trade and Other Payables	E	126,375,876	-	(1,279,406)	125,096,470
Tax Payable	G	2,472,246	(2,472,246)	-	-
Dividend Payable		1,181,820	-	-	1,181,820
		672,237,467	(2,472,246)	-	669,765,221
Total Equity and Liabilities		3,203,430,250	139,502,070	-	3,342,932,320

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2013

2.5 First Time Adoption of SLFRSs (Contd...)

2.5.2 Reconciliation of Equity as at 31 March 2012

	Note	Previous SLAS Rs.	Remeasurements Rs.	Reclassifications Rs.	SLAS Rs.
Assets					
Non-Current Assets					
Property, Plant and Equipment	A	1,681,024,312	51,361,743	-	1,732,386,055
Leasehold Property		90,386,044	-	-	90,386,044
Deferred Tax Assets	F	-	10,585,950	-	10,585,950
Investment in Associate		763,175,776	-	-	763,175,776
Investments in Equity Securities	B	216,973,011	-	(216,973,011)	-
Available for Sale Investment	B	-	53,047,662	216,973,011	270,020,673
		2,751,559,143	114,995,355	-	2,866,554,498
Current Assets					
Inventories		120,285,960	-	-	120,285,960
Trade and Other Receivables	C	878,005,814	-	(122,541,083)	755,464,731
Advance and Prepayments	C	-	-	122,541,083	122,541,083
Income Tax Receivables	G	-	12,065,698	-	12,065,698
Short Term Deposit		-	-	-	-
Cash and Cash Equivalents		20,605,716	-	-	20,605,716
		1,018,897,490	12,065,698	-	1,030,963,188
Total Assets		3,770,456,633	127,061,053	-	3,897,517,686
Equity and Liabilities					
Equity					
Stated Capital		1,393,327,565	-	-	1,393,327,565
Retained Earnings	D	1,066,093,525	78,964,622	-	1,145,058,147
Available for Sale Reserve	B	-	53,047,662	-	53,047,662
Total Equity		2,459,421,090	132,012,284	-	2,591,433,374
Non-Current Liabilities					
Amount Due on Leasehold Property		46,488,666	-	-	46,488,666
Interest Bearing Loans and Borrowings		598,038,946	-	-	598,038,946
Retirement Benefit Liability		23,975,939	-	-	23,975,939
		668,503,551	-	-	668,503,551
Current Liabilities					
Amount due on Leasehold Property		4,072,000	-	-	4,072,000
Interest Bearing Loans and Borrowings	E	495,647,475	-	6,206,934	501,854,409
Trade and Other Payables	E	136,685,228	-	(6,206,934)	130,478,294
Tax Payable	G	4,951,231	(4,951,231)	-	-
Dividend Payable		1,176,058	-	-	1,176,058
		642,531,992	(4,951,231)	-	637,580,761
Total Equity and Liabilities		3,770,456,633	127,061,053	-	3,897,517,686

2.5 First Time Adoption of SLFRSs (Contd...)

2.5.3 Reconciliation of Total Comprehensive Income for the Year Ended 31 March 2012

	Note	Previous SLAS Rs.	Remeasurements Rs.	SLAS Rs.
Revenue		1,973,665,799	-	1,973,665,799
Cost of Services	A	(1,009,143,532)	(29,859,207)	(1,039,002,739)
Gross Profit		964,522,267	(29,859,207)	934,663,060
Other Income		8,327,143	-	8,327,143
Administrative Expenses	A	(394,718,791)	10,629,128	(384,089,663)
Selling and Distribution Costs		(8,796,070)	-	(8,796,070)
Finance Cost	H	(92,443,824)	(5,165,460)	(97,609,284)
Finance Income	H	18,002,864	3,886,282	21,889,146
Share of Profit/(Loss) of Associate		36,181,554	-	36,181,554
Net Trading Income/ (Expenses)	I	-	21,425,729	21,425,729
Net Exchange Loss	I	(16,787,882)	(21,425,729)	(38,213,611)
Profit Before Tax		514,287,261	(20,509,257)	493,778,004
Income Tax Expense	F&G	(7,366,121)	9,268,047	1,901,926
Profit for the Year		506,921,140	(11,241,210)	495,679,930

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2013

2.5 First Time Adoption of SLFRSs (Contd...)

2.5.4 Notes to the Reconciliation of Equity as at 1 April 2011 and 31 March 2012 and Total Comprehensive Income for the Year Ended 31 March 2012

A. Property, Plant and Equipment

The Company has elected to measure certain items of property, plant and equipment at fair value as at the date of transition. Accordingly, as at the transition date an amount of Rs.70,591,822/- (2012 - Rs.51,361,743/-) was adjusted to property, plant and equipment. This amount has been recognised against retained earnings.

B. Investment in Equity Securities/Available for Sale Investments

Under previous SLAS, the Company accounted for investments in equity shares as investments measured at cost. Under SLFRS, the Company has designated such investments as available-for-sale investments. LKAS 39 - Financial Instruments: Recognition and Measurement requires available-for-sale investments to be measured at fair value. At the date of transition to new SLAS, the fair value of these assets is determined as Rs.270,020,673/- based on recent arm's length market transaction. The resulting financial impact is recognised as a separate component of equity, in the available-for-sale reserve.

C. Advances and Prepayments

Under previous SLAS, the Company categorized Receivables, Advances and Prepayments as "Trade and Other Receivables". Under SLFRS, Advances and Prepayments do not fall within the definition of Financial Assets as defined in LKAS 39. Advances and prepayments have therefore been disclosed separately in the Statement of Financial Position.

D. Retained Earnings

	2012 Rs.	2011 Rs.
The change in Retained Earnings is as follows;		
Impact on Property, Plant and Equipment	51,361,743	70,591,822
Impact on Deferred Tax	10,585,950	8,420,493
Impact on Income Tax	17,016,929	9,914,339
	78,964,622	88,926,654

E. Interest Bearing Loans and Borrowings

Interest Bearing Loans and Borrowings carried at amortised cost. Accordingly interest accrued which was previously classified under Trade and Other Payables, has now been accounted together with Interest Bearing Loans and Borrowings.

F. Deferred Tax

The various transitional adjustments lead to different temporary differences. According to the accounting policies, the company has to account for such differences. Deferred tax adjustments are recognized in correlation to the underlying transaction in retained earnings.

G. Tax Liabilities

Income tax in respect of prior years amounting to Rs.6,619,197/- and Rs. 7,102,590 have been reversed as at 31 March 2011 and 31 March 2012 respectively. Further, previously recorded Income Tax Liability amounting to Rs.2,472,246/- and Rs.4,951,231/- have been reversed as at 31 March 2011 and 31 March 2012 respectively whilst also making adjustments for income tax receivables.

H. Interest on Guarantees

Financial guarantee contracts are recognized initially as a liability at fair value. Accordingly a guarantee income of Rs.3,886,282/- has been recognized for the financial year ended 31 March 2012. Further on behalf of the guarantees obtained from the Parent Company an expenses of Rs. 5,165,460/- has been recognized for the financial year ended 31 March 2012.

I. Net Trading Income/(Expenses)

As per LKAS 39, Foreign Exchange Forward Contracts are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each date. Any gains or losses arising from changes fair value on forward contracts are taken directly to the income statement as "Net Trading Income". Gain on fair valuation of Foreign Exchange Forward Contracts amounting to Rs. 21,425,729/- has been reclassified as Net Trading Income from Foreign Exchange Gain/Loss for the financial year ended 31st March 2012.

3. OTHER INCOME

	2013 Rs.	2012 Rs.
Car Park Rental	4,800,000	4,800,000
Dialog Antenna Rental	1,599,103	1,607,143
Restaurant Rental	1,325,000	1,200,000
Mobitel Antenna Rental	720,000	720,000
Profit on Disposal of Property, Plants and Equipment	600,645	-
Profit on Disposal of Associates (Note 3.1)	1,063,779,175	-
Profit on Disposal of Available for Sale Investment (Note 3.2)	180,116,214	-
Sundry Income	25,000	-
	1,252,965,137	8,327,143

3.1 Profit on disposal of Associate comprises of profit on disposal of 7,303,257 shares of Asiri Central Hospitals PLC to Asiri Hospital Holdings PLC, as a part of the Group restructure.

3.2 Profit on disposal of Available for Sale Investment comprises of profit on disposal of Rs.127,068,552/- arising from Sale of Central Hospital Limited shares and transfer of Available for Sale Reserve of Rs. 53,047,662/-.

4. FINANCE COST AND INCOME

	2013 Rs.	2012 Rs.
4.1 Finance Cost		
Interest Expense on Overdrafts	21,515,172	10,251,176
Interest Expense on Loans, Borrowings and Finance Leases	82,221,710	82,192,648
Interest on Guarantees	4,026,177	5,165,460
	107,763,059	97,609,284
4.2 Finance Income		
Interest Income	109,799,956	18,002,864
Interest on Guarantees	3,453,187	3,886,282
	113,253,143	21,889,146

5. NET TRADING INCOME/(EXPENSES)

	2013 Rs.	2012 Rs.
Realised Gain/(Loss) on Forward Contracts	(13,029,263)	14,303,583
Unrealised Gain/(Loss) on Forward Contracts	(7,161,156)	7,122,146
	(20,190,419)	21,425,729

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2013

6. PROFIT BEFORE TAX

Stated after Charging

	2013 Rs.	2012 Rs.
Included in Cost of Sales		
Depreciation	131,139,745	113,042,297
Employee Benefits including the following:	330,949,219	278,185,060
- Defined Contribution Plan Costs - EPF and ETF	29,506,111	24,784,727
Included in Administrative Expenses		
Depreciation	84,336,954	69,158,768
Employee Benefits Including the following:	61,795,479	56,608,578
- Defined Benefit Plan Costs - Gratuity	2,625,988	5,843,470
- Defined Contribution Plan Costs - EPF and ETF	3,278,457	2,753,858
Directors' Fees and Remuneration	12,209,415	11,632,000
Amortisation of Leasehold Property	1,036,933	1,036,933
Donations	598,250	448,419
Legal Fees	562,688	1,793,714
Audit Fees and Reimbursable Expenses	1,809,786	953,238
Included in Selling and Distribution Costs		
Advertising Costs	4,420,991	5,034,615
Provision for Bad Debt	4,030,706	3,761,455

7. INCOME TAX EXPENSE

	2013 Rs.	2012 Rs.
Income Tax on Other Income (Note 7.1)	24,601,197	263,531
Deferred Income Tax		
Deferred Taxation Charge/ (Reversal) - On Other Sources (Note 7.2)	(2,319,726)	(2,165,457)
Income Tax Expenses Reported in the Income Statement	22,281,471	(1,901,926)
Deferred Income Tax		
Deferred Taxation Charge/ (Reversal) - On Revaluation of Buildings (Note 7.2)	150,193,632	-

7.1 Reconciliation between Current Tax Expense/(Income) and the Product of Accounting Profit

	2013 Rs.	2012 Rs.
Accounting Profit before Income Tax	1,773,081,741	493,778,004
Profit Exempt from Income Tax	(1,654,812,682)	(467,447,997)
Taxable Income	118,269,059	26,330,007
Less: Deductions under Section 32	(10,793,160)	(16,173,322)
Less: Tax Losses Utilised	(19,614,483)	(9,215,502)
Assessable Income	87,861,416	941,183
Income Tax Expenses - 28% (2012 - 28%)	24,601,197	263,531

7. INCOME TAX EXPENSE (CONTD.)

7.2 Deferred Tax Assets, Liabilities and Income Tax Rates to the followings

	Statement of Financial Position			Income Statement/Statement of Comprehensive Income	
	2013 Rs.	2012 Rs.	2011 Rs.	2013 Rs.	2012 Rs.
Deferred Tax Liability					
Revaluation of Buildings	150,193,632	-	-	150,193,632	-
Deferred Tax Assets					
Other Sources					
- Capital Allowances for Tax Purposes	(10,028,210)	(7,708,837)	(6,135,936)	(2,319,373)	(1,572,901)
- Defined Benefit Plans	(2,877,466)	(2,877,113)	(2,284,557)	(353)	(592,556)
	(12,905,676)	(10,585,950)	(8,420,493)	(2,319,726)	(2,165,457)
Deferred Tax (Income) / Expense				147,873,906	(2,165,457)
Net Deferred Tax Liability/(Assets)	137,287,956	(10,585,950)	(8,420,493)		

Deferred Tax has been computed considering the prevailing tax rate of the Health Care Industry 12%.

8. EARNINGS PER SHARE

Basic Earnings Per Share is calculated by dividing the net profit for the year attributable to ordinary shareholders (in the prior year after deducting preference share dividends) 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.

	2013 Rs.	2012 Rs.
Profit for the Year	1,750,800,270	495,679,930
Dividend on Preference Shares	-	(53,550,000)
The Excess of the Fair Value of the Consideration Paid to the Preference Shareholders Over the Carrying Amount of Preference Shares	(852,600,000)	-
Profit Attributable to Ordinary Shareholders for Basic Earnings Per Share	898,200,270	442,129,930
Number of Ordinary Shares used as the Denominator	2013 Number	2012 Number
Weighted Average number of Ordinary Shares in Issue Applicable to Basic Earnings Per Share	528,457,545	528,457,545

9. DIVIDENDS PAID AND PROPOSED

	2013 Rs.	2012 Rs.
Declared and Paid During the Year		
9.1 Equity Dividends on Ordinary Shares :		
Interim Dividend for 2012/2013: Rs. 1 - per share (2011/ 2012: Rs.0.255 per share)	528,457,545	134,756,678
	528,457,545	134,756,678
9.2 Dividends on Preference shares :		
Interim dividend for 2012/13 : Nil (2011/12: Rs.0.255 per share)	-	53,550,000
	-	53,550,000
	528,457,545	188,306,678

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2013

10. PROPERTY, PLANT AND EQUIPMENT

10.1 Gross Carrying Amounts

	Balance as at 01.04.2011 Rs.	Additions/ Transfers Rs.	Disposals/ Transfers Rs.	Balance as at 31.03.2012 Rs.	Revaluation Adjustments Rs.	Disposals/ Transfers Rs.	Balance as at 31.03.2013 Rs.
At Valuation							
Building on Leasehold Land	940,518,493	22,269,782	-	962,788,275	1,138,958,143	-	2,107,411,145
	940,518,493	22,269,782	-	962,788,275	1,138,958,143	-	2,107,411,145
At Cost							
Medical Equipments	1,095,904,793	164,154,976	-	1,260,059,769	-	-	1,370,649,116
Office Equipments	53,204,709	7,557,274	-	60,761,983	-	(829,362)	68,539,134
Furniture and Fittings	79,531,835	2,888,610	-	82,420,445	-	-	89,912,709
Kitchen Equipments	11,436,684	1,618,432	-	13,055,116	-	-	14,455,451
Generators	27,605,125	-	-	27,605,125	-	-	27,605,125
Air Conditioners	77,412,001	4,773,124	-	82,185,125	-	(5,046,233)	79,016,443
House Keeping Equipments	23,756,696	446,152	-	24,202,848	-	-	24,515,639
Motor Vehicles - Brand New	15,018,569	-	-	15,018,569	-	-	41,018,569
Motor Vehicles -Reconditioned	-	269,400	-	269,400	-	-	3,723,704
Tools and Equipments	43,551,619	227,952	-	43,779,571	-	-	43,830,631
Fixtures and Fittings	116,020,006	841,442	-	116,861,448	-	-	116,861,448
Elevators	30,251,505	-	-	30,251,505	-	-	30,251,505
	1,573,693,542	182,777,362	-	1,756,470,904	-	(5,875,595)	1,910,379,474
Assets on Finance Leases							
Motor Vehicles	3,454,304	-	-	3,454,304	-	(3,454,304)	-
	3,454,304	-	-	3,454,304	-	(3,454,304)	-
Total Value of Depreciable Assets	2,517,666,339	205,047,144	-	2,722,713,483	1,138,958,143	(9,329,899)	4,017,790,619

10. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

10.2 Depreciation

	Balance as at 01.04.2011 Rs.	Charge for Year/ Transfers Rs.	Disposals/ Transfers Rs.	Balance as at 31.03.2012 Rs.	Charge for Year/ Transfers Rs.	Revaluation Adjustments	Disposals/ Transfers Rs.	Balance as at 31.03.2013 Rs.
At Valuation								
Building on Leasehold Land	90,508,534	18,937,404	-	109,445,938	38,299,611	(112,655,458)	-	35,090,091
	90,508,534	18,937,404	-	109,445,938	38,299,611	(112,655,458)	-	35,090,091
At Cost								
Medical Equipments	470,137,454	113,042,297	-	583,179,751	131,139,745	-	-	714,319,496
Office Equipments	39,279,161	6,252,038	-	45,531,199	6,525,443	-	(829,362)	51,227,280
Furniture and Fittings	33,523,403	8,087,186	-	41,610,589	8,681,998	-	-	50,292,587
Kitchen Equipments	2,351,327	1,238,826	-	3,590,153	1,383,979	-	-	4,974,132
Generators	7,345,561	2,760,513	-	10,106,074	2,760,513	-	-	12,866,587
Air Conditioners	31,281,855	8,222,823	-	39,504,678	7,097,040	-	(5,046,233)	41,555,485
House Keeping Equipments	9,394,082	2,393,480	-	11,787,562	2,430,603	-	-	14,218,165
Motor Vehicles - Brand New	2,851,246	1,505,972	-	4,357,218	2,804,845	-	-	7,162,063
Motor Vehicles - Reconditioned	-	1,101	-	1,101	629,597	-	2,132,836	2,763,534
Tools and Equipments	35,302,071	4,369,634	-	39,671,705	2,647,337	-	-	42,319,042
Fixtures and Fittings	76,969,255	11,671,887	-	88,641,142	7,935,691	-	-	96,576,833
Elevators	7,857,475	3,025,150	-	10,882,625	3,025,151	-	-	13,907,776
	716,292,890	162,570,907	-	878,863,797	177,061,942	-	(3,742,759)	1,052,182,980
Assets on Finance Leases								
Motor Vehicles	1,324,939	692,754	-	2,017,693	115,143	-	(2,132,836)	-
	1,324,939	692,754	-	2,017,693	115,143	-	(2,132,836)	-
Total Depreciation	808,126,363	182,201,065	-	990,327,428	215,476,696	(112,655,458)	(5,875,595)	1,087,273,071

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2013

10. PROPERTY, PLANT AND EQUIPMENT (CONTD...)

10.3 Net Book Values

	2013 Rs.	2012 Rs.	2011 Rs.
At Valuation			
Building on Leasehold Land	2,072,321,054	853,342,337	850,009,959
At Cost			
Medical Equipments	656,329,620	676,880,018	625,767,339
Office Equipments	17,311,854	15,230,784	13,925,548
Furniture and Fittings	39,620,122	40,809,856	46,008,432
Kitchen Equipments	9,481,319	9,464,963	9,085,357
Generators	14,738,538	17,499,051	20,259,564
Air Conditioners	37,460,958	42,680,447	46,130,146
Housekeeping Equipments	10,297,474	12,415,286	14,362,614
Motor Vehicles - Brandnew	33,856,506	10,661,351	12,167,323
Motor Vehicles - Reconditioned	960,170	268,299	-
Tools and Equipments	1,511,589	4,107,866	8,249,548
Fixtures and Fittings	20,284,615	28,220,306	39,050,751
Elevators	16,343,729	19,368,880	22,394,030
	858,196,494	877,607,107	857,400,652
Assets on Finance Leases			
Motor Vehicles	-	1,436,611	2,129,365
	-	1,436,611	2,129,365
Total Carrying Amount of Property, Plant and Equipment	2,930,517,548	1,732,386,055	1,709,539,976

10.4 During the year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs.161,994,588/- (2012 - Rs.205,047,144/-). Cash payments amounting to Rs.161,994,588/- (2012 - Rs.205,047,144/-) were made during the year for purchase of Property, Plant and Equipment.

10.5 The fair value of buildings were determined by means of a revaluation during the financial year 2012/ 2013.

Asiri Surgical Hospital located at 21, Kirimandala Mawatha, Colombo 05 was revalued at Rs. 2,101,936,000/-. The valuation was carried out by Messrs. P. B. Kalugalagedara and Associates an independent chartered valuation surveyor. The Valuer's assessment is based on reference made to depreciated replacement cost of the above buildings. The results of such revaluation were incorporated in the Financial Statements from its effective date which is 31st May 2012. The surplus arising from the revaluation was transferred to a revaluation reserve in Equity.

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

Class of Asset	Cost Rs.	Accumulated Depreciation if Assets were Carried at Cost Rs.	Net Carrying Amount 2013 Rs.
Building	968,642,584	128,818,790	839,823,794

10. PROPERTY, PLANT AND EQUIPMENT (CONTD...)

10.6 Depreciation

The 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 instalments.

	2013 / 2012 / 2011
Buildings on Leasehold Land	Over 50 Years
Medical Equipments	Over 10 Years
Office Equipments	Over 5 Years
Furniture and Fittings	Over 10 Years
Kitchen Equipments	Over 10 Years
Generators	Over 10 Years
Air Conditioners	Over 10 Years
Housekeeping Equipments	Over 10 Years
Motor Vehicles - Reconditioned	Over 5 Years
Motor Vehicles - Brandnew	Over 8 Years
Tools and Equipments	Over 10 Years
Fixtures and Fittings	Over 10 Years
Elevators	Over 10 Years

11. LEASEHOLD PROPERTY / RIGHT TO USE OF LAND

	2013 Rs.	2012 Rs.
Balance as at the Beginning of the Year	90,386,044	91,422,977
Amortization for the Year	(1,036,933)	(1,036,933)
Balance as at the End of the Year	89,349,111	90,386,044

- 11.1 The Company obtained leasehold rights to the land situated at No.21, Kirimandala Mawatha, Colombo 05 for 99 years from Board of Investment of Sri Lanka by agreement dated 29th March 2000.

The right-to-use the land under lease arrangement has been accounted for in line with the Statement of Alternate Treatment (SoAT) issued by Institute of Chartered Accountants of Sri Lanka dated 19th December 2012.

Accordingly, the 'Right' to use land is recognised as a non-current asset and is amortised over the remaining lease term or useful life of the underlying right whichever is shorter.

12. INVESTMENT IN ASSOCIATE

Asiri Central Hospitals PLC

- 12.1 During the year, the Company disposed off 7,303,257 shares (32.71%) in Asiri Central Hospitals PLC to Asiri Hospital Holdings PLC, as a part of the Group restructure.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2013

12. INVESTMENT IN ASSOCIATE (CONTD.)

12.2 Carrying Value of the Investment

	2013	2012	2011	2013	2012	2011
	Number of Shares			Rs.	Rs.	Rs.
Quoted						
Carrying Value of the Investments at the Beginning of the year	7,303,257	7,303,257	7,303,257	727,563,277	727,563,277	727,563,277
Post Acquisition Profit/ (Loss)						
Net of Dividends (Note 12.4)	-	-	-	23,288,686	35,612,499	(569,055)
Disposal of Investments	(7,303,257)	-	-	(750,851,963)	-	-
Net Carrying Value of the Investments at the End of the year	-	7,303,257	7,303,257	-	763,175,776	726,994,222
Share of Associate's Statement of Financial Position						
Current Assets				-	12,356,466	2,814,591
Non-current Assets				-	964,855,020	868,456,387
Current Liabilities				-	(181,261,746)	(283,458,534)
Non-current Liabilities				-	(139,860,599)	-
Net Assets				-	656,089,141	587,812,444
Fair Value, Good will and Other Adjustments on Acquisition				-	417,889,295	417,889,295
Fair Value Incorporated in the Books of the Associate Company - Land (Note 12.5)				-	(278,707,517)	(278,707,517)
Fair Value Incorporated in the Books of the Associate Company - Building (Note 12.5)				-	(32,095,143)	-
Net Carrying Value of the Investments					763,175,776	726,994,222

12.3 Share of the Associates Revenue and Profit/ (Loss)

	2013	2012	2011
	Rs.	Rs.	Rs.
Revenue	10,009,260	21,686,730	9,708,448
Profit/(Loss) Before Income Tax	(12,197,625)	39,523,765	(57,510,072)
Income Tax	(126,188)	(3,342,211)	(228,384)
Profit/(Loss) After Income Tax	(12,323,813)	36,181,554	(57,738,456)

12.4 Post Acquisition Profit/ (Loss) Net of Dividends as of the Date of Disposal

	2013	2012	2011
	Rs.	Rs.	Rs.
Post Acquisition Operational Profit/ (Loss)	23,288,686	35,612,499	(569,055)
	23,288,686	35,612,499	(569,055)

12. INVESTMENT IN ASSOCIATE (CONTD.)

12.5 The land of Asiri Central Hospitals PLC, situated at No 37, Horton place, Colombo 07 was revalued during the financial year 2010 by Messrs. P. B Kalugalagedara & Associates - Chartered Valuation Surveyors. The land was valued at their open market values and the results of such revaluation were incorporated in the Financial Statements as at 31 December 2010. The surplus arising from the revaluation was transferred to the revaluation reserve.

The land together with buildings were classified from owner occupied property to an investment property with effect from 1 April 2011.

The Building of Asiri Central Hospitals PLC situated at the above land was also revalued during the financial year 2010 by Messrs. P.B Kalugalagedara & Associates - Chartered Valuation Surveyors. At the time of transferring the building from owner occupied property to investment property, the Directors decided to incorporate the results of such revaluation in the financial statements as at 01 April 2011 and the surplus arising from such revaluation net of deferred tax, is transferred to revaluation reserve.

13. AVAILABLE FOR SALE INVESTMENT

Investment in Equity Securities						
Non-current	2013 %	Holding 2012 %	2011 %	2013 Rs.	2012 Rs.	2011 Rs.
Non-quoted Central Hospital Limited	-	7.38	7.38	-	270,020,673	270,020,673
				-	270,020,673	270,020,673

	2013 Rs.	2012 Rs.	2011 Rs.
Balance at the beginning of the Year	270,020,673	270,020,673	270,020,673
Disposed During the year	(270,020,673)	-	-
Balance at the end of the Year	-	270,020,673	270,020,673

14. FINANCIAL ASSETS AND LIABILITIES - FAIR VALUE HIERARCHY

As at 31 March 2013, the Company held the following financial instruments carried at fair value on the statement of financial position;

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 : Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2 : Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3 : Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

14.1 Assets Measured at Fair Value

		31 March 2013 Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Foreign Exchange Forward Contracts	Liability	39,010	-	39,010	-

		31 March 2012 Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Available-for-Sale Financial Assets	Equity Shares	270,020,673	-	270,020,673	-
Foreign Exchange Forward Contracts	Assets	7,122,146	-	7,122,146	-

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2013

14. FAIR VALUE HIERARCHY (CONTD.)

14.1 Assets Measured at Fair Value (Contd.)

	1 April 2011 Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Available-for-Sale Financial Assets Equity Shares	270,020,673	-	270,020,673	-

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

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the Financial Statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

	Carrying Amount		Fair Value	
	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.
Financial Assets				
Trade and Other Receivables	1,205,391,028	755,464,731	1,205,391,028	755,464,731
Loans Granted to Related Parties	130,686,042	-	130,686,042	-
Cash and Short Term Deposits	44,928,890	20,605,716	44,928,890	20,605,716
Total	1,381,005,960	776,070,447	1,381,005,960	776,070,447
Financial Liabilities				
Trade and Other Payables	166,727,420	130,478,294	166,727,420	130,478,294
Loans and Borrowings-Current	434,866,972	501,854,409	434,866,972	501,854,409
Loans and Borrowings-Non Current	383,852,765	598,038,946	275,725,058	432,044,898
Total	985,447,157	1,230,371,649	877,319,450	1,064,377,601

15. INVENTORIES

	2013 Rs.	2012 Rs.	2011 Rs.
Pharmaceuticals	27,125,443	22,082,097	24,363,094
Surgical	74,097,134	62,017,229	61,143,357
Genetic Lab	9,237,219	14,844,781	8,217,070
X-Ray and Radiology Consumables	1,541,187	1,820,766	3,481,788
Kitchen/ Canteen	1,147,810	952,024	618,800
House Keeping Consumables	891,360	1,303,088	784,406
Stationery	6,942,996	8,582,947	4,540,968
Others	6,316,879	8,683,028	6,603,495
	127,300,028	120,285,960	109,752,978
Less: Provision for Obsolete Stocks	-	-	(3,867,248)
	127,300,028	120,285,960	105,885,730

16. TRADE AND OTHER RECEIVABLES

	2013 Rs.	2012 Rs.	2011 Rs.
Trade Debtors (Note 16.1)	86,814,518	91,681,831	70,183,618
Less: Provision for Bad Debts	(9,566,923)	(7,479,960)	(4,138,810)
	77,247,595	84,201,871	66,044,808
Other Debtors - Related Parties (Note 16.2)	1,128,143,433	664,140,714	303,482,560
	1,205,391,028	748,342,585	369,527,368
Other Assets (Note 16.3)	-	7,122,146	-
	1,205,391,028	755,464,731	369,527,368
Advances and Prepayments	53,624,368	122,541,083	40,461,225
Loans Granted to Related Parties (Note 16.2)	130,686,042	-	-

16. TRADE AND OTHER RECEIVABLES(CONTD.)

16.1 Trade receivables are non-interest bearing and are generally on terms of 30 days.

As at 31st March, the ageing analysis of trade receivables, is as follows:

	Total Rs.	Neither Past Due Nor Impaired		Past Due but Not Impaired		> 365 Days Rs.
		Rs.	Days	Rs.	Days	
2013	86,814,518	46,571,066	13,052,465	6,131,905	8,071,904	5,852,800
2012	91,681,831	53,183,385	17,635,408	7,482,354	5,510,897	3,655,038

16.2 Other Debtors - Related Parties

Relationship	2013	2012	2011
	Rs.	Rs.	Rs.
Asiri Hospital Holdings PLC	998,037,862	362,101,781	67,231,466
Asiri Central Hospitals PLC	127,925,856	109,094,165	60,207,270
Asiri Diagnostic Services (Private) Limited	390,665	3,467,444	804,036
Asiri Hospital Kandy (Private) Limited	1,737,395	342,488	-
Central Hospital Limited	-	188,471,007	175,011,382
Asiri Hospital Matara (Private) Limited	51,655	-	-
Matara Medi House (Private) Limited*	-	663,829	228,406
	1,128,143,433	664,140,714	303,482,560

*Matara Medi House (Private) Limited has been merged to Asiri Hospital Matara (Private) Limited on 22nd June 2012 and balance due from Matara Medi House Hospital (Private) Limited has been transferred to Asiri Hospital Matara (Private) Limited

Relationship	2013	2012	2011
	Rs.	Rs.	Rs.
Loans Granted to Related Parties			
Uni Walkers (Private) Limited	32,875,413	-	-
Softlogic Holdings PLC	97,810,629	-	-
	130,686,042	-	-

16.3 Other Assets

	2013	2012	2011
	Rs.	Rs.	Rs.
Unrealised Exchange Gain from Forward Contracts*	-	7,122,146	-

*The Forward Contracts entered in to by the Company which remain outstanding as at the balance sheet date have been Fair Valued.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2013

17. STATED CAPITAL

	2013		2012		2011	
	Number	Rs.	Number	Rs.	Number	Rs.
Fully Paid Ordinary Shares (Note 17.1)	528,457,545	1,393,327,565	528,457,545	1,183,327,565	528,457,545	1,183,327,565
Fully Paid Cumulative Non Redeemable Preference Shares (Note 17.2)	-	-	210,000,000	210,000,000	210,000,000	210,000,000
	1,393,327,565		1,393,327,565		1,393,327,565	

17.1 Fully Paid Ordinary Shares

	2013		2012		2011	
	Number	Rs.	Number	Rs.	Number	Rs.
Balance at Beginning of the Year	528,457,545	1,183,327,565	528,457,545	1,183,327,565	528,457,545	1,183,327,565
Transfer of Carrying Value of Repurchased Preference Shares	-	210,000,000	-	-	-	-
Balance at End of the Year	528,457,545	1,393,327,565	528,457,545	1,183,327,565	528,457,545	1,183,327,565

17.2 Fully Paid Cumulative

Non Redeemable Preference Shares	2013		2012		2011	
	Number	Rs.	Number	Rs.	Number	Rs.
Balance at Beginning of the Year	210,000,000	210,000,000	210,000,000	210,000,000	210,000,000	210,000,000
Transfer of Carrying Value of Purchased Preference Shares	(210,000,000)	(210,000,000)	-	-	-	-
Balance at End of the Year	-	-	210,000,000	210,000,000	210,000,000	210,000,000

210,000,000 unlisted preference shares issued to Asiri Hospital Holdings PLC were repurchased by the Company at a price per share of Rs.7.06 amounting to a total sum of Rs.1,482,600,000.

18. REVALUATION RESERVE

	2013	2012
	Rs.	Rs.
On Buildings		
As at 1st April	-	-
Revaluation Surplus during the Year	1,251,613,601	-
Deferred Tax Effect on Revaluation	(150,193,632)	-
As at 31st March	1,101,419,969	-

19. AMOUNT DUE ON LEASEHOLD PROPERTY

Payable to the Board of Investment of Sri Lanka	2013			2013	2012	2011
	Amount Repayable Within 1 Year Rs.	Amount Repayable Within 2-5 Years Rs.	Amount Repayable After 5 Years Rs.	Total Rs.	Total Rs.	Total Rs.
Gross Liability on Leasehold Land	4,275,600	17,102,400	27,435,100	48,813,100	53,088,700	57,364,300
Less: Finance Charges Allocated to Future Periods	(203,600)	(814,400)	(1,306,433)	(2,324,433)	(2,528,034)	(2,731,633)
Net Liability on Leasehold Land On-re-location (Note 19.1.3)	4,072,000	16,288,000	26,128,667	46,488,667	50,560,666	54,632,667
	-	-	-	-	-	1,041,277
	4,072,000	16,288,000	26,128,667	46,488,667	50,560,666	55,673,944

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

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

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

If BOI exercises same right, at the end of 5 years (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. 8,567,470/-.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2013

20. INTEREST BEARING LOANS AND BORROWINGS

	2011		2011		2012		2012		2013		2013					
	Amount Repayable Within 1 Year	Amount Repayable After 1 Year	Total	Rs.	Amount Repayable Within 1 Year	Amount Repayable After 1 Year	Total	Rs.	Amount Repayable Within 1 Year	Amount Repayable After 1 Year	Total	Rs.				
Finance Leases (Note 20.1)	1,151,672	1,392,444	2,544,116	Rs.	1,351,983	-	1,351,983	Rs.	-	-	-	Rs.				
Bank Loans (Note 20.2) - Short Term	198,608,810	-	198,608,810	Rs.	-	-	-	Rs.	-	-	-	Rs.				
- Long Term	200,597,378	319,395,070	519,992,448	Rs.	285,137,645	598,038,946	883,176,591	Rs.	189,344,206	383,852,765	573,193,971	Rs.				
Bank Overdraft (Note 23.2)	138,015,794	-	138,015,794	Rs.	215,364,781	-	215,364,781	Rs.	245,525,766	-	245,525,766	Rs.				
	538,373,654	320,787,514	859,161,168	Rs.	501,854,409	598,038,946	1,099,893,355	Rs.	434,866,972	383,852,765	818,719,737	Rs.				
20.1 Finance Leases																
	As at 01.04.2011		As at 31.03.2012		As at 31.03.2012		As at 31.03.2012		New Leases Obtained		Repayment		As at 31.03.2013			
Haitton National Bank PLC	Rs.		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.			
Gross Liability	3,012,379		(1,515,996)		1,496,383		1,496,383		-		(1,460,468)		35,915			
Finance Charges Allocated to Future Periods	(468,263)		-		(144,400)		(144,400)		-		108,485		(35,915)			
Net Liability	2,544,116		(1,192,133)		1,351,983		1,351,983		-		(1,351,983)		-			
20.2 Bank Loans																
	As at 01.04.2011		Exchange Difference		As at 31.03.2012		Interest Accrued		Loans Obtained		Repayments		Exchange Difference		As at 31.03.2013	
	Rs.		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.	
Commercial Bank of Ceylon PLC	384,680,000		-		169,840,000		16,597,524		-		(131,437,524)		-		55,000,000	
Haitton National Bank PLC	129,300,000		48,860,000		93,360,000		7,799,761		49,852,000		(141,311,761)		-		9,700,000	
Nations Trust Bank PLC	15,750,000		-		6,750,000		428,879		-		(7,178,879)		-		-	
DFCC Bank	140,262,448		300,000,000		363,819,978		42,219,371		-		(144,878,956)		-		261,160,393	
Pan Asia Banking Corporation PLC	48,608,810		150,000,000		-		-		-		-		-		-	
International Finance Corporation	-		207,970,716		38,213,611		15,068,309		-		(15,107,017)		(2,034,327)		247,333,578	
	718,601,258		706,830,716		883,176,591		82,113,844		49,852,000		(439,914,137)		(2,034,327)		573,193,971	

20. INTEREST BEARING LOANS AND BORROWINGS (CONTD.)

20.3 Details of the Long Term Loans;	Approved Facility	Purpose	Repayment Terms	Security	Security Amount Rs
Commercial Bank of Ceylon PLC	Rs.300 Million	To part finance the cost of construction of Phase 2 of the hospital complex	60 equal monthly installments commencing from 12 Months after first disbursement	Corporate Guarantee from Asiri Hospital Holdings PLC	300 Million
Commercial Bank of Ceylon PLC	Rs.100 Million	To establish irrevocable documentary Letters of Credits for the importation of medical equipment	59 equal monthly installments with one year grace period commencing from 25th December 2009	Primary Mortgage over machinery to be imported and Corporate Guarantee from Asiri Hospital Holdings PLC	250 Million
Commercial Bank of Ceylon PLC	Rs.175 Million	To part refinance the term loan granted to finance the purchase of 6,577,981 Shares of Asiri Central Hospitals PLC	59 equal monthly installments of Rs. 2.9 Mn each and final instalment of Rs. 3.9 Mn	Secondary Concurrent Mortgage Bond with Hatton National Bank PLC over property of the Company	125 Million
Hatton National Bank PLC	Rs.175 Million	To part settle temporary facilities obtained to purchase stake in Asiri Central Hospitals PLC	59 Equal monthly installments of Rs. 2.9 Mn each and final installment of Rs. 3.9 Mn	Leasedhold Land and Buildings	175 Million
DFCC Bank	Rs.200 Million	To settle part of the short term borrowings	59 equal monthly installments after a grace period of one month commencing from date of first disbursement	66,000,000 ordinary shares of Asiri Surgical Hospital PLC held by Asiri Hospital Holdings PLC	200 Million
DFCC Bank	Rs. 200 Million	To settle part of the short term borrowings	59 equal monthly installments after a grace period of one month from the date of first disbursement	Corporate Guarantee from Asiri Hospital Holdings PLC	200 Million
DFCC Bank	Rs.100 Million	To finance importation of a PET/CT Scanning Machine	56 equal monthly installments after a grace period of 4 months from the date of first disbursement	A further assignment over 66,000,000 Asiri Surgical Hospital PLC shares held by Asiri Hospital Holdings PLC Corporate Guarantee from Asiri Hospital Holdings PLC bearing registration No.PQ204	100 Million
International Finance Corporation	USD 1.9 Million	To settle part of the short term borrowings	17 equal semi annual installments starting from 15th April 2013	Primary mortgage over movable machinery Refer Note 20.4	

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2013

20. INTEREST BEARING LOANS AND BORROWINGS (CONTD.)

20.4 Group IFC Loan Security Details (Contd.)

A sum of USD 16,000,000 to be secured by a primary mortgage in respect of leasehold rights over the property at Kirimandala Mawatha, Narahenpita belonging to Asiri Surgical Hospital PLC and a primary additional security mortgage in respect of the property at Norris Canal Road Colombo 10 belonging to Central Hospital Limited ranking concurrently and pari passu with the existing mortgage in respect of such property as further and additional security.

A sum of USD 4,000,000 to be secured by, a primary mortgage in respect of all shares of Central Hospital Limited, Asiri Diagnostic Services (Private) Limited Asiri Hospital Matara (Private) Limited belonging to Asiri Hospital Holdings PLC, a primary additional security mortgage in respect of all shares of Central Hospital Limited belonging to Asiri Central Hospitals PLC, a primary additional security mortgage in respect of movable assets belonging to Asiri Surgical Hospital PLC, and a primary additional security mortgage in respect of movable assets belonging to Central Hospital Limited.

21. RETIREMENT BENEFIT LIABILITY

	2013 Rs.	2012 Rs.	2011 Rs.
21.1 Retirement Benefit Obligations- Gratuity			
Defined Benefit Obligation at the Beginning of the Year	23,975,939	19,037,974	12,537,625
Interest on Benefit Liability	2,553,598	2,035,108	1,379,139
Current Service Cost	5,887,445	5,167,494	4,947,906
Actuarial Gain/ (Loss)	(5,815,055)	(1,359,132)	690,226
Benefit Paid During the Year	(2,623,043)	(905,505)	(516,922)
Defined Benefit Obligation at the end of the year	23,978,884	23,975,939	19,037,974
Interest Charge for the Year	2,553,598	2,035,108	1,379,139
Current Service Cost	5,887,445	5,167,494	4,947,906
Actuarial Gain/(Loss)	(5,815,055)	(1,359,132)	690,226
	2,625,988	5,843,470	7,017,271

21.2 Messrs. Actuarial and Management Consultants (Private) Limited Actuaries, carried out an actuarial valuation of the defined benefit plan gratuity on 31 March of every year. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used are as follows:

Principal Actuarial Assumption

The principal financial assumptions underlying the valuation are as follows:

	2013	2012	2011
Discount Rate	11%p.a	10.5% p.a.	10.5% p.a.
Salary Increases	10%p.a	11.5% p.a.	11.5% p.a.
Staff Turnover	Up to 50 years - 10%	Up to 49 years - 10%	Up to 50 years - 10%

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

22. TRADE AND OTHER PAYABLES

	2013 Rs.	2012 Rs.	2011 Rs.
Trade Payables	107,585,150	79,400,068	55,836,885
Other Payable - Related Party (Note 22.1)	-	2,328,268	3,581,112
Other Liabilities (Note 22.2)	39,010	-	-
Sundry Creditors Including Accrued Expenses	59,103,260	48,749,958	65,678,473
	166,727,420	130,478,294	125,096,470

22. TRADE AND OTHER PAYABLES (CONTD.)

22.1 Other Payable - Related Party

	Relationship	2013 Rs.	2012 Rs.	2011 Rs.
Asiri Hospital Matara (Private) Limited	Fellow Subsidiary	-	2,328,268	3,581,112
		-	2,328,268	3,581,112

22.2 Other Liabilities

	2013 Rs.	2012 Rs.	2011 Rs.
Unrealised Exchange Gain from Forward Contracts	39,010	-	-
	39,010	-	-

*The Forward Contracts entered in to by the Company which remain outstanding as at the reporting date have been Fair Valued.

The above balance represent the assets whilst the corresponding gains have been considered in arriving at profit /loss for the year (Note 05)

23. CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT

Components of Cash and Cash Equivalents

	2013 Rs.	2012 Rs.	2011 Rs.
23.1 Favourable Cash and Cash Equivalents Balance			
Cash and Bank Balances	44,928,890	20,605,716	8,217,563
	44,928,890	20,605,716	8,217,563
23.2 Unfavourable Cash and Cash Equivalents Balance			
Bank Overdraft	(245,525,766)	(215,364,781)	(138,015,794)
Total Cash and Cash Equivalents for the Purposes of the Cash Flow Statement	(200,596,876)	(194,759,065)	(129,798,231)

24. COMMITMENTS AND CONTINGENCIES

24.1 Capital Expenditure and Other Commitments

24.1.1 Capital Expenditure Commitments

The Company does not have significant capital commitments as at 31 March 2013 (2012-Nil).

24.1.2 Other Commitments

As at 31 March 2013, outstanding Currency Forward Agreements amount to Rs. 172,163,123 (USD 1,300,326). These agreements were entered into in January 2013 and will mature in the month of July 2013.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2013

24. COMMITMENTS AND CONTINGENCIES (CONTD.)

24.2 Contingent Liabilities

a. Legal Claims

There are no significant legal claims as at 31 March 2013. (2012-Nil)

b. Guarantees

The Directors of the Company have signed Corporate Guarantee Bonds with the following banks securing the following banking facilities obtained by Asiri Hospitals Holdings PLC.

	2013 s. Mn.	2012 Rs. Mn.
Sampath Bank PLC	60	60
Seylan Bank PLC	25	25
Nations Trust Bank PLC	377	377
Hatton National Bank PLC	180	200
Commercial Bank of Ceylon PLC	380	380
	1,022	1,042

25. ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

Nature of Assets	Nature of liability	Carrying Amount Pledged	
		2013 Rs.	2012 Rs.
Leasehold Land and Buildings	Primary/Secondary Mortgage Bond for Loans and Borrowings	2,161,670,165	943,728,381
Inventories and Trade Debtors	Primary Mortgage Bond for Overdraft Facility	204,547,623	204,487,831
Medical Equipment (CT Scanner)	Primary Mortgage Bond for Loans and Borrowing	55,110,651	66,920,076
Medical Equipment (PET Scanner)	Primary Mortgage Bond for Loans and Borrowing	105,881,949	117,868,585
		2,527,210,388	1,333,004,873

Refer Note 20.3 and 20.4 to these financial statements for assets pledged.

26. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There have been no material events occurring after 31 March 2013 that require adjustments to or disclosure in the financial statements.

27. RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows.

27.1 Transactions with Parent and Related Entities

27.1.1

Nature of Transaction	Softlogic Holding PLC Ultimate Parent Company		Asiri Hospital Holdings PLC Parent Company		Transactions with Affiliate Companies*		Total	
	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.
As at 1st April	-	-	362,101,781	67,231,466	299,710,665	232,669,983	661,812,446	299,901,449
Repayment of Temporary Finance Obtained and Fun Transfers	-	-	(707,089,225)	(5,000,000)	(224,632,000)	(47,206,110)	(931,721,225)	(52,206,110)
Temporary Finance Granted	85,000,000	-	2,760,085,467	270,000,000	28,945,034	113,071,927	2,874,030,501	383,071,927
Interest Charged	12,811,480	-	67,940,454	-	26,655,927	-	107,407,861	-
Sale/ (Purchase) of Goods/ Services including Staff Related Items	-	-	14,728,294	4,198,592	19,375,161	(2,683,517)	34,103,455	1,515,075
Sale/ (Purchase) of Non-Current Assets	-	-	-	-	-	596,920	-	596,920
Channelling Fee Collected by Related Party/ (Company on behalf of the Related Party)	-	-	13,405,350	11,412,417	353,700	-	13,759,050	11,412,417
Expenses Incurred by the Company on behalf of Related Party	(851)	-	(30,534,259)	14,259,306	12,572,497	3,261,462	(17,962,613)	17,520,768
Repurchase Of Preference Shares	-	-	(1,482,600,000)	-	-	-	(1,482,600,000)	-
Disposal of Asiri Central Hospitals PLC and Central Hospital Limited Investments	-	-	2,211,720,363	-	-	-	2,211,720,363	-
Settlements of Sales Proceed from Disposal of Asiri Central Hospitals PLC and Central Hospital Limited Investments	-	-	(2,211,720,363)	-	-	-	(2,211,720,363)	-
As at 31 March	97,810,629	-	998,037,862	362,101,781	162,980,984	299,710,665	1,258,829,475	661,812,446
Included under Trade and Other Receivables	-	-	998,037,862	362,101,781	130,105,571	302,038,933	1,128,143,433	664,140,714
Included Under Loans Granted to Related Parties	97,810,629	-	-	-	32,875,413	-	130,686,042	-
Included under Trade and Other Payables	-	-	-	-	-	(2,328,268)	-	(2,328,268)
	97,810,629	-	998,037,862	362,101,781	162,980,984	299,710,665	1,258,829,475	661,812,446

* Affiliate Companies include Asiri Hospital Matara (Private) Limited, Asiri Central Hospitals PLC, Asiri Diagnostics Services (Private) Limited, Asiri Hospital Kandy (Private) Limited, Central Hospital Limited and Uni Walkers (Private) Limited.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2013

27. RELATED PARTY DISCLOSURES (CONTD.)

27.1 Transactions with Parent and Related Entities (Contd.)

27.1.2 During the year, the Company has paid Dividends of Rs. 389,134,395 for ordinary shares to Asiri Hospital Holdings PLC.

27.2 Off Balance Sheet Items

- Guarantees made on behalf of Asiri Hospital Holdings PLC, has been given in Note 24.2.(b) to these Financial Statements.
- Asiri Hospital Holdings PLC has granted Corporate Guarantees to Commercial Bank of Ceylon PLC, Hatton National Bank PLC, DFCC Bank and Seylan Bank PLC to secure the banking facilities obtained by the Company, for the value of Rs. 580 Mn, Rs. 150 Mn, 160 Mn and Rs. 25 Mn respectively.
- Refer Note 20.3 to these Financial Statements for assets pledged by Asiri Hospital Holdings PLC to DFCC Bank in order to obtain a loan of Rs. 200Mn by Asiri Surgical Hospital PLC.

27.3 Transactions with Key Management Personnel of the Company to its Parent

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

27.3.1 Key Management Personnel Compensation

	2013 Rs.	2012 Rs.
Short Term Employment Benefits	12,209,415	11,632,000
Total Compensation Paid to Key Management Personnel	12,209,415	11,632,000

27.3.2 Share Transactions and Dividends

During the year 2012/13 Key Management Personnel and their close family members have sold 3,603,013 (2012 - 1,250,000) shares of the Company and acquired nil (2012 - 90,200) shares of the Company. Dividends have been paid amounting Rs.17,133/- to (2012 - Rs.1,172,246/-).

27.3.3 Transactions with Entities that are Controlled, Jointly Controlled or Significantly Influenced by Key Management Personnel

Name of the Related Party	Details of Transactions	Services (Obtained)/ Rendered 2013 Rs.	Services (Obtained)/ Rendered 2012 Rs.
Softlogic Trading (Private) Limited	Purchase of Computers and Accessories	-	(327,745)
Softlogic Computers (Private) Limited	Purchase of Computers and Accessories	(870,304)	(259,240)
Softlogic Information Systems (Private) Limited	Software Maintenance	(157,000)	(2,048,000)
Softlogic Communication (Private) Limited	Purchase of Mobil Phones	(357,380)	(533,070)
Uni Walkers (Private) Limited	Purchase of Electronic Equipments	(4,946,957)	(6,656,775)
Softlogic Information Technologies (Private) Limited	Purchase of Computers and Accessories	(3,683,200)	-
D. Samson & Sons (Private) Limited	Purchase of Shoes	(850,227)	(616,199)
Mount Spring Water (Private) Limited	Purchase of Drinking Water	(2,036,360)	(3,389,208)

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk is associated with any business. The type of risk and the degree to which it affects a particular business varies. Uncertainties provide both risk and opportunity with a potential to erode or enhance the enterprise value. The Board of Directors is mindful of these uncertainties and through the Management at various levels have put in place adequate systems to identify the probable occurrence of such risks in advance and to exercise mitigating measures to minimize the impact.

The key financial risks include service quality and reputation risk, operational risk, credit risk, interest rate risk, legal risk, foreign exchange risk, investment risk and liquidity risk. Managing these risks is part of the Company's risk management process.

Mechanisms adopted by the Company in managing eventual impact of such risk are given below:

Service Quality and Reputation Risk

The Company has systems to ensure the provision of quality service to its patients so that they are satisfied and retained. In today's world, a sound 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 due to patients who resort to legal action for professional negligence.

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 is 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.

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.

Credit Risk

The Company admits patients on placement of a deposit or in an emergency, even without a deposit. Further, the hospital admits patients who are corporate clients. There is a risk of a patient not having adequate funds to settle his / her bill at the time of discharge. In order to mitigate such risk, the Company issues interim bills to the patients requesting periodic bill settlement. Further there is a risk of corporate clients' payments being delayed or not being paid. The Company evaluates credit worthiness of companies before granting credit facilities to corporate clients in order to minimize the non-collection of bills.

Interest Rate Risk

Interest rate risk is the Company's exposure to adverse movement in interest rates. The Company has obtained multiple facilities from various banks for working capital, capital expenditure and investment at varying terms and conditions. The finance function negotiates with banks and finance institutions to get the best interest rates and favorable terms for both long and short term borrowing facilities.

Legal Risk

Legal risks are those risks resulting from legal consequences of transactions, with inadequate documentation, legal or regulatory issues and other factors that may result in contracts with counter parties becoming unenforceable causing unexpected financial losses. In addition to complying with the Colombo Stock Exchange, Securities and Exchange Commission and Companies Act disclosure requirements, the Company also complies with Sri Lanka Accounting Standards.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2013

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

Foreign Exchange Risk

Foreign Exchange Risk is the Company's exposure to adverse movement in foreign currency against the Lankan Rupee. The Company has obtained a foreign currency loan from International Finance Corporation (IFC). Obtained facilities from Commercial banks to hedge against a major part of the loan.

Investment Risk

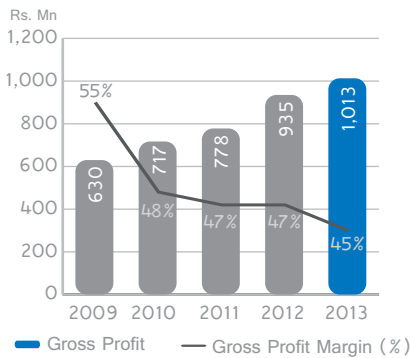
A common uncertainty associated with investments is that they may not provide the desired returns. The Company invests substantial sums in capital expenditure for expansion and new services. Returns on such investments are closely monitored and benefits are periodically evaluated.

Liquidity Risk

Cash flow forecasting is performed by the finance division. The finance division monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Company's covenant compliance and compliance with internal balance sheet ratio targets.

GRAPHICAL REVIEW

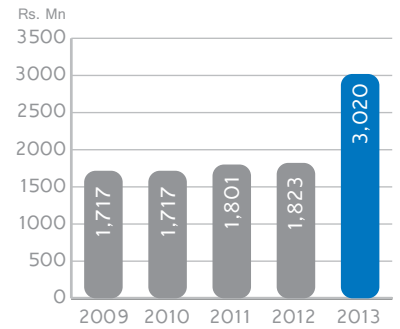
Gross Profit



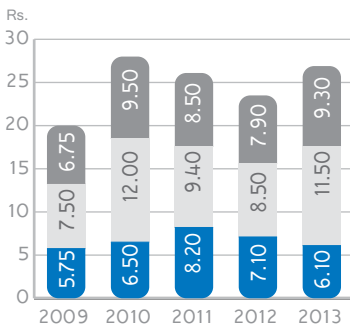
Shareholders' Funds Vs Market Capitalization



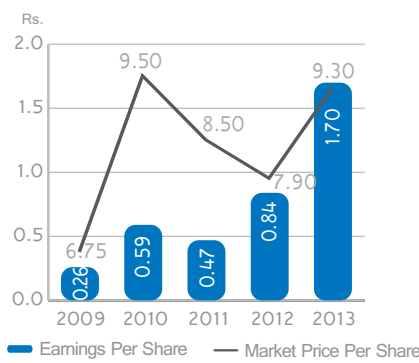
Property Plant & Equipment



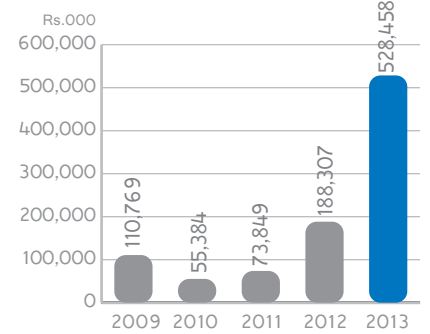
Share Price



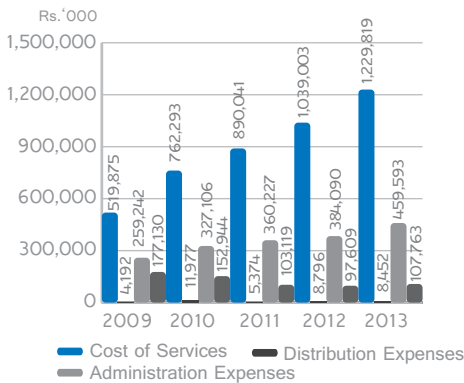
Earnings Per Share and Market Value



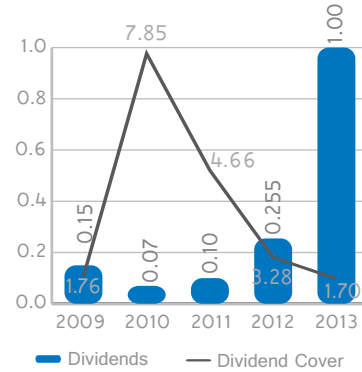
Dividends Paid



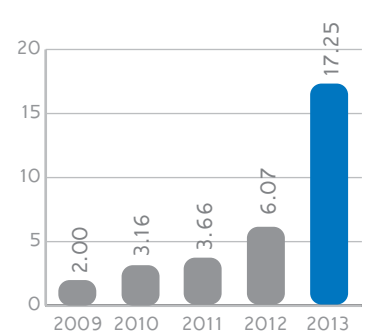
Expense Analysis



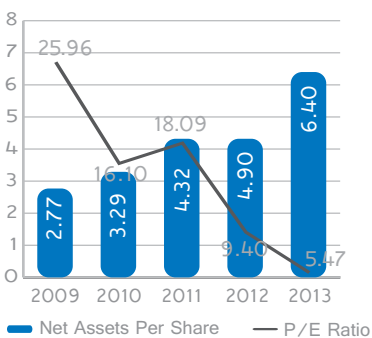
Dividends



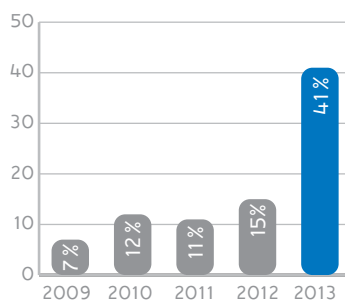
Interest Cover



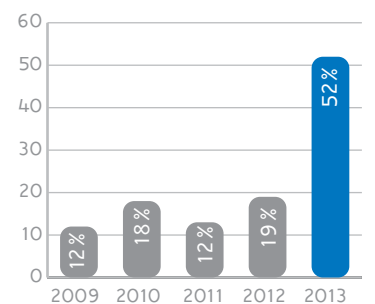
Share Value



Return On Capital Employed



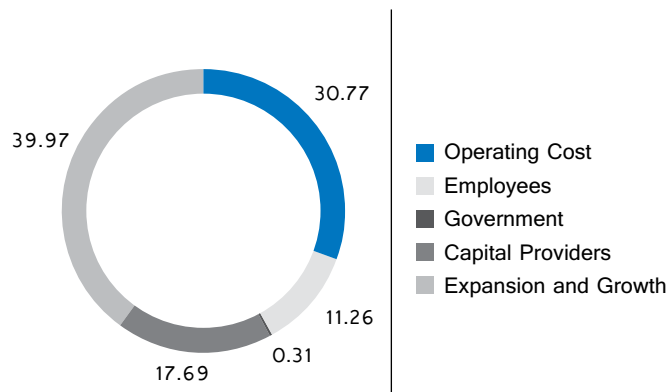
Return On Equity



ECONOMIC VALUE ADDED STATEMENT

		2012/13 Rs.'000	2011/12 Rs.'000	
Direct economic value generated				
Revenue		2,242,969	1,973,666	
Other Income		1,252,965	8,327	
Finance Income		113,253	21,889	
Share of loss of an Associate		(12,324)	36,182	
		3,596,863	2,040,064	
	%			%
Economic Value Distributed				
Operating Cost	30.77	1,106,579	907,268	40.85
Employees				
Employee Wages & Benefits	11.26	404,954	346,426	15.24
Government				
All Taxes	0.31	11,290	10,881	0.77
Capital Providers				
Interest on loan	3.00	107,763	97,609	9.65
Shareholders	14.69	528,458	188,307	3.50
Expansion and Growth				
Depreciation	5.99	215,477	182,201	9.36
Retained Profit	33.98	1,222,342	307,372	20.63
	100.00	3,596,863	2,040,064	100.00

- The creation of wealth is the main purpose of existence of any commercial organisation.
- 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 operations during the financial year 2012/13, the Company created a total wealth of Rs.3.6 billion, which was a 80% increase over the previous year.



SHAREHOLDER INFORMATION

The ordinary shares of the Company are listed in the Colombo Stock Exchange of Sri Lanka.

The Audited Financial Statements of the Company for the year ended 31 March 2013 and copies of this annual report have been submitted to the Colombo Stock Exchange

Distribution of Shareholders

Shareholdings			31/03/2013			31/03/2012		
			No of Shareholders	Total Holdings	Total Holding%	No of Shareholders	Total Holdings	Total Holding%
1	to	1000 shares	1,451	440,633	0.08	1,400	473,699	0.09
1001	to	10,000 shares	742	3,078,214	0.58	857	3,559,340	0.67
10001	to	100,000 shares	495	14,297,427	2.71	537	15,356,461	2.91
100001	to	1,000,000 shares	98	27,103,392	5.13	121	34,444,202	6.51
Over		1,000,001 shares	13	483,537,879	91.5	29	474,623,843	89.82
Total			2,799	528,457,545	100.00	2,944	528,457,545	100.00
Composition of Shareholders								
Individual			2,735	132,430,604	25.06	2,837	162,894,086	30.83
Institutional			64	396,026,941	74.94	107	365,563,459	69.17
Total			2,799	528,457,545	100.00	2,944	528,457,545	100.00
Resident								
Non-Resident			22	104,301	0.02	24	801,357	0.15
Total			2,799	528,457,545	100.00	2,944	528,457,545	100.00

Major Shareholdings

The 20 major shareholders as at the end of the financial year and their percentage holding are as follows:

	31 March 2013		31 March 2012	
Asiri Hospital Holdings PLC	389,313,154	73.67	247,909,653	46.91
Mr. D. K. Subasinghe/Mrs. S. N. Subasinghe	49,666,679	9.40	52,446,666	9.92
Mr. P. P. Subasinghe	8,625,014	1.63	9,000,014	1.70
Mrs. N. Weerasinghe	7,500,015	1.42	14,166,681	2.68
Mrs. N. Weerasinghe/Miss L. I. Weerasinghe	7,499,999	1.42	7,499,999	1.42
Mrs. N. Weerasinghe/Miss. T. T. Weerasinghe	7,499,999	1.42	7,499,999	1.42
Mr. D. M. Rajapaksa	3,388,622	0.64	3,151,050	0.60
Mr.M.D.N. Jayaratne/Mrs.H.C.D.Jayaratne	2,249,998	0.43	2,249,998	0.43
Mr. M.R. Weerasinghe	2,000,000	0.38	3,333,333	0.63
Employee Trust Fund Board	1,954,400	0.37	-	-
Miss. Chandani Vishaka Subasinghe	1,333,333	0.25	-	-
Mrs.Menaka Priyadarsani Rajapakse	1,333,333	0.25	-	-
Mr.Edirisingha Chandrasekara	1,173,333	0.22	-	-
Bank of Ceylon - No. 02 A/C	1,000,000	0.19	-	-
Dr.Dammearchchi Anuja Somaratne	862,499	0.16	-	-
Mr.Chaminda Dilantha Weerasinghe(Deceased)	833,333	0.16	-	-
Mr Uditha Harilal Palihakkara/Mrs.D.S.Palihakkara	824,187	0.16	-	-
Dr.Himali Rangika Jayasekara Gunawardena	749,999	0.14	-	-
Dr.W.M.Swarnamali Welagedara	749,999	0.14	-	-
Ruhunu Cables (Private)Limited	749,999	0.14	-	-
Mrs. Sithy Jazeema Badurdeen	749,999	0.14	-	-
Sri Lanka Insurance Corporation Ltd-General Fund	-	-	53,107,298	10.05
Sri Lanka Insurance Corporation Ltd- Life Fund	-	-	15,493,000	2.93
Softlogic International (Pvt) Ltd	-	-	13,700,000	2.59
Seylan Bank PLC/Softlogic International (Pvt) Ltd	-	-	6,637,133	1.26
Union Bank of Colombo PLC/ Softlogic Communication (Pvt) Ltd	-	-	6,543,966	1.24
Mr. Kailasapillai Aravithan	-	-	6,000,000	1.13
Seylan Bank PLC/Softlogic Information Technologies (Pvt) Ltd	-	-	4,902,200	0.93
Mr. D. M. Rajapaksa	-	-	3,151,050	0.60
Mrs. A. Selliah	-	-	2,250,000	0.43
Miss Sivamalar Subramaniam	-	-	2,200,000	0.42
Mr. V. Kailasapillai	-	-	2,200,000	0.43
Mrs. A.Kailasapillai	-	-	2,200,000	0.42
Shares held by the other shareholdings	490,057,894	92.73	461,779,877	87.38
	39,149,650	7.41	66,677,668	12.62
Total No. of Shares issued	528,457,545	100.00	528,457,545	100.00
Public Shareholding	139,127,258	26.33	213,630,586	40.43

Share Trading

Market Price (Rs.)	2012/13		2011/12	
Highest	11.50	(19/03/13)	11.00	(23/08/11)
Lowest	6.10	(14/05/12)	7.10	(20/01/12)
As at year end	9.30	(28/03/13)	7.90	(30/03/12)
No of Trades	3149		3,705	
No of Shares Traded	148,086,147		22,538,828	
Value of the Shares Traded (Rs.)	1,319,767,891		189,513,434	
Earnings per Share (Rs.)	1.70		0.84	
Dividends per Share (Rs.)	1.00		0.255	
Net Assets per Ordinary Share (Rs.)	6.40		4.90	

FIVE YEAR SUMMARY

Year ended 31 March 2013 Rs. '000	2013	2012	2011	2010	2009
Income Statements					
Revenue	2,242,969	1,973,666	1,668,484	1,479,344	1,149,832
Cost of Services	(1,229,819)	(1,039,003)	(890,041)	(762,293)	(519,875)
Gross Profit	1,013,150	934,663	778,443	717,051	629,957
Other Income	1,252,965	8,327	11,054	6,365	6,280
Administration and Distribution Expenses	(468,044)	(392,885)	(365,601)	(339,083)	(263,434)
Finance Cost	(107,763)	(97,609)	(103,119)	(152,944)	(177,130)
Finance Income	113,253	21,889	10,809	3,486	8,895
Share of Profit/(Loss) of Associate	(12,324)	36,181	(57,738)	(9,476)	(27,640)
Net Trading Income/ (Expenses)	(20,190)	21,426	-	-	-
Net Exchange Gain/ (Loss)	2,034	(38,214)	-	-	-
Net Gain on Deemed Disposal of Investment	-	-	-	104,283	-
Profit before Tax	1,773,081	493,778	273,848	330,183	176,929
Income Tax (Expense)/ Reversal	(22,281)	1,902	(6,619)	(3,347)	(5,717)
Net Profit for the year	1,750,800	495,680	267,226	326,836	171,212
Balance Sheet					
Property Plant & Equipment	3,019,867	1,822,772	1,800,963	1,815,673	1,818,179
Deferred Tax Asset	-	10,586	8,420	-	-
Investment in Associates	-	763,176	726,994	784,733	761,303
Available for Sale Reserve	-	270,021	270,021	216,973	-
Inventories	127,300	120,286	105,886	113,673	89,837
Receivables	1,389,701	890,072	417,431	130,697	111,057
Cash and Cash Equipments	44,929	20,605	13,218	22,915	13,978
Total Assets	4,581,797	3,897,517	3,342,933	3,084,664	2,794,354
Stated Capital	1,393,327	1,393,328	1,393,328	1,393,328	1,393,328
Revaluation Reserve	1,101,420	-	-	-	-
Retained Earnings	885,374	1,145,058	836,405	554,102	282,650
Available for Sale Reserve	-	53,047	53,047	-	-
Total Equity	3,380,121	2,591,433	2,282,780	1,947,430	1,675,978
Non Interest Bearing Long Term Liabilities	42,417	46,489	50,561	54,633	59,746
Interest Bearing Long Term Liabilities	383,853	598,039	320,788	521,309	541,512
Deferred Tax Liability	137,288	-	-	-	-
Retirement Benefit Liability	23,979	23,976	19,038	12,538	3,645
Trade Payables	166,727	130,478	125,096	111,337	139,734
Other Payables	8,473	1,176	1,182	124	437
Non Interest Bearing Loans and Borrowings	4,072	4,072	5,113	5,113	5,113
Interest Bearing Short Term Borrowings	434,867	501,854	538,374	432,180	368,189
Total Equity & Liabilities	4,581,797	3,897,517	3,342,933	3,084,664	2,794,354
Cash Flow					
Net Cash Flow from operating activities	158,774	190,261	280,459	312,928	478,714
Net Cash Flow used in Investing activities	2,159,526	(182,044)	(116,849)	(289,078)	(587,030)
PBIT/Turnover	84%	31%	23%	33%	31%
GP Margin	45%	47%	47%	48%	55%
Debts to Equity	26%	44%	40%	52%	58%

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Thirteenth Annual General Meeting of Asiri Surgical Hospital PLC will be held at Hotel Janaki, Fife Road, Colombo 05 on Thursday the 26th day of September 2013 at 11.15 a.m. for the following purposes:

- 1) To receive and consider the Annual Report of the Board of Directors and Financial Statements of the Company for the year ended 31st March 2013 together with the Report of the Auditors thereon.
- 2) To ratify the Interim Dividend of Rs. 1.00 per share paid on 25th March 2013 as the Final Dividend for the year ended 31st March 2013.
- 3) To re-elect Dr. K M P Karunaratne who retires by rotation in terms of Article 24(6) of the Articles of Association, as a Director of the Company.
- 4) To re-elect Mr. S G Wijesinha who retires by rotation in terms of Article 24(6) of the Articles of Association, as a Director of the Company.
- 5) To re-appoint Messrs Ernst & Young as Auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration.
- 6) Special Business
 - I. To authorize the Directors to determine and make donations for the year ending 31st March 2014 and up to the date of the next Annual General Meeting.

By Order of the Board
SOFTLOGIC CORPORATE SERVICES (PVT) LTD

(Sgd.)
SECRETARIES
Colombo
29th July 2013

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, 21, Kirimandala Mawatha, Colombo 05, not less than 48 hours before the time for holding the Meeting.

FORM OF PROXY

*I/We of

 being* a member/ members of ASIRI SURGICAL HOSPITAL PLC, do hereby appoint
 of
 or failing *him/her

Mr. A K Pathirage	of Colombo or failing him
Dr. S Selliah	of Colombo or failing him
Dr. K M P Karunaratne	of Colombo or failing him
Mr. G L H Premaratne	of Colombo or failing him
Mr. S A B Rajapaksa	of Colombo or failing him
Mr. S G Wijesinha	of Colombo

as *my/our Proxy to represent me/us and to speak and vote for *me/us on *my/our behalf at the 13th ANNUAL GENERAL MEETING OF THE COMPANY to be held at HOTEL JANAKI, Fife Road, Colombo 05 at 11.15 a.m. on Thursday the 26th day of September 2013 and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

	FOR	AGAINST
1) To receive and consider the Annual Report of the Board of Directors and Financial Statements of the Company for the year ended 31st March 2013 together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2) To approve the interim dividend of Rs. 1.00 per share paid on 25th March 2013 as the final dividend for the year ended 31st March 2013.	<input type="checkbox"/>	<input type="checkbox"/>
3) To re-elect Dr. K M P Karunaratne who retires by rotation in terms of Article 24(6) of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4) To re-elect Mr. S G Wijesinha 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-appoint retiring Auditors Messrs Ernst & Young and to authorize the Directors to fix their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
6) Special Business		
I. To authorize the Directors to determine and make donations for the year ending 31st March 2014 and up to the date of the next Annual General Meeting.	<input type="checkbox"/>	<input type="checkbox"/>

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

.....
 *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. 21, Kirimandala Mawatha, Colombo 05, not less than forty eight (48) hours before the time appointed for holding of the Meeting.

Please provide the following details :

Shareholder's N.I.C./ Passport/ Company Registration No.	Shareholder's Folio No.	Number of shares held	Proxy Holder's N.I.C. No. (if not a Director)

CORPORATE INFORMATION

Name of the company

Asiri Surgical Hospital PLC

Registered office

No. 21, Kirimandala Mawatha,
Colombo 05, Sri Lanka.
Telephone : 4524400
Email : info@asiri.lk
Web : www.asiri.lk

Legal form

A Quoted Public Company incorporated in Sri Lanka, under the Companies Act No. 17 of 1982 with limited liability.

The Company has re-registered under the Companies Act No. 7 of 2007. An undertaking approved by the Board of Investment of Sri Lanka (BOI) under the Board of Investment of Sri Lanka Law No. 4 of 1978.

Stock exchange listing

The Ordinary Shares of the Company are listed with the Colombo Stock Exchange.

Company registration number

PQ (208)

Date of Incorporation

2nd March 2000

Directors

Mr. A.K. Pathirage
Chairman/Managing Director
Dr. S. Selliah
Deputy Chairman
Dr. Manjula Karunaratne
Director (Medical)/Deputy Chief Executive Officer
Mr. G.L.H. Premaratne
Mr. S.A.B. Rajapaksa
Mr. S.G. Wijesinha
Mr. D. Wimalasundara -
(resigned w.e.f. 28th February 2013)
Dr. D.S. Rajapaksa -
(resigned w.e.f. 5th November 2012)

Auditors

Messrs Ernst & Young
(Chartered Accountants)
No. 201, De Saram Place,
Colombo 10.

Secretaries

Messrs Softlogic Corporate Services (Pvt) Ltd.
No. 14, De Fonseka Place,
Colombo 05.

Stock Code

AMSL.N0000

