



Asiri Hospital Holdings PLC

Annual Report 2019/20

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<https://asirihealth.com/>

About Us

Asiri Health (Asiri Hospital Holdings PLC) continues to be Sri Lanka's largest private healthcare provider. Established in 1986, the Asiri Health Group now boasts of seven hospitals in three provinces, and the country's largest private laboratory service – Asiri Laboratories, which offers the widest range of tests, and encompasses one main lab, five hospital labs, 17 satellite labs, and 58 collection centres across the island.

Asiri Health continually invests in infrastructure, expansion, and capacity building. The Group has evolved rapidly over the last decade, doubling its reach while continuing to offer the most advanced clinical programmes in the country. We conduct over 3,000 consultations and 14,000 tests every day, and have a capacity of over 800 beds across our hospitals.

Commitment to quality and safety remains at the core of our ethos. Our hospitals meet global accreditation standards of Joint Commission International (JCI) and Australian Council of Health Standards International (ACHSI) for quality and patient safety, and our laboratories have obtained relevant industry-specific and quality management ISO certifications.

The Group employs, consults, and partners with some of the most dedicated, skilled, and experienced healthcare professionals in Sri Lanka. With ongoing capacity building, training, and development, our employees are abreast of the latest medical practices, and are adept at using cutting-edge medical equipment. Our team is the heart of Asiri Health, and an extension of our commitment and care for patients.

Our Vision

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

Mission

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

Values

Care

Caring with a human touch
Caring for society
Caring for our employees

Innovation

Innovation and forward-focus

Respect

Respect for all stakeholders

1,500+

Consultants

3,000+

Consultations per day



14,000+

Tests per day

4,000+

Tests offered



800+

Beds

Highlights of the Year

1,300+ medical professionals

Benefited by continuous medical education programme

11 workshops

Conducted for continuous medical education

1,312

Benefited from free health clinics

161

Free health clinics conducted

Most valuable healthcare brand

Brand Finance Report 2019

3.5+ million

Patients served

14,000+ diagnostic tests

Conducted per day

82% of discharges

Reduced to one hour

All clinical waste disposed as recommended by CEA

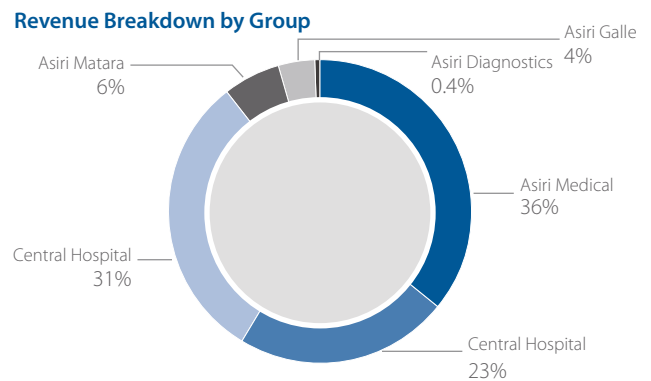
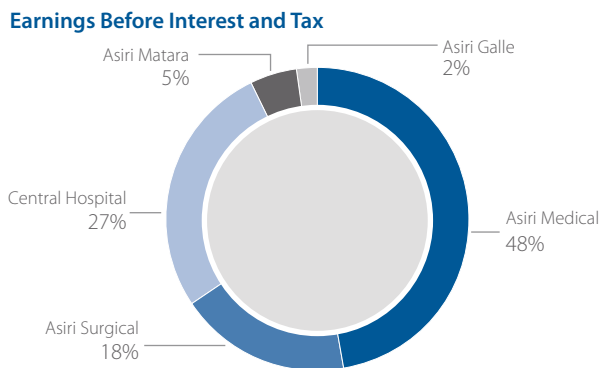
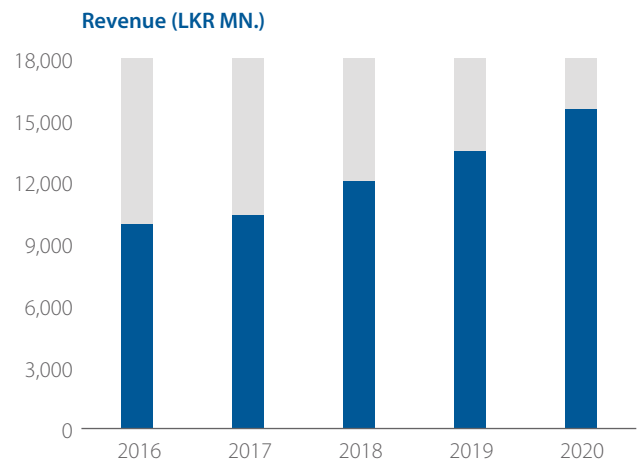
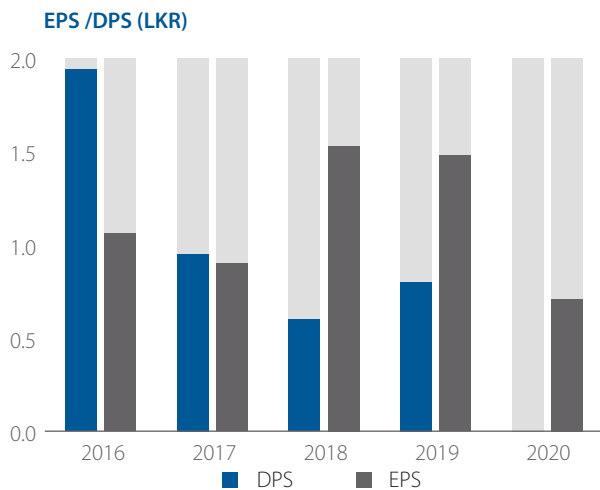
8,789

Man-hours of training provided

1,444







Training programmes conducted

Group	2019/20	2018/19
Financial Performance (LKR MN.)		
Revenue	15,510	13,476
Operating Profit	2,854	3,012
Pre-tax profit	1,411	2,367
Income tax expense	(492)	(575)
Net profit	918	1,792
Financial Position (LKR MN.)		
Total assets	32,198	26,782
Borrowings	16,531	12,248
Shareholder's funds	9,960	8,676
Information per Ordinary Share (LKR)		
Earnings per share (EPS)	0.71	1.48
Dividend per share (DPS)	-	0.80
Market price per share	17.00	20.20
Net assets value per share	8.76	7.63



Group Certifications and Accreditations

HOSPITALS

Accreditation	Asiri Central Hospital	Asiri Surgical Hospital	Asiri Medical Hospital	Asiri Hospital Kandy	Asiri Hospital Galle	Asiri Hospital Matara
 <p>Joint Commission International (JCI) Accreditation the gold standard in global healthcare, JCI is widely accepted to be the author and evaluator of the most rigorous international standards in patient safety and quality.</p>	X					
 <p>Australian Council on Healthcare Standards International (ACHSI)</p>		X	X		X	X
 <p>ISO 22000:2005 – Food Safety Management demonstrates the Organisation's ability to control food safety hazards in order to ensure that food is safe.</p>	X	X	X	Y	Y	Y
 <p>ISO 14001:2015 – Environmental Management Systems Design and implementation of a set of standards of effective Environment Management.</p>	X	Y	X	Y	Y	Y
 <p>OHSAS 18001:2007 – Occupational Health and Safety Management Systems Certification.</p>	X	Y	X	Y	Y	Y
 <p>ISO 9001:2015 – Quality Management Systems Certifications.</p>	X					

ASIRI LABORATORIES

Accredited



X - Accredited

Y - In progress

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Chairman's Review



“ Given the strength and stability of our core foundations, we will look to further consolidate the positions of our hospitals and diagnostic services. ”

The year under review has seen Sri Lanka’s healthcare system being put to the test like never before. However, it has proven once again that the country’s healthcare system is superbly equipped to deal with crisis situations as any in the developed world.

While it is very evident that the private healthcare sector is increasing its footprint across the country and becoming increasingly competitive, it gives me great satisfaction to note that Asiri Health continues to attract many of the country’s leading specialist consultants. I firmly believe this is a testament to our commitment to excellence in every sphere.

In 2019/20, the Group as a whole further strengthened its track record of excellence through efforts to build capacity by expanding our specialties and improving overall services across all Asiri hospitals. Our focus on capacity expansion underscores the desire to give more people around the country easy access to high quality healthcare facilities and enables them to benefit from the best in-class patient experience that has become the hallmark of Asiri Health. As always we also continued to pursue synergies that allow us to leverage on the expertise and best practices of our different operations in order to deliver better clinical outcomes for all our patients. From a business perspective too, the capacity expansion program has held the Group in good stead. It has helped to reduce market risks, and increase revenue potential, while delivering economies of scale which have led to some notable cost reductions across the Group.

BECOMING MORE SUSTAINABLE

Given the growing competition in the private healthcare sector in the country, I believe the Group has much to gain from improving the sustainability of our business model and value chain. Our vision towards embedding

sustainability throughout the value chain is driven by the need to deliver positive results for our stakeholders - patients, employees, shareholders as well as the wider community. On this basis, our sustainability goals are; to deliver premium quality patient care, provide a safe and conducive workplace for all staff, and astutely manage our costs and revenue streams to enhance shareholder value.

Giving back to the community is another important part of our sustainability journey. In striving to create a positive impact on society, we aim to improve accessibility to healthcare services and increase public awareness about healthcare through a range of ongoing community projects conducted across the Group. I am particularly proud of our flagship community effort - the free-heart surgery initiative, which in the past 10 consecutive years has helped over 283 underprivileged children to receive free surgery and after-care at the Asiri Surgical Cardiac Care unit. The free Healthcare Clinics and awareness campaigns conducted by specialist doctors of Asiri Medical, Asiri Surgical, Asiri Central and Asiri Kandy hospitals focus on a range of disciplines including; oncology, neurology, antenatal, women’s health, ophthalmology, cardiac care, wellness, etc. I believe, over time these initiatives have the potential to significantly improve the standard of community health and well-being.

CULTURE AND ETHICS

The Asiri Group is fully committed to uphold the highest standard of corporate governance integrity and ethics at all times, for we believe that corporate integrity, ethical conduct and accountability are fundamental to build trust with employees, consultants and other internal stakeholders as well as external stakeholders, including vendors and suppliers.

The Asiri Group Board is committed to maintaining very high standards of corporate governance and ensuring values and behaviours are consistent across the business. I am pleased with the progress we have made in this last year to ensure these best practices are cascaded through into our strategy and decision making processes for the benefit of our stakeholders.

LOOKING AHEAD

While it has been a challenging year, I believe the Group has managed to stay the course and continue along the trajectory that we have set for ourselves. Given the strength and stability of our core foundations, we will look to further consolidate the positions of our hospitals and diagnostic services in the coming year. I am confident that the future holds much promise for the Asiri Group as we move ahead with plans to redefine healthcare in Sri Lanka, in the years ahead.

ACKNOWLEDGMENTS

I would like to express my heartfelt gratitude to the entire Asiri family - from my fellow Board members to our Management and employees for your passion and commitment without which we would not be where we are today.

The Group’s continuing story of success is the culmination of the support received from a number of key stakeholders, whom I would like to acknowledge at this point. First and foremost, to our clinicians and surgeons, let me say that we truly value your skills and expertise, and the care with which you work towards obtaining the best possible patient outcomes.

I would like to take this opportunity to thank the various regulatory authorities for providing a conducive operating environment for private healthcare providers.

Finally, I would like to thank our shareholders for their belief in the Group. Rest assured that you remain foremost in our minds and our onward journey has been planned with your interests at heart.

Sgd.
Ashok Pathirage
Chairman / Managing Director

Group CEO's Review



“ All Group hospitals performed consistently well and succeeded in delivering expected results for 2019/20. ”

This year has been an extraordinary one for the Asiri Hospital Group. Easily one of the most challenging in recent times, the year under review was also a rewarding one in many ways. Some context regarding the external environment will no doubt help to justify this statement.

RISING TO THE CHALLENGE

Admittedly the year did start off well enough. However, the situational crisis that erupted following the Easter Sunday bombings completely changed the scenario for the Asiri Group from end April 2019. For almost two months thereafter we saw a drastic drop in patient numbers, as uncertainty mounted. The fact that hospitals were allegedly identified as soft targets in the months following the attacks, added to low patronage of our hospitals.

Nonetheless we remained firm in our commitment to our patients and our staff. Prioritizing their safety above all else, we tightened safety protocols at all our hospitals. It should also be noted that in the immediate aftermath of the attacks, Asiri Hospitals stepped in to assist the injured and was among the few first responders to offer free medical support on the scene.

Our operations were once again hampered later in the financial year by the nationwide lockdown declared by the Government following the COVID-19 outbreak in the country in March 2020. Amidst this backdrop, we reinvented key aspects of our value proposition in order to bring Asiri Health's unique brand of high quality healthcare to the patients' doorstep. We launched a special

home care service to carry out all routine laboratory investigations, a home delivery service for prescribed medications and also developed a dedicated channel to allow high-risk patients to seek specialist consultations in real time via video link / audio feed.

PERFORMANCE HIGHLIGHTS

Notwithstanding the challenges, the Asiri Group reported a strong performance for the financial year 2019/20. Despite the drop in patient numbers during the first two months of the financial year and then later in the last two weeks of March 2020, the Group as a whole reported a 30% year-on-year increase in overall patient numbers. Partly responsible for the increase are the higher patient numbers reported from the newly launched Asiri Hospital Kandy.

Meanwhile at 53%, average occupancy for 2019/20 remained more or less on par with the previous year.

Driven by these numbers, group revenue grew by a solid 15% over the previous year. And while overall cost structures continue to be affected by the ongoing Rupee depreciation, cost rationalization tactics and strict working capital management enabled the Group to record a healthy bottom line as well.

Might I add that all Group hospitals performed consistently well and succeeded in delivering expected results for 2019/20. However what impresses me the most is the performance of Asiri Hospital Kandy, which after just 12 months in operation has exceeded all expectations.

Having conducted approximately 14,000 tests per day and catered to over 2.8 million patients during the financial year, the Asiri Laboratories network too delivered an above-average performance in 2019/20.

OPERATIONAL MILESTONES

Challenges aside, we resolved to proceed with planned infrastructure investments and capacity building initiatives to develop our Centres of Excellence. Our Centres of Excellence have proven to be the nerve centre of our business model and it was felt that ongoing improvements are not just needed but critical to safeguard our leadership in the market.

At Asiri Surgical Hospital (ASH) our focus remained on the Cardiac Care unit, which has long been the mainstay of ASH. Throughout 2019/20, we worked to strengthen facilities at the Cardiac Care Centre in keeping with the latest global trends. I am also very encouraged by the progress made by the ASH Cancer Centre which in the span of a mere 15 months appears to have confirmed its status as the only private sector cancer care centre in Sri Lanka specializing in the full gamut of cancer treatment services.

At the Group's flagship facility, Asiri Central Hospital (ACH) the focus was to build capacity at the Bone Marrow Transplantation unit through the introduction of the latest transplantation techniques. Action taken in this regard, saw the groundwork being put in place for the pioneering launch of the haploidentical treatment procedure, which will not only enhance ACH's capacity but also add a significant boost to the country's expertise in this domain.

At Asiri Medial Hospital (AMH) we made some good headway in upgrading the mother-and-baby unit. Backed by a strategic tie up with Nova IVF Fertility Centre, India's leading IVF clinic, we began construction on a state-of-the-art Fertility Care Centre at AMH. Despite work on the project being held up during the COVID-19 lockdown, I am confident that the Asiri NOVA Fertility Centre can be unveiled by December 2020 at the very latest.

Group CEO's Review

We also made some notable strides to increase our bandwidth at Asiri Hospital Kandy (AHK). Given the strong response for AHK's Cardiac unit, a new neurosurgical unit and a dialysis centre were set up in the year under review. We also began working on plans to commission a kidney transplantation centre, which would no doubt put AHK firmly on track to become 'the only fully-fledged private hospital in the Central Province'.

As part of our overall approach to enhance the patient experience, we continued with efforts to improve general facilities across the entire Asiri Health chain of hospitals. In the latter part of 2019 we undertook a massive renovation exercise at Asiri Hospital Galle (AHG), which would see structural reinforcements to main building and the refurbishment of a major portion of the rooms. Additional investments to enhance the facilities at AHG included the installation of a new CT Scanner and commissioning of the first ever private sector MRI unit in the Southern Province. The Asiri Hospital Matara (AHM) operation on the Galle Road was amalgamated with AHM's main facility at Uyanwatte to create a unified value proposition where all facilities are offered under one roof. A new state-of-the-art theatre was also added to further enhance AHM's overall capacity.

Meanwhile Asiri Laboratories further expanded its reach with the addition of a new satellite laboratory in Kalmunai and a new collection centre in Maharagama town. With our parent laboratory housed at Asiri Medical Hospital, 5 fully fledged laboratories within the Asiri Health hospital chain, the network of 17 satellite laboratories in key cities and another 58 collection centres across the island, I have reason to believe that Asiri Health now has the largest private sector laboratory network in the country.

STRENGTHENING OUR VALUE PROPOSITION THROUGH ACCREDITATION

As you are aware, the Asiri Health brand promise for consistently high quality patient care is benchmarked against global standards. Of our hospitals ASH, AMH, AHG and AHM have secured the ACHSI (Australian Council on Healthcare Standards International) accreditation, while ACH was re-accredited with the JCI (Joint Commission International) gold seal of approval.

In the year under review, we continued with the ongoing improvements mandated by the accreditations.

FUTURE PLANS

Given that our current strategy has worked well for us thus far, I do not foresee the need for any drastic changes in the year ahead whilst always seeking opportunities for suitable growth and expansion. Accordingly, we will look to consolidate and further strengthen all of our hospitals in the coming year. Moreover, in order to position Asiri Health as the country's leading private healthcare provider over time, I do believe it is imperative that we play an even more active role in raising the standards of healthcare in Sri Lanka. Innovation coupled with investments in new technology and the best in-class patient experience will therefore remain top priorities going forward.

ACKNOWLEDGEMENTS

I take this opportunity to thank the Chairman and other members of the Board for their wise counsel and guidance. The Board joins me in thanking our panel of esteemed doctors, nurses, paramedics, and staff who dedicate themselves to saving thousands of lives, and improving health and well-being of our patients.

In conclusion, I wish to extend my sincere gratitude to the Group's strategic partners and shareholders for their continued support.

Sgd.

Dr. Manjula Karunaratne
Chief Executive Officer

Board of Directors

MR. ASHOK PATHIRAGE

Chairman/Managing Director

Mr. Ashok Pathirage, recognised as a visionary leader of Sri Lanka's corporate world, is the founding member of Softlogic Group, one of Sri Lanka's leading conglomerates. He manages over 50 companies with a pragmatic vision providing employment to more than 10,000 employees. Mr. Pathirage gives strategic direction to the Group which has a leading market presence in four vertical sectors – Retail and Telecommunications, Healthcare Services, Financial Services and IT, Leisure and Automotive. The Asiri Hospital chain is the country's leading private healthcare provider which has achieved technological milestones in medical innovation in Sri Lanka's private healthcare. He is the Chairman/Managing Director of Softlogic Holdings PLC, Asiri Surgical Hospital PLC, and ODEL PLC. He also serves as the Chairman of Softlogic Capital PLC and Softlogic Life PLC in addition to the other companies of the Group. He is also the Chairman of NDB Capital Holdings Limited SriLankan Airlines Limited and Sri Lankan Catering Limited. He was the Deputy Chairman of National Development Bank PLC.

DR. SIVAKUMAR SELIAH

Deputy Chairman

MBBS, M Phill

Dr. Selliah holds an MBBS Degree and a Master's Degree (M Phill), and has over two decades of experience in many diverse fields. Dr. Selliah is currently the Deputy Chairman of Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC and Central Hospitals Private Ltd. He is a Director of Lanka Tiles PLC, HNB Assurance PLC, Softlogic Holdings PLC, Odel PLC, Lanka Walltiles PLC, Lanka Ceramic PLC, ACL Cables PLC, Swisstek (Ceylon) PLC and Swisstek Aluminium (Pvt) Ltd. Dr. Selliah is also the Chairman of JAT Holdings (Pvt) Ltd., Vydexa (Lanka) Power Corporation (Pvt) Ltd. and Cleanco Lanka (Pvt) Ltd. Dr. Selliah serves on the Audit Committee, Investment Committee, Strategic Planning Committee, Related Party transactions Committee and Human Resource and Remuneration Committee which are subcommittees of the Board, of some of the companies listed above.

DR. MANJULA KARUNARATNE

Group Chief Executive Officer

MBBS, MSc (Trinity, Dublin), Dip. MS Med (Eng) MSOrth Med. (UK)

Dr. Karunaratne was appointed to the Board of Asiri Hospital Holdings PLC and Asiri Surgical Hospital PLC in 2006, and currently serves as the Chief Executive Officer of the Asiri Group. He also serves on the Boards of Central Hospital Ltd., Asiri Central Hospitals Ltd., Asiri Hospital Matara (Pvt) Ltd., Asiri Hospital Galle (Pvt) Ltd., Asiri Diagnostic Services (Pvt) Ltd., and Asiri Hospital Kandy (Pvt) Ltd. He previously held the positions of Medical Director, Asiri Hospital Holdings PLC (1996-2000) and was Chief Operating Officer, Asiri Hospitals Group during the period 2006-2014. He possesses over 30 years of experience in the field of healthcare, and is responsible for the overall medical policy of the Group. Under his guidance the Group has introduced over twenty new medical procedures and technologies to Sri Lanka amongst which are the country's first Bone Marrow Transplant Unit, first Minimally Invasive Cardiac Surgery service, first fully fledged Stroke Unit with facilities for "clot retrieval" and a high end Interventional Radiology service. In addition a 'live donor' Liver Transplant service is currently being set up.

MR. HARRIS PREMARATNE

Director Non-Executive Independent Director

Mr. Premaratne was appointed to the Board in March 2008 after 40 years of banking experience with Commercial Bank. He is specialised in Corporate Banking, and is an Associate of the Chartered Institute of Bankers of London. He served as the Managing Director of Sampath Bank from 2009 to December 2011. He was the Managing Director of Cargills Bank Limited from 2012 to 2014. He held the position of Chairman of Sri Lanka Banks' Association. He was the Deputy Chairman of Pan Asia Bank in the year 2017, and Deputy Chairman of Softlogic Finance PLC during 2015-2017. He is a Director of Softlogic Holdings PLC and Softlogic Capital Limited and also serves on the Board of Asiri

Hospital Holdings PLC, Asiri Surgical Hospitals PLC and Central Hospital Limited. He functions as the Chairman of the Remuneration Committee and also a member of the Audit Committee and is Related Party Transactions Committee of all three hospitals.

MR. SAMANTHA RAJAPAKSA

Director Non-Executive Independent Director

Mr. Rajapaksa is a Fellow member of the Institute of Chartered Accountants of Sri Lanka, the Chartered Institute of Management Accountants of UK and the Chartered Institute of Marketing of UK. He also holds an MBA from the University of Sri Jayewardenepura. He began his career at Messrs Ernst & Young. He went on to serve as Director/General Manager at Informatics International. Thereafter, he took on the appointment of Director/Chief Executive Officer of CF Venture Fund Ltd. He was also appointed as a Group Director of Central Finance Co. PLC during the same period. He thereon took a posting overseas as Senior Project Manager at AT&T Inc. USA. He returned to Sri Lanka in 2008 to take up the appointment as Group Director of Kshatriya Holdings PLC and thereafter joined as a Group Director of the Softlogic Group responsible for Group business development initiatives and as Director/Chief Executive Officer of Softlogic Communications Ltd. handling the Nokia operations in Sri Lanka and the Maldives. Mr. Rajapaksa thereafter in 2012 took up the position of Group Managing Director of Associated Motorways (Pvt) Ltd. Mr. Rajapaksa currently serves as the Group Executive Director of the Informatics Group of Companies, Chairman of Kitra Holdings (Pvt) Ltd. and the Rakuen Group of Hotels. He also currently serves as Director of Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC and as President of the Sri Lanka – USA Business Council. He is also the recipient of the Platinum Honours Award in recognition of Professional Excellence in the field of Management from the Postgraduate Institute of Management from the University of Sri Jayewardenepura.

He functions as the Chairman of the Related Party Transactions Committee.

Board of Directors

MR. RICHARD EBELL

Non-Executive Independent Director

Mr. Richard Ebell was appointed a Director of Asiri Hospital Holdings PLC in January 2019. He is Chairman of its Audit Committee and that of its listed subsidiary Asiri Surgical Hospitals PLC. A Fellow of the Institute of Chartered Accountants of Sri Lanka and the Chartered Institute of Management Accountants (CIMA), UK, he also holds a Diploma in Marketing from the Chartered Institute of Marketing (CIM), UK. Mr. Ebell serves on the Board of Cargills Bank Ltd. He was a Non-Executive Independent Director of Softlogic Holdings PLC between March 2014 and December 2018.

MR. VISHAL BALI

Director Non-Executive Independent Director

Mr. Bali brings with more than two decades of experience in building and leading global healthcare delivery organisations through organic and M&A driven strategic growth initiatives across Asia Pacific. His experience of managing a billion dollar integrated healthcare delivery organisation comprising Hospitals, Diagnostics, Primary Care and Day Care Speciality in diversified geographies of India, Australia, New Zealand, Hong Kong, Singapore, Vietnam, Sri Lanka and Dubai has given him the exceptional opportunity to transform healthcare businesses in both developing and developed countries. Mr. Bali is currently Asia Head – Healthcare, TPG Growth which is amongst the leading private equity firms globally. He is also Executive Chairman, Asia Healthcare Holdings. Prior to his current assignment he was the Group CEO for Fortis Healthcare Limited which is the leading provider of healthcare services in India with a network of 68 hospitals and had earlier built Asia's leading integrated healthcare delivery system with presence across 12 countries and a human capital base of more than 20,000 people and \$1.2 Bn. annualised revenues. His earlier roles also include CEO for Fortis Healthcare International in Singapore

and CEO for Fortis Hospitals in India. His past assignment also includes spearheading the growth and transformation of Wockhardt Hospitals from a single hospital to one of India's largest speciality hospital chains as its CEO and Managing Director. He has successfully led post merger integration and divestments of multiple healthcare delivery assets in different countries. His expertise in integrating healthcare strategy with operations and management has set industry benchmarks. Mr. Bali completed his Bachelors in Science and Post graduation in Business from Bombay University and completed an advance programme in hospital management from Harvard Medical, Boston. He sits on the Board of leading healthcare organisations and has been an invited member of the Strategic Initiatives Group of Joint Commission International, US and a past member of the Global Agenda Healthcare Council of the World Economic Forum. His keen interest in education and globalisation of healthcare takes him to leading Healthcare Education Institutes and Business Schools globally which include case studies at the Harvard Business School. He is an active member of various Industry bodies and globally recognised industry public speaker.

MR. ANKUR THADANI

Director Non-Executive Independent Director

Mr. Ankur Thadani is a Director at TPG Growth, based in Mumbai. He joined TPG in 2013 and has worked on multiple investments in Healthcare, Energy and Consumer sectors across India and the broader South-Asia region. Mr. Ankur also serves on the Board of CTSI, Rhea Healthcare, Fourth Partner Energy and Solara Active Pharma. Prior to joining TPG, he worked with an Indian private equity fund, India Equity Partners, focusing on investments in consumer and healthcare sectors. Mr. Ankur received his MBA from IIFT, where he was awarded a Gold Medal for all-round achievement.

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Corporate Governance

BOARD OF DIRECTORS

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

BOARD COMPOSITION

The Board consists of seven Directors, with a split between 2 Executive and 5 Non-Executive Directors, out of whom 3 are Independent. The composition of the Board is in compliance with the Corporate Governance Rules of the Colombo Stock Exchange. The Directors provide the objectivity and are equipped with the skills and experience required to discharge their responsibilities in an effective manner. (Refer to pages 11 and 12 for the full profiles of the Directors)

RESPONSIBILITIES OF THE BOARD

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

- Exercise leadership, enterprise, integrity and 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, values and strategy and ensure that procedures and practices are in place.
- Monitor and evaluate the implementation of strategies and policies for better management performance. Ensure compliance with the relevant laws, regulations and codes of best practice on corporate governance. Communicate with shareholders effectively and serve the legitimate interest of the shareholders.
- Periodic and timely reporting to shareholders of the progress and performance of the Company.

- Review processes and procedures regularly and ensure that internal control is effective.
- Identify key risk areas and ensure that these risks are addressed and managed effectively.
- Appoint and evaluate the performance of the Managing Director.
- Approve the Annual Budget.
- Authorisation of Directors' conflicts or possible conflicts of interest.
- Determination of independence of Non-Executive Directors.
- Ensure the continuation of the Company as a going concern.

APPOINTMENT AND RE-ELECTION TO THE BOARD

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

BOARD MEETINGS AND ATTENDANCE

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

CHAIRMAN

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

REMUNERATION OF THE BOARD

The remuneration of the Directors is determined by the Board and is disclosed on page 56 of this Annual Report.

COMPANY SECRETARY

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

BOARD COMMITTEES

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

Audit Committee	Composition
<p>Duties and responsibilities</p> <ul style="list-style-type: none"> Review the Group’s annual and interim Financial Statements and compliance reports. Review the performance of the internal audit function. Review the effectiveness of the Group’s internal controls. Periodically approve and review the appointment and retirement of External Auditors and their relationship with the Group. 	<p>Chairman: Mr. S A B Rajapaksa – Chairman Independent Non-Executive Director Mr. R A Ebell – Independent Non-Executive Director (Resigned w.e.f. 30th June 2020)</p> <p>Committee members: Mr. G L H Premaratne Independent Non-Executive Director</p> <p>Frequency of meetings: Committee meets quarterly</p>
Remuneration Committee	Composition
<p>Duties and responsibilities</p> <p>Provide recommendations to the Board on the following:</p> <ul style="list-style-type: none"> Remuneration policy for Executive Directors Remuneration policy and specific incentives for certain Senior Executives. Employee benefits and long-term incentive schemes Principles governing the Group’s remuneration policy. To deliver improved shareholder value by ensuring that individual performance and reward reflect and reinforce the business objectives of the Group. To support the recruitment, motivation and retention of high quality Senior Executives. To ensure that performance is the key factor in determining individual reward. To communicate the reward structure clearly and effectively to Executives and shareholders. 	<p>Chairman: Mr. G L H Premaratne Independent Non-Executive Director</p> <p>Committee members: Dr. S Selliah Independent Non-Executive Director</p> <p>Frequency of meetings: Committee meets annually</p>
Related Party Transactions Review Committee	Composition
<p>Duties and responsibilities</p> <ul style="list-style-type: none"> Review in advance all the related party transactions carried out by the Company and its listed companies in the Group except related party transactions set out in Rule 9.5 of the Listing Rules of the Colombo Stock Exchange. Formulating policies and procedure to review related party transactions of the Company and of the Group and overseeing existing policies and procedures. Determining whether the relevant related party transactions are fair to, and in the best interest of the Company and/or Companies in the Group and its stakeholders. Determining whether the related party transactions that are to be entered into by the Company or Companies of the Group require the approval of the shareholders. Where necessary, the Committee may request the Board to approve related party transactions, which are under review by the Committee. Ensure that immediate market disclosures and disclosures in the Annual Report as required by the applicable rules and regulations are made appropriately. 	<p>Chairman: Mr. S A B Rajapaksa Independent Non-Executive Director</p> <p>Committee members: Mr. G L H Premaratne Independent Non-Executive Director Mr. R A Ebell Independent Non-Executive Director (Resigned w.e.f 30th June 2020)</p> <p>Frequency of meetings: Committee meets quarterly</p>

Corporate Governance

INDEPENDENCE OF THE DIRECTORS

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 A B Rajapaksa meets all the criteria of Independence except one.

Dr. S Selliah and Mr. G L H Premaratne meet all the criteria of independence except two.

Mr. S A B Rajapaksa, Dr. S Selliah and Mr. G L H Premaratne had served on the Board of the Company continuously for a period exceeding nine (9) years from the date of their first appointment.

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

The Board having evaluated all functions, concluded that their independence have not been impaired due to them serving on the Board of the Company continuously for a period exceeding nine (9) years from the date of their first appointment and serving on the Board of the Company continuously for a period exceeding nine (9) years from the date of their first appointment.

COMPLIANCE WITH CORPORATE GOVERNANCE RULES OF THE CSE

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

Section	Criteria	Has the company met the criteria
7.10.1	Non-Executive Directors	Complied with. Out of 7 Directors 6 are Non-Executive Directors.
7.10.2	Independent Directors	Complied with. There are 3 Independent Directors on the Board. All Non-Executive Directors have submitted the declaration with regard to their independence/non-independence.
7.10.3	Disclosures relating to Directors	Mr. S A B Rajapaksa meet all the criteria except one and Dr. S Selliah and Mr. G L H Premaratne meet all the criteria except two.
7.10.5	Remuneration Committee	Complied with. Comprises two Independent Non-Executive Directors. The names of the members of the Committee are given in the page 25 of the Annual Report.
7.10.6	Audit Committee	Complied with. Comprises 2 Independent Non-Executive Directors as of 30th June 2020. The names of the members of the Committee are given in the page 23 of the Annual Report. The report of the Committee is given on pages 23 and 24. The Chief Financial Officer attends all the meetings.

Risk Management Report

INTEGRATED RISK MANAGEMENT

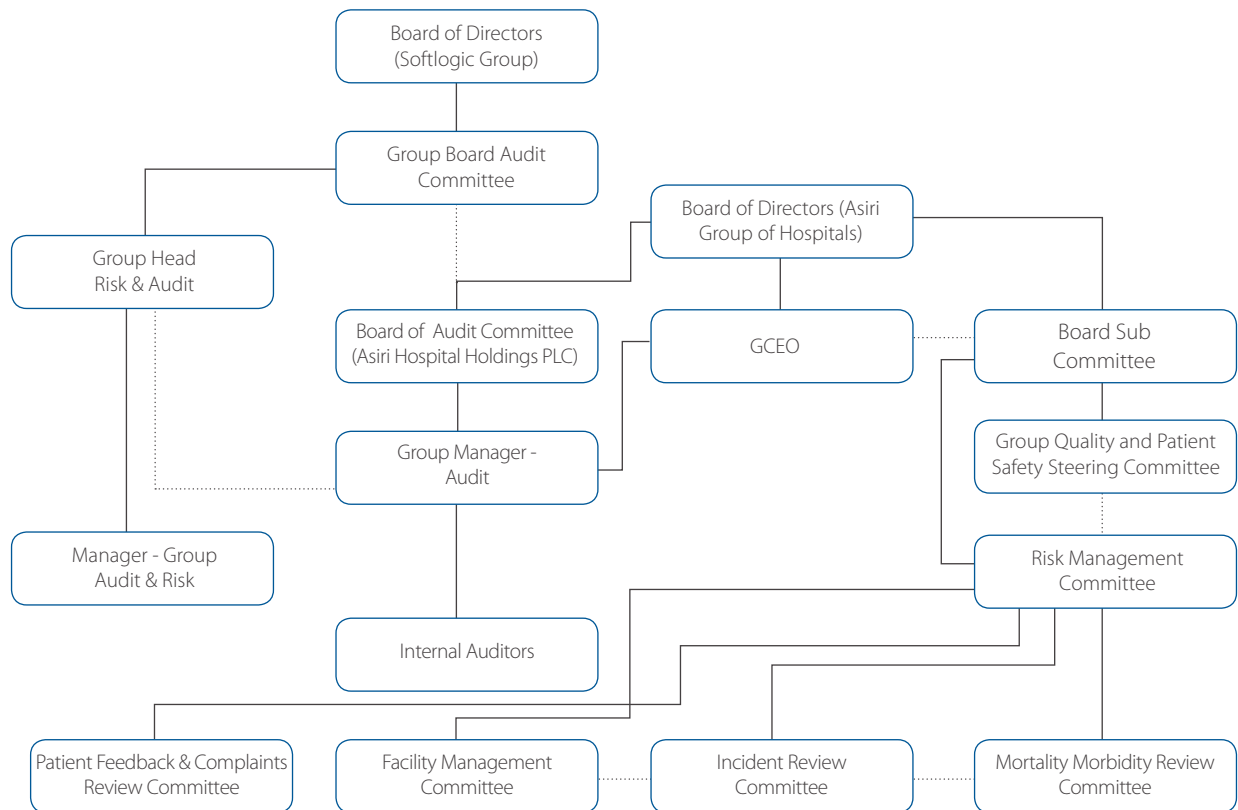
While recognizing that risk management is a prime responsibility of the Board of Directors of the hospital, Asiri Hospital Holdings PLC has established an effective Risk Management framework which empowers all employees of the entity to engage in day-to-day risk management activities. Being the key player in the private Healthcare industry in Sri Lanka, our main focus is on health & safety of patients and employees by improving the quality of human life, through the provision of ethical healthcare solutions together with cutting-edge technology. The management is dedicated to review the adequacy of controls with defined risk appetite and assess the operational & clinical compliances on a regular basis.

Driving towards a culture of safety, Risk assessments have provided greater insights on the areas of improvements while the Risk scoring matrix has facilitated to recognize priorities. Asiri Hospital Holdings PLC's is keen on emerging risks that are inherent to the business and has adopted number of risk mitigation strategies to ascertain the resilience. Highest level of industry standards and best practices are followed to eliminate expensive lawsuits and undue damages to the reputation.

The Risk Management framework of the hospital is developed to identify, assess, prioritize the significant risks and manage those with appropriate risk mitigation actions. The Risk

Management Committee is strengthened and resourced by specialized sub-committees those focus on Quality & Patient safety, Facility management, Incidents review and Mortality & Morbidity review. Heads of the business unit are acting as the first line of defence and finance controls, Information Security practices and Compliance functions are devoted as the second line of defence. Being the third line of defence, Assurance services and internal controls rest with the Internal & External Auditors. Adequacy and effectiveness of the risk management framework is been periodically reviewed by the Board Audit Committee and required changes are recommended to the Board of Directors.

THE FUNCTIONAL STRUCTURE OF RISK MANAGEMENT



Risk Management Report

PERCEIVED RISKS

Below table presents the key risks identified by Asiri Hospital Holdings PLC together with potential impact and measures taken to mitigate those risks.

Risk	Potential Impact	Mitigation Strategy
Clinical Risk		
Any event or incident that occurs in our daily operations that will affect the quality of patient care, thus; we have prioritized most of the clinical risks and new events are promptly identified through patient feedbacks, incident and complaint review and industry analysis.	<p>As a hospital, risks associated with patient care are extremely imperative. Clinical Risks can mediate other risks including reputation and legal risk while causing financial losses.</p> <p>Likelihood and consequences of Clinical Risks may vary from time to time and it has become the most significant and vulnerable area to Asiri Hospital Holdings PLC in terms of risk.</p>	<p>We continuously provide training programs, feedback and reviews to all our employees and encourage them to maintain better communication all the time. Asiri Hospital Holdings PLC has provided stringent guidelines for incident reporting, digital feedback system for admitted patients with over 80% response rate and utilization of informed consent documents and related defensible documentation.</p> <p>The management consistent on preventive maintenance and proper upkeep of Bio-medical equipment and instruments which plays a vital role for patient safety.</p> <p>Sub-committee on Clinical Risk Management fully operates within its sphere to ensure that all clinical risks that are reported have been addressed adequately and controls are in place to prevent additional Clinical Risk events. Frequent monitoring and review of Clinical Risks are performed to ensure that the organization's Clinical Risk Management plan is adequate and effective.</p> <p>The entity has already obtained multiple accreditations including Joint Commission International (JCI) and Australian Council Health Standards International (ACHS) for all aspects of its operations, including patients care, health and safety, quality management and allied health services, supportive functions and corporate governance..</p> <p>The specialist doctors and medical officers who join Asiri hospital holdings PLC are subjected to a credentialing and privileging process to ensure they possess the required skills and competence to deliver good clinical care to our patients. Similarly, the nursing professionals as well as the para medical staff are recruited with careful evaluation of their skills and competencies and are thereafter encouraged on continuous professional development to keep up with evolving trends in technology.</p>
Hospital acquired Infections Risk		
Healthcare-acquired infections (HAIs) would be critical to the healthcare industry and mostly for the clinical staff of the hospitals as well to patients and would affect the operational effectiveness in the long-term as well as incremental costs.	The hospital acquired infections due to cross contamination could lead to a prolong stay for some patients or undue complications with escalation of treatment costs. HAI may affect the smooth operation of the hospital if healthcare professionals get affected with infectious diseases.	Asiri Hospital Holdings PLC has initiated comprehensive infection control strategies. Among many solutions, the entity ensures all sanitation systems are up to date, operational and ensure that staff understands how to use the systems properly to keep patients safe. These initiatives continue to remind staff and visitors about basic infection control techniques. In addition, hospital invests to ensure proper sterilization and disinfection facilities for all treatment procedures and responsible disposal of infectious clinical waste.

Risk	Potential Impact	Mitigation Strategy
<p>Strategic Risk</p> <p>Strategic Risk is inherent in business strategy, strategic objectives, and strategy execution. It is a possible source of loss that might arise from pursuing of an unsuccessful business plan.</p> <p>Strategic Risk might also arise from inadequate resource allocation or from a failure to respond well to changes in the business environment.</p>	<p>Strategic risk is often a major factor in determining a company's worth and may lead to a complete failure if not addressed accordingly.</p> <p>Incompetent strategic decisions will adversely affect shareholder objectives while failure to execute innovative decisions will hinder the expansion and opportunities in the emerging markets.</p>	<p>All strategic decisions are scrutinized by the Board of Directors who have expertise knowledge and vast experience in the industry. Recommended decisions are reviewed by the Softlogic Holdings Group Executive Board of Directors and thorough evaluations and assessments are being carried out prior to execution.</p>
<p>Reputational Risk</p> <p>Reputational risk refers to the potential for negative publicity, public perception or uncontrollable events to have an adverse impact on Asiri Hospital Holdings PLC's reputation thereby affecting its revenue.</p>	<p>In healthcare industry, consumer trust and reputation are the most influential factors that distinguish players in the same industry. Therefore maintaining consumer's perception on trust in medical care, accuracy and reliability of services play and integral part in the retention of market share as well as future growth of the business</p>	<p>Nursing and other staffs undergo extensive training on clinical management and customer service on a continuous basis.</p> <p>Asiri Hospitals maintain constructive relationships with its stakeholders by developing trust, confidence and win-win relationships while conforming to the international best practices.</p> <p>Well established complaint handing process is in place to address the issues expeditiously socially sensitive incidents and adverse events are escalated and handled efficiently with SOP's. The Ethics Committee, comprising of industry specialists, provides an advisory role on matters relating to research and clinical trials.</p>
<p>Operational Risk</p> <p>These are the risk of losses resulting from inadequate or failed internal processes, people and systems or from external events.</p>	<p>Operational risk exists in the natural course of business activity. Failure to manage operational risks can expose the entity to significant losses.</p>	<p>The entity is promoting and enhancing the effectiveness of Operational Risk Management process which includes identification, assessment, treatment, monitoring and controlling.</p> <p>Our Risk management framework has been designed to promptly detect deficiencies in the policies, procedures and processes. However, some risks may be latent and we have crisis management processes designed to improve our resilience to unforeseen events.</p> <p>Business continuity arrangements are in place to address supply chain disruption, employee repatriation, natural disasters, cyber-attacks, technical mishaps and can minimize their impact on our stakeholders, reputation and performance.</p> <p>Further, robust policies for IT Security were implemented and frequent IT audits and reviews are performed to ensure the adequacy of controls and areas of improvements.</p>

Risk Management Report

Risk	Potential Impact	Mitigation Strategy
Internal Processes		
Internal processes are predominant in achieving business objectives and ineffectiveness of which will lead to severe financial or business losses.	<p>Inadequate internal controls may adversely affect the continuity or effectiveness of internal processes.</p> <p>The impact is specific to each process and its contribution to the continuity of the service. When several processes failed, the cumulative impact might be greater than what is expected.</p>	<p>Internal processes have been standardized in accordance with JCI, ACHSI and other accreditation requirements.</p> <p>Asiri Hospital Holdings PLC maintains proper internal control systems and initiates prompt responses to evolving risks. All the processes are continually reviewed by the Internal Audit Department to ensure that all the risks have been attended. Audit trails are checked in an appropriate manner and red flags (if any) are raised to draw the attention and ensure proper action is being taken and implemented in a timely manner.</p>
Human Resources (People)		
<p>Service industry, in which the entity operates, is heavily dependent on human resources.</p> <p>Risks may arise from employee negligence, conflict of interest, fraud or misappropriation and due to poorly trained employees.</p> <p>The human capital may affect by failure to attract, develop and retain a skilled workforce.</p>	<p>Failures in human resource could affect the continuity of business operations. The consequences could be serious, which loss of key executives without suitable replacement.</p> <p>Thus the ability to recruit and retain qualified and skilled healthcare professionals are crucial for the success of the organization.</p>	<p>The entity has introduced a comprehensive recruitment and retention process. Qualified people are recruited after a proper screening. Employee requirements and satisfaction levels are efficiently and effectively monitored through surveys. The gaps are addressed promptly.</p> <p>While ensuring the safety and welfare of the employees, our risk management approach is directed towards minimizing the human related concerns. A succession planning program is in place which includes; regular trainings, developments, promotions, KPI and supervision.</p>
External events		
External events including natural disasters and other similar types of emergencies that confront organizations on a daily basis which affects the continuity of business.	<p>Some extreme events can interrupt the entire service function whilst keeping the alternate options limited.</p> <p>Unlike other industries, due to the necessity of business continuity in a disaster situation, stretched disaster recovery time may incur more financial and business losses.</p>	<p>Events are identified by analysing historical data and conducting proper assessments based on the real time information from external sources. Adequate business continuity measures have been taken to ensure that an uninterrupted service is provided. Additionally the revenue has been insured against uncontrollable events.</p> <p>Regular reviews are undertaken to ensure that adequate insurance covers are available to compensate revenue losses.</p>
Cyber and information Security Risk		
<p>The Healthcare industry increasingly relies on technology that is connected to the internet including patient records and lab results. This has emerged new privacy concerns as these records are targeted by cyber criminals.</p> <p>Increasing use of technology has hosted new levels of complexity and threats such as: security breaches, system failures, malicious attacks, IT fraud and many other issues.</p>	<p>If systems are disrupted over the internet, by an adversary or an accident, that can have a profound impact on patient care. It will affect the business continuity of the hospitals and will incur both monetary and non-monetary damages.</p> <p>These attacks are more complex in nature than ever before due to use of Artificial Intelligence (AI).</p> <p>Financial and business losses arise due to failure of IT systems are difficult to predict.</p>	<p>Our Information Security policies & procedures have been developed based on ISO 27000 and we have deployed numerous controls at both database and application levels. Information security incident reporting and monitoring have been given prominence while independent third party reviews and vulnerability assessments are carried out frequently.</p> <p>Preventive maintenance of IT infrastructure, scheduled data backups, offsite storage and round-the-clock IT support by the parent Group are some of the strategies adopted to ensure zero losses of data during a system failure. Regular IT disaster recovery testings are carried out to ensure the resilience.</p>

Risk	Potential Impact	Mitigation Strategy
Technological Risk		
The Healthcare industry is exposed to frequent technological revolutions and failure to adopt latest technologies will drive the company towards technological obsolescence.	Inability to adopt the latest pioneering technology could result in loss of customers, leading to fall in revenue and loss of market leadership.	<p>Research and innovations in the Healthcare industry are regularly perused and we are intense on adopting the most innovative & advanced technologies for diagnostics and treatment.</p> <p>Our Hospital makes regular investments in pioneering technology and training of staff for optional application of existing technology.</p>
Credit Risk		
The Risk of default on receivables may arise from a patient failing to make required payments at the time of discharge.	In the first resort, credit risk will cause disruption to cash flows and will increase collection costs which will ultimately affect the liquidity position.	<p>We evaluate credit worthiness of corporates before granting extended credit facilities, educate customers of the services, associate cost and Insurance policies of in-patients are validated at the time of patient registration.</p> <p>Interim bills are issued for in-patients to facilitate periodic bill settlements.</p>
Interest rate Risk		
Interest rate risk exists in interest bearing liabilities, such as loans and overdrafts where the financial expenses will increase due to increased interest rates.	<p>The Company has obtained multiple facilities from various banks for working capital, capital expenditure and investments.</p> <p>Fluctuations of interest rates will adversely affect the business by increasing financial costs and affect the capital structure and strategic decisions adversely.</p>	<p>Close monitoring and supervision of macroeconomics trends are done to understand the market behaviour and to enable firm decision making.</p> <p>To mitigate the impact of Interest rate risk, more consideration is given to maintain minimum interest spreads during the rates are declining while fixed rates are encouraged during rising periods.</p>
Legal and Compliance Risk		
<p>In a highly regulated, high risk industry like healthcare, compliance is especially important.</p> <p>Compliance risk arises when the entity fails to act in accordance with industry laws and regulations, internal policies or prescribed best practices.</p>	<p>The entity will be exposed to legal penalties, financial forfeiture and material losses and the consequences of litigation are difficult to predict or quantify.</p> <p>In addition to complying with the Colombo Stock Exchange, Securities and Exchange Commission and Companies Act disclosure requirements, the entity also complies with Sri Lanka Accounting Standards. Non-compliance would cause severe reputation damages as well.</p>	<p>Our team is committed to address the wide range of legal and compliance issues that must be considered in identifying, managing, minimizing, and avoiding adverse legal risks, and to attain and maintain compliance with healthcare statutory and regulatory obligations.</p> <p>We are engaged in good corporate practices which ensure the transparency, compliance with laws & regulation and ethical business in all affairs with stakeholders. Related Party Transaction Review Committee has been established to assure the highest level of integrity and transparency.</p>

Ethics Committee Report

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

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

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

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

Members:

Prof. Rohan W Jayasekara, (Chairperson)
(Emeritus Professor of Anatomy / Medical Geneticist, Faculty of Medicine, University of Colombo.)

Dr. Malik Fernando
(Retired Physician/Member of Ethics Review Committee of the Sri Lanka Medical Association-sometime Chair, Ethics Committee SLMA)

Dr. 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)

Prof. Kemal I Deen
(Consultant General Surgeon –Intestinal)

Dr. Indrani Amarasinghe
(Consultant Oncologist)

Prof. Chandani Wanigatunga
(Professor in Pharmacology and Consultant Physician)

Dr. Kamal Weerapperuma
(Company Director)

Prof. Shalini Sri Ranganathan
(Professor in Pharmacology and Specialist Paediatrician)

Sgd.
Prof. Rohan Jayasekara
Chairman – Ethics Committee

10 August 2020

Audit Committee Report

SCOPE OF THE COMMITTEE

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

COMPOSITION OF THE COMMITTEE AND MEETINGS

The Audit Committee is appointed by the Board of Directors and comprises three independent Non-Executive Directors. Their names are stated in the Corporate Governance Report on Page 14.

The Audit Committee met on five occasions during the year under review. The activities of the Audit Committee are reported periodically to the Group Chairman and the Board of Directors.

The attendance at Audit Committee meetings was as follows:

Name of Director	Attendance
Mr. R A Ebell (resigned w.e.f 30th June 2020)	5/5
Mr. S A B Rajapaksa	3/5
Mr. G L H Premaratne	4/5

The Chief Financial Officer attends all meetings of the Committee. The Group Manager – Audit, Group Head of Risk & Audit Asiri & Group Finance Director of Softlogic Group also attend meetings as and when necessary. The external auditors attended meetings by invitation when required and the Company Secretary, Softlogic Corporate Services (Pvt) Ltd. served as secretary to the committee.

DUTIES AND RESPONSIBILITIES

The duties of the Audit Committee include:

- Oversight of preparation, presentation and adequacy of disclosure in the financial statements, in accordance with applicable laws, regulations and accounting standards.

- Oversight of processes directed towards ensuring internal controls and risk management procedures are adequate and effective.
- Monitoring and reviewing the effectiveness of the internal audit function.
- Assessing the Company's ability to continue as a going concern in the foreseeable future
- Assessing the independence and performance of the Company's external auditor

The committee discharges the following responsibilities:

Financial Statements, Financial Reporting Process and Accounting Policies	<p>The Audit Committee reviews:</p> <ul style="list-style-type: none"> - The quarterly and annual Financial Statements prior to publication. - The appropriateness of Accounting Policies applied - Significant estimates and judgements by management. - Compliance with Accounting Standards and regulatory requirements. - Issues arising from the Internal Audit and Independent External Audit. - The Company's ability to continue as a going concern.
Internal Controls and Risk Management	<p>The Audit Committee reviews and assesses:</p> <ul style="list-style-type: none"> - The internal control environment and areas of significant risk. - The effectiveness of internal control systems. - Policies and practices directed towards ensuring a sound system of internal control is in place. - Internal and external auditors' reviews of internal control over financial reporting and their reports on significant findings and recommendations, alongside management's responses.
Internal Auditing	<p>The Audit Committee reviews and approves:</p> <ul style="list-style-type: none"> - The internal audit charter. - The internal audit budget and resource plan including staffing and organizational structure of the function. - The annual audit plan, major changes to the plan and the internal audit activity's performance against the plan, ensuring there are no unjustified restrictions or limitations on their activity.

Audit Committee Report

External Audit	<p>The Audit Committee:</p> <ul style="list-style-type: none">- Reviews the external auditors' audit scope and approach, including coordination of audit effort with internal audit.- Reviews the performance, independence & objectivity of the external auditors.- Makes recommendations to the Board pertaining to the appointment, re- appointment and removal of external auditors and their remuneration and terms of engagement.- Recommendations for re- appointment of external auditors, consider their independence and performance & objectivity, which are assessed by reference to declarations made by them, to management views and to the Audit Committee's observations in their interactions with the external auditors.
Compliance	<p>The Audit Committee reviews:</p> <ul style="list-style-type: none">- The effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigations.- The findings of examinations by regulatory agencies, and auditors' observations.- Updates from management and company legal counsel regarding compliance.

The Audit Committee recommends to the Board of Directors that M/s Ernst & Young be re-appointed as auditors of the Company for the financial year ending 31st March 2021, subject to the approval of the shareholders at the Annual General Meeting.

In making this recommendation, the Audit Committee believes M/s Ernst & Young have no other relationship with, or interest in, the Company or any company within the Asiri Hospital Holdings Group, and thus are independent in their role as auditors.

AUDITORS

Messrs Ernst & Young, Chartered Accountants, are willing to continue as Auditors of the Company and a resolution proposing their re-appointment will be tabled at the Annual General Meeting. As far as the Directors are aware the Auditors Messrs Ernst & Young does not have any relationship (other than that of an auditor) with the Company. The Auditors also do not have any interest in the Company or in the subsidiary companies.

Mr. R A Ebell served as Chairman of the Board Audit Committee from 1st April 2020 to 30th June 2020.

Sgd.
S A B Rajapaksa
Chairman – Board Audit Committee

10 August 2020
Colombo

Remuneration Committee Report

Mr. G L H Premaratne – Chairman - Independent Non-Executive Director

Dr. S Selliah - Committee Member - Independent Non-Executive Director

ATTENDANCE AT MEETINGS

Mr. G L H Premaratne	1/1
Dr. S Selliah	1/1

The Remuneration Committee is a sub-committee of the Board constituted under the Company's Corporate Governance policies for the purpose of recommending and endorsing the remuneration of Senior Management. The members of the Committee comprise two Independent Non-Executive Directors. The names of the Committee members are stated in the Corporate Governance Report on page 14. The remuneration policy is designed to reward, motivate and retain the Company's executive team, with market competitive remuneration and benefits, to support the continued success of the business and creation of shareholder value. Accordingly, salaries and other benefits are reviewed periodically taking into account the performance of the individual and industry standards.

All Non-Executive Directors receive a fee for serving on the Board and serving on sub-committees. They do not receive any performance related incentive payments.

The Directors' emoluments are disclosed on page 56. 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

10 August 2020

Colombo

Report of the Related Party Transactions Review Committee

PURPOSE

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

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

COMPOSITION

The Related Party Transactions Review Committee is appointed by the Board of Directors of the Company and the following Directors served on the Committee as at 31 March 2020:

Mr. S A B Rajapaksa – Chairman

Mr. G L H Premaratne – Independent Non-Executive Director

Mr. R A Ebell – Independent Non-Executive Director (Resigned w.e.f. 30th June 2020)

Mr. Ajith Karunaratne - Chief Financial Officer attends all meetings by invitation.

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

ATTENDANCE AT MEETINGS

Name Attended/ Eligible to attend

Mr S A B Rajapaksa	2/3
Mr G L H Premaratne	3/3
Mr R A Ebell	3/3

ROLES AND RESPONSIBILITIES

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

REVIEW OF THE RELATED PARTY TRANSACTIONS DURING THE YEAR

The Committee reviewed the Related Party Transactions of Asiri Hospital Holdings PLC and compliances according to SEC Code and CSE Listing rules. The activities and observations of the Committee have been communicated to the Board quarterly through tabling minutes of the meeting of the Committee at Board Meetings. Details of Related Party Transactions entered into by the Group during the above period are disclosed in Note 33 to the Financial Statements.

The Committee in its review process, recognised the adequacy of the content and quality of the information forwarded to its members by the management during the year and is satisfied on the compliance of Related Party Transactions in accordance to SEC Code and CSE listing rules.

Sgd.

S A B Rajapaksa

Chairman – Related Party Transactions Review Committee

10 August 2020

Colombo

Statement of Directors' Responsibilities

The responsibilities of the Directors, in relation to the Financial Statements of the Company differ from the responsibilities of the Auditors, which are set out in the Report of the Auditors on pages 31 to 33. The Companies Act No. 07 of 2007 stipulates that the Directors are responsible for preparing the Annual Report and the Financial Statements. Company law requires the Directors to prepare Financial Statements for each financial year, giving a true and fair view of the state of affairs of the Company at the end of the financial year, and of the Statement of Comprehensive Income of the Company and the Group for the financial year, which comply with the requirements of the Companies Act. The Directors consider that, in preparing Financial Statements set out on pages 34 to 101 of the Annual Report, appropriate accounting policies have been selected and applied in a consistent manner and supported by reasonable and prudent judgements and estimates, and that all applicable accounting standards have been followed. The Directors confirm that they have justified in adopting the going concern basis in preparing the Financial Statements since adequate resources are available to continue operations in the foreseeable future. The Directors are responsible for keeping proper accounting records, which disclose reasonable accuracy, at any time, the financial position of the Company and to enable them to ensure the Financial Statements comply with the Companies Act No. 07 of 2007 and are prepared in accordance with Sri Lanka Accounting Standard (SLFRS/LKAS). They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities. In this regard the Directors have instituted an effective and comprehensive system of internal control. The Directors are required to prepare Financial Statements and to provide the External Auditor with every opportunity to take whatever steps and undertake whatever inspections they may consider to be appropriate to enable them to give their independent audit opinion. The Directors are of the view that they have discharged their responsibilities as set out in this statement.

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and other known statutory dues as were due and payable by the Company as at the date of the Statement of Financial Position have been paid or, where relevant provided for, in arriving at the financial results for the year under review except as specified in Note 30 to the Financial Statements covering contingent liabilities.-

COMPLIANCE WITH RELATED PARTY TRANSACTIONS RULES

Transactions of related parties (as defined in LKAS 24 – "Related Parties Disclosure") with the Company are set out in Note 33 to the Financial Statements.

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

Sgd.
Secretaries
Softlogic Corporate Services (Pvt) Ltd.

10 August 2020
Colombo

Annual Report of the Board of Directors

The Directors of Asiri Hospital Holdings PLC have pleasure in presenting to the members their report together with the Audited Financial Statements of the Company and the Audited Consolidated Financial Statements of the Group for the year ended 31 March 2020.

PRINCIPAL ACTIVITIES AND NATURE

The principal activity of the Company continues to be carrying out Healthcare and Hospital Services. There has been no significant change in the nature of the Group's/Company's principal activities during the year.

REVIEW OF OPERATIONS

A review of the operations of the Group and its performance during the year is contained in the Chairman's Review on pages 6 and 7 of the Annual Report. This review together with the Financial Statements reflects the state of affairs of the Company and the Group. These reports form an integral part of the Directors' report.

FINANCIAL STATEMENTS

Section 168 (b) of the Companies Act No. 07 of 2007 requires that the Annual Report of the Directors to include Financial Statements of the Company, in accordance with Section 151 of the Act and Group Financial Statements for the accounting period, in accordance with Section 152 of the Act. The requisite Financial Statements of the Company are given on pages 34 to 101 of the Annual Report.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of the Financial Statements of the Company to reflect a true and fair view of the state of affairs. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Companies Act No. 07 of 2007 and the Sri Lanka Financial Reporting Standards. A statement in this regard is given on page 40.

AUDITOR'S REPORT

The Auditor's Report on the Financial Statements is given on pages 31 to 33.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Financial Statements are given on pages 40 to 53. There was no change in the accounting policies adopted, other than those disclosed in Note 2.5 to the Financial Statements.

INTERNAL CONTROL

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

DIRECTORATE

The following Directors held office during the year under review:

Mr. A K Pathirage – Chairman/Managing Director
Dr. S Selliah – Deputy Chairman
Dr. K M P Karunaratne – Group Chief Executive Officer
Mr. G L H Premaratne
Mr. S A B Rajapaksa
Mr. V Bali
Mr. A N Thadani
Mr. A N Thadani (Alternate Director to Mr V Bali)
Mr. R A Ebell (Resigned w.e.f 30th June 2020)

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

The Directors have recommended the reappointment of Mr. G L H Premaratne who is 72 years of age, as a Director of the Company; and accordingly a resolution will be placed before the shareholders in terms of Section 211 of the Companies Act in regard to the reappointment of Mr. G L H Premaratne.

DIRECTORS' SHAREHOLDING

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

Name of Director	Number of shares as at 31 March 2020	Number of share as at 31 March 2019
Mr. A K Pathirage	371,664	371,664
Dr. S Selliah	-	-
Dr. K M P Karunaratne	9,424	9,424
Mr. G L H Premaratne	-	-
Mr. S A B Rajapaksa	-	-
Mr. V Bali	-	-
Mr. A N Thadani	-	-
Mr. R A Ebell (resigned w.e.f 30th June 2020)	-	-

INTERESTS REGISTER

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

DIRECTORS' INTERESTS IN CONTRACTS AND PROPOSED CONTRACTS WITH THE COMPANY

Directors' interests in contracts, both direct and indirect are referred to in Note 33 to the Financial Statements. The Directors have no direct or indirect interest in any other contract or proposed contract with the Company

DIRECTORS' REMUNERATION

Directors' remuneration in respect of the Company and the Group for the financial year 2019/20 are given in Note 5 to the Financial Statements on page 56.

DONATIONS

The donations made by the Company during the year amounted to LKR 504,019/- (2018/19 – LKR 2,697,463/-).

AUDITORS

Messrs Ernst & Young, Chartered Accountants, are willing to continue as Auditors of the Company and a resolution proposing their re-appointment will be tabled at the Annual General Meeting. As far as the Directors are aware the Auditors Messrs Ernst & Young do not have any relationship (other than that of an auditor) with the Company. The Auditors also do not have any interest in the Company or in any of the subsidiary companies.

DIVIDENDS

The Directors do not recommend a final dividend for the year under review.

CAPITAL EXPENDITURE

The capital expenditure of the Group and the Company during the year amounted to LKR 4,232 Mn. and LKR 1,425 Mn. respectively (2018/19 – Group LKR 3,250 Mn. and Company – LKR 237 Mn.) details of which are given in Note 9 to the Financial Statements.

STATED CAPITAL

The stated capital of the Company as at 31 March 2020 was LKR 4,748,108,334/- represented by 1,137,533,596 ordinary shares.

RESERVES

The total reserves of the Group and the Company as at 31 March 2020 amounted to LKR 5,212 Mn. and LKR 3,187 Mn. respectively. The composition of reserves is shown in the Statement of Changes in Equity in the Financial Statements.

SHAREHOLDERS' INFORMATION

The distribution of shareholders is indicated on pages 103 and 105 in the Annual Report. There were 5,471 registered shareholders as at 31 March 2020.

SHARE INFORMATION

Information on share trading is given on page 105 of the Annual Report.

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 31 to the Financial Statements.

STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief are satisfied that all taxes, duties and levies payable by the Company and the Group, all contributions, levies and taxes payable on behalf of, and in respect of, the employees of the Company and the Group, and all other known statutory dues as were due and payable by the Company and the Group as at the date of the Statement of Financial Position have been paid or, where relevant provided for, except as specified in Note 30 to the Financial Statements, covering contingent liabilities.

GOING CONCERN

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

ANNUAL GENERAL MEETING

The Fortieth (40) Annual General Meeting of the Company will be held at the Auditorium of Central Hospital Ltd. (4th Floor), No. 114, Norris Canal Road, Colombo on Monday, 28th September 2020 at 10.20 am. The Notice of the 40th Annual General Meeting is on page 109 of the Annual Report.

For and on behalf of the Board,

Sgd.

Ashok Pathirage

Chairman/Managing Director

Sgd.

Dr. Manjula Karunaratne

Group Chief Executive Officer

Sgd.

Secretaries

Softlogic Corporate Services (Pvt) Ltd.

10 August 2020

Colombo

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Independent Auditors' Report



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TO THE SHAREHOLDERS OF ASIRI HOSPITAL HOLDINGS PLC

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Asiri Hospital Holdings PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2020, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March

2020, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters

were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Partners: W R H Fernando FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W R H De Silva ACA ACMA W K B S P Fernando FCA FCMA
Ms. K R M Fernando FCA ACMA Ms. L K H L Fonseka FCA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayasinghe FCA FCMA
Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga FCA Ms. P V K N Sajjewanani FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA
Principals: G B Goudian ACMA A A J R Perera ACA ACMA T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

Independent Auditors' Report

Key Audit Matter	How our audit addressed the key audit matter
<p>Revaluation of freehold land and buildings of the Group</p> <p>The Group carries freehold land and buildings under Property, Plant and Equipment and Investment Property at fair value. As of reporting date, such land and buildings within Property, Plant and Equipment and Investment Property amounted to Rs. 18.3 Bn & Rs. 215 Mn respectively, representing 58% of the Company's total assets. The fair value of such property was determined by external valuer engaged by the Company.</p> <p>The valuation of freehold land and buildings was considered a key audit matter due to the use of significant estimates and assumptions, including the Management's judgments relating to possible effects of the COVID-19 outbreak on those significant assumptions and estimates disclosed in notes 9.10 and 11 to the financial statements.</p>	<p>Our audit procedures focused on the valuation performed by the external valuer engaged by the Company, and included the following;</p> <ul style="list-style-type: none"> • We assessed the competency, capability and objectivity of the external valuer engaged by the Company. • We read the external valuer's report and understood the key estimates made and approach taken by the valuer in determining the valuation of the property. • We engaged our internal specialised resources to assist us in assessing the appropriateness of the valuation technique and reasonableness of value per square foot, also taking into consideration the possible effects of the COVID-19 outbreak on the valuations performed. • We also assessed the adequacy of the related disclosures made in notes 9.10 and 11 to the financial statements relating to the valuation technique and estimates used by the external valuers.

Other information included in the Group's 2020 Annual Report

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

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

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

Responsibilities of management and those charged with governance

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting

Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

expressing an opinion on the effectiveness of the internal controls of the Company and the Group.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

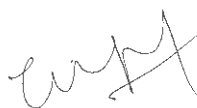
We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and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

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 1697.



10 August 2020
Colombo

Statement of Profit or Loss

Year ended 31 March	Note	Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Revenue	3.1	15,510,422,042	13,476,097,219	5,706,706,324	4,194,653,565
Cost of services		(8,499,000,884)	(7,140,008,168)	(2,720,156,402)	(1,843,175,195)
Gross Profit		7,011,421,158	6,336,089,051	2,986,549,922	2,351,478,370
Other Income	3.2	210,192,284	215,674,377	105,803,524	137,852,160
Administrative Expenses		(3,699,887,346)	(2,990,439,696)	(1,410,817,380)	(868,808,147)
Selling and Distribution Expenses		(532,670,577)	(412,617,555)	(233,266,355)	(166,573,992)
Finance Costs	4.1	(1,789,973,739)	(877,047,533)	(1,731,635,094)	(1,090,976,609)
Finance Income	4.2	191,699,550	95,303,306	92,361,885	1,083,497,377
Changes in Fair Value of Investment Property	11	19,211,705	-	-	-
Share of results of equity accounted investees (Net of Tax)	13.5	704,357	72,692	-	-
Profit/(Loss) Before Tax	5	1,410,697,392	2,367,034,642	(191,003,498)	1,446,469,159
Tax Expense	6	(492,490,274)	(575,311,399)	(110,456,901)	(7,322,119)
Profit/(Loss) for the Year		918,207,118	1,791,723,243	(301,460,399)	1,439,147,040
Attributable to:					
Equity Holders of the Parent Company		807,995,773	1,682,552,432		
Non-Controlling Interests		110,211,346	109,170,811		
		918,207,118	1,791,723,243		
Earnings Per Share - Basic	7	0.71	1.48	(0.27)	1.27
Dividend Per Share	8	0.00	0.80	0.00	0.80

Figures in brackets indicates deductions

The Accounting Policies and Notes on pages 40 through 101 form an integral part of these Financial Statements.

Statement of Comprehensive Income

Year ended 31 March	Note	Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Profit/(Loss) for the Year		918,207,118	1,791,723,243	(301,460,399)	1,439,147,040
Other Comprehensive Income not to be reclassified to Statement of Profit or Loss in subsequent periods (net of tax):					
Net Gain/(Loss) on Equity Instruments at Fair Value Through Other Comprehensive Income	16.2	19,554,134	(110,297,724)	-	-
Revaluation of Land and Buildings		739,827,975	677,561,236	485,435,914	312,228,022
Actuarial Gain/(Loss) on Post Employment Benefit Liability	27.1	(38,232,002)	38,169,658	(18,607,573)	23,997,443
Share of Other Comprehensive Expense of equity accounted investees (net of tax)	13.5	(84,001)	(5,877)	-	-
Net Other Comprehensive Income not to be reclassified to Statement of Profit or Loss in subsequent periods:		721,066,106	605,427,293	466,828,341	336,225,465
Other Comprehensive Income to be reclassified to Statement of Profit or Loss in subsequent periods:					
Net Other Comprehensive Income to be reclassified to Statement of Profit or Loss in subsequent periods:		-	-	-	-
Tax on Other Comprehensive Income		(180,284,122)	(207,938,916)	(129,327,897)	(92,993,337)
Other Comprehensive Income for the Year, Net of Tax		540,781,984	397,488,377	337,500,444	243,232,128
Total Comprehensive Income for the Year, Net of Tax		1,458,989,102	2,189,211,620	36,040,045	1,682,379,168
Total Comprehensive Income Attributable to:					
Equity Holders of the Parent Company		1,330,695,920	2,094,635,955		
Non-Controlling Interest		128,293,182	94,575,665		
		1,458,989,102	2,189,211,620		

Figures in brackets indicates deductions

The Accounting Policies and Notes on pages 40 through 101 form an integral part of these Financial Statements.

Statement of Financial Position

Year ended 31 March	Note	Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
ASSETS					
Non-current Assets					
Property, Plant and Equipment	9	24,270,835,214	20,654,066,564	11,805,042,090	4,310,217,672
Right of Use Assets	10	1,367,469,429	-	942,802,774	-
Lease Rentals Paid in Advance	10.1	-	898,309,431	-	-
Investment Property	11	215,000,000	193,724,248	-	-
Goodwill	12	609,654,071	609,654,071	-	-
Investment in Subsidiaries	13	-	-	12,219,356,752	12,379,752,104
Investment in equity accounted investees	13	32,245,027	31,624,671	30,000,000	30,000,000
Non Current Assets	14	28,310,772	24,159,418	28,310,772	24,159,418
Non Current Financial Assets	15	360,695,200	323,946,456	-	-
		26,884,209,713	22,735,484,859	25,025,512,388	16,744,129,194
Current Assets					
Inventories	18	665,626,374	452,519,009	208,916,437	96,586,960
Trade and Other Receivables	19	902,177,693	724,619,771	368,877,292	2,183,298,025
Loans Granted to Related Parties	21	1,733,487,185	1,458,627,448	50,990,120	2,106,484,150
Other Current Assets	20	564,182,570	1,167,974,332	161,509,910	177,592,970
Cash and Cash Equivalents	29.1	1,448,291,268	242,985,995	817,434,641	66,729,493
		5,313,765,091	4,046,726,555	1,607,728,400	4,630,691,598
Total Assets		32,197,974,804	26,782,211,414	26,633,240,788	21,374,820,793
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	22	4,748,108,334	4,748,108,334	4,748,108,334	4,748,108,334
Other Components of Equity	23	2,528,372,973	1,976,636,939	1,827,032,313	1,476,134,417
Retained Earnings		2,683,467,360	1,951,118,946	1,359,730,605	2,077,058,984
Share Holders' Funds		9,959,948,667	8,675,864,219	7,934,871,252	8,301,301,735
Non-Controlling Interests		901,355,166	792,320,223	-	-
Total Equity		10,861,303,833	9,468,184,442	7,934,871,252	8,301,301,735
Non-current Liabilities					
Interest Bearing Loans and Borrowings	24	7,116,012,063	6,046,677,628	11,240,572,603	4,409,034,179
Deferred Tax Liabilities	25	1,833,614,913	1,644,385,751	900,909,924	748,673,190
Employee Benefit Liability	26	555,610,806	484,450,831	205,950,583	178,844,982
		9,505,237,782	8,175,514,210	12,347,433,110	5,336,552,352
Current Liabilities					
Trade and Other Payables	27	1,996,830,599	1,590,944,585	1,120,198,833	359,988,090
Dividend Payable		38,711,372	940,410,956	30,429,896	940,410,956
Interest Bearing Loans and Borrowings	24	5,796,004,076	2,313,383,048	2,474,495,601	3,861,774,025
Income Tax Payable	28	380,597,337	384,329,638	50,916,945	103,340,181
Bank Overdraft	29.2	3,619,289,805	3,909,444,535	2,674,895,151	2,471,453,455
		11,831,433,189	9,138,512,762	6,350,936,426	7,736,966,706
Total Equity and Liabilities		32,197,974,804	26,782,211,414	26,633,240,788	21,374,820,793

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

Sgd.
Ajith Karunaratne
Chief Financial Officer

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

Sgd.
Ashok Pathirage
Director

Sgd.
Dr. Manjula Karunaratne
Director

The Accounting Policies and Notes on pages 40 through 101 form an integral part of these Financial Statements.

10 August 2020
Colombo

Statement of Changes in Equity

GROUP	Note	Attributable to Equity Holders of Parent					Total	Non-Controlling Interest	Total Equity
		Stated Capital	Fair Value Reserve of Financial Assets as at FVOCI	Revaluation Reserve	Other Reserve	Retained Earnings			
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
As at 1 April 2018		4,748,108,334	79,448,457	2,376,640,086	(862,298,509)	1,149,356,989	7,491,255,357	700,716,884	8,191,972,241
Profit for the Year		-	-	-	-	1,682,552,432	1,682,552,432	109,170,811	1,791,723,243
Other Comprehensive Income		-	(87,124,214)	469,971,335	-	29,236,402	412,083,523	(14,595,146)	397,488,377
Total Comprehensive Income		-	(87,124,214)	469,971,335	-	1,711,788,834	2,094,635,955	94,575,665	2,189,211,620
Acquisition of Non-Controlling Interests	13.2	-	-	-	(216)	-	(216)	(2,972,326)	(2,972,542)
Final Dividends 2018/19	8	-	-	-	-	(910,026,877)	(910,026,877)	-	(910,026,877)
As at 31 March 2019		4,748,108,334	(7,675,757)	2,846,611,421	(862,298,725)	1,951,118,946	8,675,864,219	792,320,223	9,468,184,442
Adjustment due to initial application of SLFRS 16	10.3	-	-	-	-	(44,933,365)	(44,933,365)	(12,277,439)	(57,210,804)
Adjusted balance as at 1 April 2019		4,748,108,334	(7,675,757)	2,846,611,421	(862,298,725)	1,906,185,581	8,630,930,854	780,042,784	9,410,973,639
Profit for the Year		-	-	-	-	807,995,773	807,995,773	110,211,346	918,207,118
Other Comprehensive Income		-	15,475,550	537,938,591	-	(30,713,994)	522,700,147	18,081,837	540,781,984
Total Comprehensive Income		-	15,475,550	537,938,591	-	777,281,779	1,330,695,920	128,293,183	1,458,989,102
Acquisition of Non-Controlling Interests	13.2	-	-	-	(1,678,108)	-	(1,678,108)	(6,980,801)	(8,658,909)
As at 31 March 2020		4,748,108,334	7,799,793	3,384,550,012	(863,976,833)	2,683,467,360	9,959,948,666	901,355,166	10,861,303,832

Figures in brackets indicates deductions

The Accounting Policies and Notes on pages 40 through 101 form an integral part of these Financial Statements.

Statement of Changes in Equity

COMPANY		Stated Capital	Revaluation Reserve	Retained Earnings	Total
	Note	Rs.	Rs.	Rs.	Rs.
As at 1 April 2018		4,748,108,334	1,250,180,448	1,530,660,662	7,528,949,444
Profit for the Year		-	-	1,439,147,040	1,439,147,040
Other Comprehensive Income		-	225,953,969	17,278,159	243,232,128
Total Comprehensive Income		-	225,953,969	1,456,425,199	1,682,379,168
Final Dividends 2018/19	8	-	-	(910,026,877)	(910,026,877)
As at 31 March 2019		4,748,108,334	1,476,134,417	2,077,058,984	8,301,301,735
Loss for the Year		-	-	(301,460,399)	(301,460,399)
Amalgamation Reserve	23.1	-	-	(402,470,527)	(402,470,527)
Other Comprehensive Income		-	350,897,896	(13,397,453)	337,500,444
Total Comprehensive Income		-	350,897,896	(717,328,379)	(366,430,482)
As at 31 March 2020		4,748,108,334	1,827,032,313	1,359,730,605	7,934,871,253

Figures in brackets indicates deductions

The Accounting Policies and Notes on pages 40 through 101 form an integral part of these Financial Statements.

Statement of Cash Flows

Year ended 31 March	Note	Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Cash Flows From Operating Activities					
Profit Before Income Tax Expense		1,410,697,392	2,367,034,642	(191,003,498)	1,446,469,159
Adjustments for					
Depreciation	9	1,232,869,169	874,676,213	415,605,163	148,389,840
Amortization of Right of Use Assets		146,078,908	3,908,655	89,895,443	-
Share of (Profit)/Loss of Associate/Joint Venture	13.5	(704,357)	(72,692)	-	-
Net Loss/(Profit) on Disposal of Property, Plant and Equipment	3.2	12,809,295	6,141,457	2,298,902	10,483,899
Provision for Bad and Doubtful Debts		16,697,426	10,349,553	(8,041)	1,252,900
Provision for Retirement Gratuity		110,560,881	93,786,284	39,306,463	34,637,224
Finance Costs	4.1	1,789,973,739	877,047,533	1,731,635,094	1,090,976,609
Finance Income		(191,699,550)	(97,638,665)	(92,361,885)	(1,083,497,377)
Changes in Fair Value of the Investment Property		(19,211,705)	-	-	-
Operating Profit Before Working Capital Changes		4,508,071,198	4,135,232,980	1,995,367,641	1,648,712,254
Changes in Working Capital					
Decrease/(Increase) in Inventories		(213,107,365)	84,954,452	(37,514,741)	28,555,306
(Increase)/ Decrease in Trade and Other Receivables		(188,016,022)	(364,947,230)	2,302,287,451	(1,411,190,412)
(Increase)/ Decrease in Other Current Assets		599,640,408	(905,145,287)	(16,083,059)	(74,099,578)
Increase/ (Decrease) in Trade and Other Payables		405,886,014	211,871,718	490,382,415	50,430,984
Increase in Other Payables		-	402,463,926	-	132,442,623
Cash Generated From Operations		5,112,474,233	3,564,430,559	4,734,439,707	374,851,177
Income Tax Paid	28	(487,277,535)	(275,812,389)	(139,971,301)	(61,840,159)
Defined Benefit Plan Costs Paid	26	(77,632,908)	(48,697,362)	(30,808,433)	(18,843,603)
Finance Cost Paid	4.1	(1,789,973,739)	(877,047,533)	(942,086,216)	(1,084,842,035)
Net Cash From/(Used in) Operating Activities		2,757,590,051	2,362,873,276	3,621,573,757	(790,674,619)
Cash Flows From/(Used in) Investing Activities					
Acquisition of Property, Plant and Equipment and Investment Properties	9	(4,235,060,657)	(3,249,500,497)	(1,425,470,434)	(236,745,520)
Acquisition of Right of use assets		(46,722,553)	-	-	-
Investment in Financial Assets Designated at FVOCI		-	(69,628,652)	-	-
Investment in Subsidiaries (Net of Cash Acquired)		-	(442,825,488)	(8,658,909)	(452,972,543)
Proceeds from Disposal of Property, Plant and Equipment		58,269,338	34,381,532	13,176,664	2,523,852
Interest Received		166,628,050	52,704,358	27,949,386	68,194,381
Dividend Received		7,876,891	23,745,142	-	977,233,667
Net Cash flow due to Amalgamation of Subsidiary		-	-	(395,594,813)	-
Loans Granted to Related Parties (Net)		(274,859,737)	(1,458,627,448)	(2,195,544,840)	(2,106,484,150)
Net Cash Flows From /(Used in) Investing Activities		(4,323,868,668)	(5,109,751,053)	(3,984,142,946)	(1,748,250,312)
Cash Flows From /(Used in) Financing Activities					
Dividends Paid		(901,699,584)	(18,557,274)	(909,981,060)	(18,557,274)
Proceeds from Interest Bearing Borrowings		6,596,963,983	1,332,295,788	4,264,813,121	2,280,000,000
Repayment of Interest Bearing Borrowings		(2,472,869,705)	(1,824,690,204)	(2,382,111,329)	(1,093,951,623)
Repayment of Lease Obligations		(151,997,164)	(20,291,923)	(62,888,091)	(8,815,153)
Acquisition of Non Controlling Interests		(8,658,908)	(2,972,542)	-	-
Net Cash Flows from/ (Used in) Financing Activities		3,061,738,621	(534,216,155)	909,832,641	1,158,675,949
Net Increase/(Decrease) in Cash and Cash Equivalents		1,495,460,003	(3,281,093,932)	547,263,452	(1,380,548,983)
Cash and Cash Equivalents at the Beginning of the Year		(3,666,458,539)	(385,364,607)	(2,404,723,962)	(1,024,174,979)
Cash and Cash Equivalents at the End of the Year	29	(2,170,998,536)	(3,666,458,539)	(1,857,460,510)	(2,404,723,962)

The Accounting Policies and Notes on pages 40 through 101 form an integral part of these Financial Statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 General

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

1.2 Principal Activities and Nature of Operations

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

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

1.3 Parent Enterprise and Ultimate Parent Enterprise

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

1.4 Date of Authorization for Issue

The Financial Statements of Asiri Hospital Holdings PLC and its Subsidiaries for year ended 31 March 2020 was authorised for issue in accordance with a resolution of the Board of Directors dated 10 August 2020.

1.5 Statement of Compliance

The Financial Statements which comprise the Statement of Financial Position, Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows, together with the accounting policies and notes (the "Financial Statements") have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs/LKASs) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirement of the Companies Act, No. of 2007.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated Financial Statements have been prepared on an accrual basis and under the historical cost convention except for buildings, investment properties, fair valued through other comprehensive income financial assets, which have been measured at fair value.

Going Concern

Management has assessed the existing and potential impact of COVID 19 in determining the basis of preparing financial statements for the year ended 31st March 2020. The Company evaluated it's resilience considering factors such as expected revenue streams, cost management, profitability, ability to defer non-essential capital expenditure etc. and due to the nature of healthcare operations, the Board of Directors is satisfied and confident that the Company will be able to continue in operation for the foreseeable future. In addition, the directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, these Financial statements have been prepared on a going concern basis.

Presentation and Functional Currency

The Financial Statements are presented in Sri Lankan Rupees (Rs.) the Company's functional and presentation currency, which is the currency of the primary economic environment in which the Company operates.

Offsetting

Assets and liabilities or income and expenses, are not offset unless required or permitted by Sri Lanka Accounting Standards.

Materiality and Aggregation

Each material class of similar items is presented separately in the financial

statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

Comparative Information

The presentation and classification of the Financial Statements of the previous years have been amended, where relevant for better presentation and to be comparable with those of the current year.

New and Amended Standards and Interpretations

The Company applied SLFRS 16 for the first time. The nature and effect of the changes as a result of the adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2019/20, but do not have an impact on the consolidated financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

SLFRS 16

The Company adopted SLFRS 16 using the modified retrospective method of adoption, without restating comparative information. Instead, it has recognised the cumulative effect of initially applying this standard as an adjustment to the opening balance of Retained earnings at the date of initial application, as permitted under the specific transitional provisions in the standard. The impact on adoption of SLFRS 16 is reflected in Note 10 to the financial statements.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of LKAS 12, nor does it specifically include requirements relating

to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

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

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Company applies significant judgement in identifying uncertainties over income tax treatments. Since the Company operates in a complex environment, it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation, the Company considered whether it has any uncertain tax positions and Company determined that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Interpretation did not have a significant impact on the financial statements of the Company.

2.2 Basis of Consolidation

The consolidated financial statements encompass Company, Its Subsidiaries (together referred to as the "Group") and the Group's interest in equity accounted investees (Associates and Joint Ventures).

2.2.1 Subsidiaries

Subsidiaries are those entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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

from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

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

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

The Financial Statements for the year ended 31 March 2020 of the following subsidiary companies are included in the Consolidated Financial Statements.

Notes to the Financial Statements

Company	Effective Holding 2020	Effective Holding 2019	Principal Activities
1. Asiri Central Hospitals Ltd	94.42%	94.39%	The principal activities of the Company were providing medical services. With the cessation of the medical services business operations, the Company operated as an investment company.
2. Asiri Hospital Matara (Pvt) Ltd.	100%	100%	The principal activities of the Company are to operate a hospital and provide healthcare services.
3. Asiri Diagnostics Services (Pvt) Ltd.	66.54%	66.54%	The principal activities of the Company are to carry out diagnostic laboratory services.
4. Asiri Surgical Hospital PLC	78.54%	78.39%	The principal activities of the Company are to operate a two tier hospital, and provide healthcare services.
5. Central Hospital Ltd	99.73%	99.73%	The principal activities of the Company are to operate a hospital and provide healthcare services.
6. Asiri Laboratories (Pvt) Ltd.	100%	100%	The principal activities of the Company are to carry out diagnostic laboratory services. Company was incorporated on 20 January 2016 under the Companies Act No. 07 of 2007 and has not commenced its operations.
7. Asiri Hospital Galle (Pvt) Ltd.	100%	100%	The principal activities of the Company are to operate a hospital and provide healthcare services.

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

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

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

2.2.2 Equity accounted investees (Investment in associates and joint ventures)

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

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

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

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

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

The Statement of Profit or Loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in Other Comprehensive Income of those investees is presented as part of the Group's Other Comprehensive Income. In addition, when there has been a change recognised directly in the equity of the

associate or joint venture, the Group recognises its share of any changes, when applicable, in the Statement of Changes in Equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

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

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

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

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the

retained investment and proceeds from disposal is recognised in the Statement of Profit or Loss.

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

2.3 Significant Accounting Judgments, Estimates and Assumptions

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

Fair value of Property, Plant and Equipment

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

Fair value related disclosures for assets measured at fair value are summarized in the Note 17.1 to the financial statements.

Fair Value of Investment Property

The Group measures building which are recognised as investment property at fair value amount with change in value being the open market approach in determining the fair value of the building. Further details on fair value of

investment property are disclosed in Note 17.1 to the Financial Statements.

Deferred Tax Assets

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

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

In determining the temporary difference pertaining to property, plant and equipment, management adopted a revised estimation technique to better reflect the related tax consequence (Refer Note 25).

Defined Benefit Plans

The cost of the retirement benefit plan of employees is determined using an actuarial valuation. The actuarial valuation is based on assumptions concerning the rate of interest, rate of salary increase, staff turnover, retirement age and going concern of the Group. Due to the long term nature of the plan, such estimates are subject to significant uncertainty. (Refer Note 26)

Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual

Notes to the Financial Statements

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

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

Lease

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates. (Refer Note 2.4.8)

Provision for expected credit losses of financial assets

The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. (Refer Note 2.4.10)

2.4 Summary of Significant Accounting Policies Applied

2.4.1 Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

Transaction costs, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combinations are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss recognised in statement of profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SLFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with SLFRS 9. Other contingent consideration that is not within the scope of SLFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in the statement of profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has

correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in statement of profit or loss.

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

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in this circumstance is measured based on the relative values of the disposed operation and the portion the cash-generating unit retained.

2.4.1.1 Impairment of Goodwill

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use (VIU). The fair value less costs to sell calculation is based on available data from an active market in an arm's length transaction of similar assets, or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to

or significant future investments that will enhance the performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

The recoverable amount of all CGUs have been determined based on the higher of fair value less costs to sell and its Value in Use (VIU) calculation. VIU is determined by discounting the future cash flows generated from continuing use of the unit. The recoverability of quoted entities determined based on share price existed as at reporting date. The key assumptions used are given below:

Business growth - volume growth has been budgeted on a reasonable and realistic basis by taking into account the growth rates of one to five years immediately subsequent to the budgeted year, based on industry growth rates.

Inflation - budgeted cost inflation is the inflation rate, based on projected economic conditions.

Discount rate - the discounting rate used is the risk free rate increased by an appropriate risk premium.

Margin - budgeted gross margins are the gross margins achieved in the year preceding, adjusted for projected market conditions and business plans.

2.4.2 Foreign Currency Translation

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

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

foreign currencies are re-translated at the functional currency rate of exchange ruling at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in Statement of Profit or Loss.

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

2.4.3 Current versus Non-current Classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in a normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in a normal operating cycle,

- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period or
- It does not have a right at the reporting date to defer settlement of the liability by the transfer of cash or other assets for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

2.4.4 Fair Value Measurement

Fair value related disclosures for assets measured at fair value or financial instruments that are not measured at fair value, for which fair values are disclosed, are summarized in the Note 15 and 17 to the financial statements.

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

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

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

The Group uses valuation techniques that are appropriate in the circumstances

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and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

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

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

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

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

2.4.5 Taxation

Current Taxes

Current income tax assets and liabilities for the current and prior years are

measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Asiri Central Hospitals Ltd

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

Central Hospital Ltd

Pursuant to the agreement dated 9 November 2007 and supplementary agreement dated 14 February 2009 entered into with the Board of Investment under section 17 of the Board of Investment Law No.4 of 1978, the Inland Revenue Act relating to the imposition, payment and recovery of income tax shall not apply to the business operating a hospital and providing healthcare services, for a period of 8 years commencing from the year the Company makes profits or any year of assessment not later than two years from the date on which the company commences commercial operations, whichever is earlier. Accordingly, the exemption is for a period of eight years commencing from financial year 2012/ 2013. This exemption will expire on 31 March 2020. Immediately following the aforementioned tax exemption period, the Company's income tax on operating profit shall be charged at a concessionary tax rate of 15%.

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

Asiri Hospital Galle (Pvt) Ltd

Pursuant to the agreement entered into with the Board of Investments (BOI) on 13th September 2007, profits of Asiri Hospital Galle (Pvt) Ltd are exempted from income tax for a period of four (4) years. After the expiration of aforesaid tax exemption period, the profits of the Company shall be charged at the rate of 10% for a period of two (2) years immediately succeeding the last date

of the exemption period. After the expiration of the aforesaid two years concessionary tax period at the rate of 10%, the profits of the Company shall, for any year of assessment, be charged at the rate of 20%. Accordingly, the profits of Asiri Hospital Galle (Pvt) Ltd for the year 2019/20 were charged at 20%. However, other income is liable for income tax at 28%.

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

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

Deferred Taxation

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

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

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

substantively enacted at the reporting date. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

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

2.4.6 Property, Plant and Equipment

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

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

the asset) is included in the statement of profit or loss in the year the asset is derecognised.

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

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

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.

Subsequent Measurement

Property, Plant and equipment is stated at cost or valuation, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

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

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

A revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve in equity. However, to the extent that

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

2.4.7 Investment Properties

The Group measures investment properties initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the Statement of Profit or Loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the Statement of Profit or Loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in SLFRS 15.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If

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owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2.4.8 Leases

SLFRS 16 supersedes LKAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. The Company has adopted SLFRS 16 using the modified retrospective method from 1 April 2019, without restating comparatives for the 2018/19 reporting period, as permitted under the specific transitional provisions in the standard.

Nature of the effect of adoption of SLFRS 16

Upon adoption of SLFRS 16, the Company applied a single recognition and measurement approach for all leases for which it is the lessee, except for short-term leases and leases of low-value assets. The Company recognized lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Company has lease contracts for various items such as land, motor vehicles, laboratory branches, space for Glomark pharmacy. Property leases are the major asset included in the right of use assets category, typically for 99 years of lease term. On adoption of SLFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of LKAS 17 Leases. These liabilities were measured at the present value of the remaining

lease payments, discounted using the Company's incremental borrowing rate as of the transition date.

Leases previously accounted for as operating leases

The Company recognised right of use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right of use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Right of use assets

The Group recognises right of use assets when the underlying asset is available for use. Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and

adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right of use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as in the period in which they are earned.

Leases (Policy Applicable before 31 March 2019)

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 fulfilment 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 Statement of Profit or Loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that

the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the Statement of Profit or Loss on a straight-line basis over the lease term.

2.4.9 Borrowing Costs

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

2.4.10 Financial Instruments - Initial Recognition and Subsequent Measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial Assets Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value

through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under SLFRS 15. Refer to the accounting policies in section 2.4.15 Revenue.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

1. Financial assets at amortized cost (debt instruments)
2. Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
3. Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments)
4. Financial assets at fair value through profit or loss.

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However, the classification of the financial assets of the Group are limited to Financial assets at amortised cost (debt instruments) and Financial assets designated at FVOCI (equity instruments).

Financial Assets at Amortised Cost (Debt Instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the Effective Interest Rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is de-recognised, modified or impaired.

The Group's financial assets at amortised cost includes trade and other receivables, cash and bank and loans granted to related parties.

Financial Assets Designated at Fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as finance

income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its listed equity investments under this category.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised (i.e., removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired,
- Or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Impairment of Financial Assets

The Group recognises an allowance for Expected Credit Losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from

the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment

The Group considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Trade Receivables Note 19

ii) Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and Borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortization 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. The EIR amortization is included as finance costs in the statement of profit or loss.

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

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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.4.11 Inventories

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

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

2.4.12 Cash and Cash Equivalents

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

For the purpose of Cash Flow Statement, Cash and Cash Equivalents consist of the above net of outstanding bank overdrafts. Investments with short

maturities (i.e. three months or less from the date of acquisition) are also treated as Cash Equivalents.

2.4.13 Provisions

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

2.4.14 Post Employment Benefits

a) Defined Benefit Plan – Gratuity

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

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

The Group's accounting policy for defined benefit plans is to recognise

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actuarial gains and losses in the period in which they occur in full in the Statement of Other Comprehensive Income. The gratuity liability is not funded.

b) Defined Contribution Plans:

Employees' Provident Fund and Employee' Trust Fund

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

2.4.15 Revenue

The Group/Company is in the business of providing healthcare services and sale of pharmaceuticals. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group/Company expects to be entitled in exchange for those services or goods.

The Group/Company recognised the revenue based on SLFRS 15 with effect from 1 April 2018. It applies to all contracts with customers to provide goods and services in the ordinary course of business. The Group/Company adopts principle based five steps model for revenue recognition.

Accordingly, revenue is recognised only when all of the following criteria are met:

- The parties to the contract have approved the contract/s;
- The entity can identify each party's rights regarding goods or services to be transferred;
- The entity can identify the payment term for the goods or services to be transferred;
- The contract has commercial substance;

- It is probable that the entity will collect the consideration to which it will be entitled in exchange for goods or services that will be transferred to the customer.

Under SLFRS 15, the Group/Company determines at contract inception whether it satisfies the performance obligation over time or at a point in time. For each performance obligation satisfied overtime, the Group/ Company recognises the revenue over time by measuring the progress towards complete satisfaction of that performance obligation.

Revenue from sale of pharmaceutical items are recognised at a point in time when control of that items are transferred to the customer.

Revenue from outpatients are recognised at the point in time when services are rendered.

Revenue from inpatients are recognised over time by measuring the progress towards complete satisfaction of that performance obligation.

The Group/Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principle or agent. The Group/ Company has concluded that the service revenues are presented net of doctor fees in cases where the Group/Company is not the primary obligor and does not have the pricing latitude.

2.4.15.1 Contract Assets

Contract assets are Group's/Company's right to consideration in exchange for goods or services that the Group/ Company has transferred to a customer, with rights that are conditioned on some criteria other than the passage of time. Upon satisfaction of the conditions, the amounts recognised as contract assets are reclassified to trade receivables.

Contract assets of the Group/Company

have been disclosed in trade and other receivable Note 19.

2.4.15.2 Contract Liabilities

Contract liabilities are Group's/ Company's obligation to transfer goods or services to a customer for which the Group/Company has received consideration (or the amount is due) from the customer. Contract liabilities include long-term advances received to deliver goods and services, short-term advances received to render certain services. Contract liabilities of the Group/ Company have been disclosed in trade and other payable Note 27.

2.4.16 Dividend Income

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

2.4.17 Other Income

Other income is recognised in the statement of profit or loss as it accrues.

2.4.18 Finance Income

Interest income is recorded as it accrues using the Effective Interest Rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included under finance income in the Statement of Profit or Loss.

2.4.19 Finance Expense

Finance costs comprise interest expense on borrowings and guarantee cost.

Interest expense is recorded as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial liability.

2.4.20 Expenditure

Expenses are recognised in the Statement of Profit or Loss on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the Statement of Profit or Loss.

For the purpose of presentation of the Statement of Profit or Loss, the "function of expenses" method has been adopted, on the basis that it presents fairly the elements of the Group's performance.

2.4.21 Cash Dividend

The Group recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Group. A corresponding amount is recognised directly in equity.

2.4.22 Earnings Per Share

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

2.4.23 Segment Reporting

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

2.4.24 Statement of Cash Flow

The Statement of Cash Flows has been prepared using the "indirect method".

2.5 Standards Issued But not yet Effective

The new and amended 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 new and amended standards and interpretations, if applicable, when they become effective.

2.5.1 Amendments to SLFRS 3: Definition of a Business

Amendments to the definition of a business in SLFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted. Pending the completion of detailed review of the above amendment, the extent of the probable impact is not reasonably estimable.

2.5.2 Amendments to LKAS 1 and LKAS 8

Amendments to LKAS 1 Presentation of Financial Statements and IAS 8 Accounting policies, Changes in accounting Estimates and Errors are made to align the definition of "material" across the standard and to clarify certain aspects of the definition. The new definition states that, "information is material if omitting or obscuring it could

reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments are applied prospectively for the annual periods beginning on or after 1 January 2020 with early application permitted. Pending the completion of detailed review of such amendments, the extent of the probable impact is not yet reasonably estimable.

Notes to the Financial Statements

3. REVENUE AND OTHER INCOME

3.1 Revenue

Year ended 31 March	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Healthcare Services	14,987,177,168	12,628,048,045	5,471,319,728	4,022,104,900
Sale of Goods	523,244,874	848,049,174	235,386,597	172,548,665
	15,510,422,042	13,476,097,219	5,706,706,324	4,194,653,565

3.1.a Segment Information

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

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

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

The following table presents the revenue and other income generated by the Group's segments for the year ended 31 March 2020 and comparative figures for the year ended 31 March 2019:

Year ended 31 March	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Pre Care	4,370,672,191	5,508,798,666	1,824,241,622	1,340,889,330
Post Care	9,526,865,081	7,119,249,379	3,074,382,194	2,259,791,813
Pharmaceutical	1,612,884,771	848,049,174	808,082,509	593,972,422
	15,510,422,042	13,476,097,219	5,706,706,324	4,194,653,565

3.1.b Timing of Revenue Recognition

Year ended 31 March	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Services and Goods Transferred at a Point In Time	5,983,556,961	6,345,590,463	2,632,324,130	3,360,966,818
Services Transferred Over Time	9,526,865,081	7,130,506,756	3,074,382,194	833,686,747
	15,510,422,042	13,476,097,219	5,706,706,324	4,194,653,565

3.2 Other Income/(Expenses)

Year ended 31 March	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Rental Income	103,483,305	68,421,870	13,281,669	1,800,000
Other Laboratory Income	75,263,725	79,002,637	75,263,725	79,002,637
Net (loss)/gain on disposal of Property, Plant and Equipment	(12,809,295)	(6,141,457)	(2,298,902)	(10,483,899)
Sundry Income	41,144,640	72,038,648	19,557,032	67,533,422
Exchange Gain on Foreign Currency	3,109,909	2,352,679	-	-
	210,192,284	215,674,377	105,803,524	137,852,160

4. FINANCE COST AND INCOME**4.1 Finance Cost**

Year ended 31 March	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Interest Expense on Bank Borrowings	1,232,996,689	605,996,739	671,555,478	428,699,468
Interest Expense on Inter Company Borrowings	-	-	727,616,276	435,553,956
Bank Charges on Interest Bearing Loans	16,790,838	16,603,331	5,734,905	8,414,030
Interest on Bank Over Drafts	432,618,783	250,141,848	284,096,106	209,335,845
Lease Interest	65,868,707	4,305,615	30,319,608	2,838,736
Guarantee Expense	-	-	12,312,721	6,134,574
	1,789,973,739	877,047,533	1,731,635,094	1,090,976,609

4.2 Finance Income

Year ended 31 March	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Interest Income	166,628,050	71,558,164	78,939,506	74,328,955
Guarantee Income	-	-	13,422,379	31,934,755
Dividend Income	25,071,501	23,745,142	-	977,233,667
	191,699,550	95,303,306	92,361,885	1,083,497,377

Notes to the Financial Statements

5. PROFIT BEFORE TAX

Profit Before Tax is stated after charging all expenses including the following:

Year ended 31 March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Included in Cost of Sales				
Depreciation	583,186,128	446,436,438	147,567,049	47,807,119
Employee benefits including the following	2,945,733,916	2,580,914,855	996,846,502	733,045,909
- Defined Contribution Plan Costs - EPF and ETF	264,458,282	220,070,258	91,911,437	62,810,159
Included in Administrative Expenses				
Depreciation	649,683,041	428,239,775	268,038,114	100,582,721
Employee Benefits including the following	896,638,067	851,285,220	324,750,272	234,661,848
- Defined Benefit Plan Costs - Gratuity	110,560,881	94,179,477	39,306,463	34,637,224
- Defined Contribution Plan Costs - EPF and ETF	63,616,724	55,234,648	21,648,844	13,607,225
Directors' Fees and Remuneration	58,270,472	62,623,904	48,366,352	51,305,000
Amortization of Right of use assets	146,078,908	19,259,069	89,895,443	-
Donations	2,004,019	6,741,213	504,019	2,697,463
Legal Fees	11,317,733	24,822,140	1,142,230	5,875,910
Audit Fees and Reimbursable expense	3,929,619	5,430,346	846,936	2,231,300
Included in Selling and Distribution Costs				
Advertising Expenses	142,378,157	90,693,657	57,778,003	29,402,278
Impairment of Trade Debtors	16,697,426	10,349,553	(8,041)	1,252,900

6. INCOME TAX

The Major Components of Income Tax Expense are as follows :

Year ended 31 March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Current Income Tax				
Current Income Tax charge	403,948,282	509,507,104	-	141,956,916
ESC write-off	3,802,954	2,106,916	-	-
(Over)/Under Provision in Respect of Previous Years	78,315,762	(158,853,997)	87,548,064	(158,656,321)
14 % Withholding Tax on Inter Company Dividends	-	158,085,899	-	-
Deferred Income Tax				
Deferred Taxation recognised in Profit or Loss (Notes 25)	6,423,277	64,465,477	22,908,837	24,021,524
Income Tax Expense reported in the Statement of Profit or Loss	492,490,274	575,311,399	110,456,901	7,322,119
Deferred Income Tax				
Deferred Taxation recognised in Other Comprehensive Income (Notes 25)	180,284,122	207,938,916	129,327,897	92,993,337
Income Tax Expense reported in the Statement of Other Comprehensive Income	180,284,122	207,938,916	129,327,897	92,993,337

Notes to the Financial Statements

6. INCOME TAX (CONTD..)

6.1 Reconciliation between Tax Expense and Accounting Profit

Year ended 31 March	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Accounting Profit/(Loss) Before Tax	1,410,697,392	2,367,034,642	(191,003,498)	1,446,469,163
Disallowable Expenses	1,360,521,109	752,279,621	941,827,088	376,168,541
Deductible Expenses	(1,455,096,699)	(575,742,847)	(1,069,064,104)	(253,915,331)
Income not Liable for Tax	(105,643,554)	-	(105,643,554)	(1,061,733,389)
Profit Exempt from Tax	(369,311,849)	(783,760,346)	-	-
Assessable Income	841,166,399	1,759,811,070	(423,884,068)	506,988,984
Qualifying Payments	-	-	-	-
Tax Losses Brought Forward and Utilised	-	-	-	-
Taxable Profit	841,166,399	1,759,811,070	(423,884,068)	506,988,984

Statutory Tax Rate

Tax has been computed at 28% for all standard rate companies (including listed companies), at 15% for Central Hospital Ltd and 20% for Asiri Galle Hospital (Pvt) Ltd. Central Hospital Ltd is exempted from income tax.

Income Tax - 2020- 28% (2019 - 28%)	403,948,282	509,507,104	-	141,956,916
Current Income Tax charge	403,948,282	509,507,104	-	141,956,916

Company is liable to pay income tax at 28% on its profits in accordance with New Inland Revenue Act No. 24 of 2017 which was made effective from 1 April 2018. The Inland Revenue Department Circular No. PN/IT/2020-03 (Revised) has not been enacted as of the reporting date hence the Company has not used the income tax rates stipulated in the said circular to calculate the last quarter income tax provision of the 2019/20 financial year. Accordingly, the Company has computed deferred tax at 28% which is the substantively enacted rate as of the reporting date.

7. EARNINGS PER SHARE

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

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

Year ended 31 March	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Profit/(Loss) Attributable to equity holders of the Parent Company	807,995,773	1,682,552,432	(301,460,399)	1,439,147,040
Basic Earnings per Share of the Group/ Company	0.71	1.48	(0.27)	1.27

Year ended 31 March	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.

Number of Ordinary Shares used as the Denominator

Weighted Average Number of Ordinary Shares	1,137,533,596	1,137,533,596	1,137,533,596	1,137,533,596
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8. DIVIDENDS

Declared during the year

	Group				Company			
	2020	2020	2019	2019	2020	2020	2019	2019
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Equity Dividends on Ordinary Shares :								
- Interim Dividend	-	-	0.80	910,026,877	-	-	0.80	910,026,877
	-	-		910,026,877	-	-	-	910,026,877

Notes to the Financial Statements

9. PROPERTY, PLANT AND EQUIPMENT

9.1 Group

9.1.1 Gross Carrying Amounts

At Cost or Valuation

	Balance As at 01.04.2019 Rs.	Additions Rs.	Transfers Rs.	Revaluation Rs.	Disposals Rs.	Balance As at 31.03.2020 Rs.
Land	5,345,250,000	270,208,191	-	464,227,495	-	6,079,685,686
Buildings	7,377,146,013	697,988,419	3,971,303,002	275,689,652	-	12,322,127,086
Furniture, Fittings and Fixtures	1,452,167,807	148,330,460	44,196,924	-	(10,070,791)	1,634,624,399
Medical Equipment	5,838,343,254	1,968,729,724	-	-	(393,287,512)	7,413,785,466
Plant & Machinery	-	100,034,237	75,437,148	-	-	175,471,385
Motor Vehicles	205,783,126	44,143,000	-	-	(72,715)	249,853,411
Sundry Equipment	1,423,677,659	883,665,537	174,087,773	-	(63,222,950)	2,418,208,019
	21,642,367,860	4,113,099,568	4,265,024,847	739,917,148	(466,653,968)	30,293,755,452

Assets on Finance Lease

Motor Vehicles	81,975,000	-	(81,975,000)	-	-	-
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Capital Work in Progress

Work-in-Progress	4,392,047,487	119,897,041	(4,483,292,363)	-	-	28,652,165
	4,392,047,487	119,897,041	(4,483,292,363)	-	-	28,652,165

Total Value of Assets	26,116,390,347	4,232,996,610	(300,242,517)	739,917,148	(466,653,968)	30,322,407,617
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9.1.2 Accumulated Depreciation

	Balance As at 01.04.2019 Rs.	Charge for the year Rs.	Transfers Rs.	Disposals Rs.	Balance As at 31.03.2020 Rs.
Buildings	2,494,915	215,627,389	(218,122,303)	-	-
Furniture, Fittings and Fixtures	1,003,463,849	57,413,506	-	(6,738,154)	1,054,139,201
Medical Equipment	3,367,397,608	583,186,128	-	(343,706,253)	3,606,877,484
Plant & Machinery	-	11,569,416	-	-	11,569,416
Motor Vehicles	81,057,121	33,054,747	-	126,141	114,238,009
Sundry Equipment	977,987,380	332,017,984	-	(45,257,070)	1,264,748,294
	5,432,400,873	1,232,869,169	(218,122,303)	(395,575,335)	6,051,572,404

Assets on Finance Lease

Motor Vehicles	29,922,910	-	(29,922,910)	-	-
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Total Depreciation	5,462,323,783	1,232,869,169	(248,045,213)	(395,575,335)	6,051,572,404
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Transfers include the accumulated depreciation amounting to Rs. 218 Mn (2019 - Rs. Nil) as at revaluation date that was eliminated against the gross carrying amount of the revalued assets.

9.2 Company

9.2.1 Gross Carrying Amounts

At Cost or Valuation

	Balance As at 01.04.2019 Rs.	Additions/ Amalgamation Rs.	Transfers Rs.	Revaluation Rs.	Disposals Rs.	Balance As at 31.03.2020 Rs.
Land	2,699,250,000	-	-	245,750,000	-	2,945,000,000
Buildings	842,750,001	1,758,587,801	2,867,676,285	239,685,914	-	5,708,700,000
Medical Equipment	963,098,394	1,542,927,067	-	-	(123,601,686)	2,370,822,433
Plant & Machinery	-	123,963,106	75,437,148	-	-	199,400,255
Furniture and Fittings	244,810,674	251,186,487	44,196,924	-	(4,605,638)	535,588,448
Motor Vehicles	67,425,697	52,188,547	-	-	-	119,614,244
Sundry Equipment	412,409,452	567,392,982	153,291,730	-	(1,917,933)	1,142,777,575
	5,229,744,218	4,296,245,990	3,140,602,087	485,435,914	(130,125,257)	13,021,902,954

Assets on Finance Lease

Motor Vehicles	63,800,000	-	(63,800,000)	-	-	-
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Capital Work-in-Progress

Buildings Work-in-Progress	34,556,673	3,188,744,263	(3,220,172,013)	-	-	3,128,922
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Total Value of Assets

	5,328,100,891	7,484,990,254	(143,369,926)	485,435,914	(130,125,257)	13,025,031,877
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9.2.2 Accumulated Depreciation

	Balance As at 01.04.2019 Rs.	Charge for the year/ Amalgamation Rs.	Transfers Rs.	Revaluation Rs.	Disposals Rs.	Balance As at 31.03.2020 Rs.
Buildings	-	79,569,926	(79,569,926)	-	-	-
Medical Equipment	648,578,773	147,635,282	-	-	(111,308,754)	684,905,301
Plant & Machinery	-	11,087,947	-	-	-	11,087,947
Furniture and Fittings	79,765,232	51,773,774	-	-	(1,789,627)	129,749,379
Motor Vehicles	25,384,902	11,779,325	-	-	198,856	37,363,082
Sundry Equipment	244,626,676	113,758,909	-	-	(1,501,508)	356,884,077
	998,355,583	415,605,163	(79,569,926)	-	(114,401,033)	1,219,989,787

Assets on Finance Lease

Motor Vehicles	19,461,837	-	(19,461,837)	-	-	-
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Total Depreciation

	1,017,817,420	415,605,163	(99,031,763)	-	(114,401,033)	1,219,989,787
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Notes to the Financial Statements

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

9.3 Net Book Values

Year ended 31 March	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Land	6,079,685,686	5,345,250,000	2,945,000,000	2,699,250,000
Buildings	12,322,127,086	7,377,146,013	5,708,700,000	842,750,000
Furniture, Fittings and Fixtures	580,485,198	446,209,043	1,685,917,131	306,252,784
Medical Equipment	3,806,907,983	2,470,945,646	188,312,307	-
Plant & Machinery	163,901,969	-	405,839,069	165,003,002
Motor Vehicles	135,615,402	124,726,006	82,251,162	42,040,795
Sundry Equipment	1,153,459,725	445,690,279	785,893,498	176,026,255
	24,242,183,049	16,209,966,987	11,801,913,168	4,231,322,836

Assets on Finance Lease

Motor Vehicles	-	52,052,090	-	44,338,163
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Capital Work in Progress

Work-in-Progress	28,652,165	4,392,047,487	3,128,922	34,556,673
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Total Carrying Amount of Property, Plant and Equipment	24,270,835,214	20,654,066,564	11,805,042,090	4,310,217,672
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- 9.4** During the year, the Group acquired Property, Plant and Equipment to the aggregate value of Rs. 4,232,996,610/- (2019 - Rs.3,249,500,497/-). Cash payments amounting to Rs. 4,232,996,610/- (2019 - Rs.3,249,500,497/-) were made during the year for purchase of Property, Plant and Equipment. During the year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs.7,484,990,254/- (2019 - Rs. 236,745,520/-). Cash payments amounting to Rs.1,425,470,434/- (2019 - Rs. 236,745,520/-) and amalgamation were made during the year for purchase of Property, Plant and Equipment.
- 9.5** Group Property, Plant and Equipment with a carrying value of Rs. 10,467,078,867/- (2019 - Rs. 8,289,250,001/-) have been pledged as security for term loans obtained, details of which are disclosed in Note 24.3.
- 9.6** Group's Property, Plant & Equipment include fully depreciated assets which are still in use, the cost of which at the reporting date amounted to Rs. 2,267 Mn (2019 - Rs. 2,210 Mn). Company's fixed assets include fully depreciated assets, which are still in use the cost of which at the reporting date amounted to Rs. 540 Mn (2019 - Rs. 628 Mn).
- 9.7** As a result of the COVID-19 outbreak in Sri Lanka during the last part of the quarter ended 31 March 2020, a reassessment of the valuations were obtained by the same independent professional valuers who determined there was no significant change to the revalued carrying amount provided as at 29 February 2020.

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

	Group/Company 2019/20
Buildings	Over 50-60 Years
Furniture and Fittings	Over 10 Years
Medical Equipment	Over 10 Years
Plant and Machinery	Over 10 Years
Motor Vehicles	Over 5-8 Years
Sundry Equipment	Over 2-10 Years

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

Year ended 31 March	Group			
	Cost	Cumulative Depreciation If assets were carried at cost	Net Carrying Amount 2020	Net Carrying Amount 2019
	Rs.	Rs.	Rs.	Rs.
Class of Asset				
Freehold Land	1,653,467,153	-	1,653,467,153	1,653,467,153
Buildings	10,699,520,453	1,146,852,726	9,552,667,728	5,604,221,874
	12,352,987,606	1,146,852,726	11,206,134,881	7,257,689,027

Year ended 31 March	Company			
	Cost	Cumulative Depreciation If assets were carried at cost	Net Carrying Amount 2020	Net Carrying Amount 2019
	Rs.	Rs.	Rs.	Rs.
Class of Asset				
Freehold Land	799,140,898	-	799,140,898	799,140,898
Buildings	5,323,808,622	224,824,059	5,098,984,562	466,985,834
	6,122,949,520	224,824,059	5,898,125,460	1,266,126,732

Notes to the Financial Statements

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

The following properties are fair valued and recorded under freehold land and buildings. Fair Value measurement disclosure for revalued land and buildings based on unobservable inputs are as follows:

Company	Location	Extent	Effective Date of Valuation	Method of Valuation	Range of estimates for significant unobservable inputs			Fair Value measurement Rs.	
					Per perch value - Rs./Mn.	2019	2020		Per square foot value - Rs.
<i>Property valuations by G. W. G. Abeygunawardene (Chartered Valuation Surveyor)</i>									
Asiri Hospital Holdings PLC	No 181, Kirula Road, Colombo 05	1 A.2.R.13.98 P	29 February 2020	Land - OMV*	12.00	11.00	-	2,945,000,000	
		2 Buildings 105,157 square feet		Buildings - DCC*	-	-	3,250 - 9,500	908,000,000	
Asiri Kandy Hospital	No 907, Peradeniya Road, Kandy	1 Building 346,641 square feet	29 February 2020	Buildings - DCC	-	-	7,000 - 18,750	4,800,700,000	
Asiri Surgical Hospital PLC	No 21, Kirimandala Mawatha, Narahenpita	3 Buildings 368,123 square feet	29 February 2020	Buildings - DCC	-	-	3,250 - 10,000	2,400,197,937	
<i>Property valuations by P. B. Kalugaledara & Associates (Chartered Valuation Surveyor)</i>									
Asiri Hospital Mataira (Pvt) Ltd	No 15, Dharmapala Mawatha, Uyanwatta	1 A.2.R.1.3 P	31 March 2020	Land - OMV	1.25	1.1	-	249,500,000	
		2 Buildings 76,581 square feet		Buildings - DCC	-	-	600 - 8,500	396,098,193	
Central Hospital Ltd	No 114, Norris Canal Road, Colombo 10	1 A.2.1.03 P	31 March 2020	Land - OMV	11.00 to 12.00	10.00 to 12.00	-	2,082,000,000	
		1 Building 453,840 square feet		Buildings - DCC	-	-	2,000 - 10,000	3,418,982,965	
Asiri Hospital Galle (Pvt) Ltd	No.59, Wackwella, Galle	2R.24.83P & 0R 48,37P 4 Buildings 44,255 square feet	31 March 2020	Land - OMV	4.00 to 5.00	3.00	-	670,400,000	
				Buildings - DCC	-	-	8,500	362,592,624	

* OMV - Open Market Value Method, DCC - Direct Capital Comparison Method
Unobservable inputs are positively correlated with fair values.

10. RIGHT OF USE ASSETS**10.1** Amounts recognised in the statement of financial position and statement of profit or loss

Set out below are the, carrying amounts of the right of use assets and the movements for the period ended 31 March 2020

10.2 Right of use Assets

Year ended 31 March	Group 2020		Company 2020	
	Leasehold Properties	Motor Vehicles	Leasehold Properties	Motor Vehicles
	Rs.	Rs.	Rs.	Rs.
At the Beginning of the Year	-	-	-	-
Transfers (SLFRS 16 initial recognition)	828,110,574	52,052,090	-	44,338,163
Additions (SLFRS 16 initial recognition)	255,081,415	-	908,730,041	-
Additions and improvements	378,304,258	-	79,630,012	-
Amortization for the Year	(116,155,998)	(29,922,910)	(83,252,318)	(6,643,125)
At the End of the Year	1,345,340,249	22,129,180	905,107,736	37,695,038
Lease Rentals Paid in Advance				
At the Beginning of the Year	898,309,431	917,568,500	-	-
Transfer due to initial application of SLFRS 16	(880,162,664)	-	-	-
Transfer	(18,146,767)	-	-	-
Amortization for the Year	-	(19,259,069)	-	-
At the End of the Year	-	898,309,431	-	-

10.3 The effect of adoption of SLFRS 16 as at 1st April 2019 is as follows:**Equity and Liabilities**

Retained Earnings	(57,210,804)
Lease Obligation	(4,004,180)
Deferred Tax Liability	1,501,128
Total Equity and Liabilities	(59,713,856)

10.4 Leasehold Property as at 31 March 2020 consists of the below;

- Asiri Surgical Hospital PLC obtained leasehold right to the land (extent of land is 2 Acres, 1 Rood and 11.6 perches) situated at No.21, Kirimandala Mawatha, Colombo 05 for 99 years from the Board of Investment of Sri Lanka by agreement dated 29 March 2000.
- Asiri Hospital Matara (Pvt) Ltd obtained lease hold right to land (extent of land is perches 38.34) and building situated at No 37, Anagarika Dharmapala Mawatha, Matara for 20 years commencing from 04 October 2006.
- The Asiri Hospital Holdings PLC has entered into a lease agreement with Urban Development Authority for a lease of the land (extent of land is 2 Acres 15.5 perches) situated at Peradeniya Road, Mulgampola for period of 50 years.

Notes to the Financial Statements

11. INVESTMENT PROPERTY

Year ended 31 March	Note	Group	
		2020 Rs.	2019 Rs.
Balance as at the beginning of the year		193,724,248	-
Changes in Fair Value		19,211,705	-
Additions		2,064,047	-
Transferred from Capital Work-in-progress	9.1	-	193,724,248
Balance as at the end of the year		215,000,000	193,724,248

- 11.1** Asiri Surgical Hospital PLC has rented a building situated at No 21, Kirimandala Mawatha, Narahenpita to Asiri AOI Cancer Centre (Pvt) Ltd which is considered as an Investment Property.

Year ended 31 March	2020 Rs.	2019 Rs.
Rental income derived from investment properties	12,000,000	12,000,000
Direct operating expenses (including repairs and maintenance) generating rental income (included in cost of sales)	-	-
Direct operating expenses (including repairs and maintenance) that did not generate rental income (included in cost of sales)	-	-
Profit arising from investment properties carried at fair value	12,000,000	12,000,000

Fair value hierarchy disclosures for investment property are in Note 17.

12. GOODWILL

Year ended 31 March	Group	
	2020	2019
	Rs.	Rs.
Balance as at the beginning of the year	609,654,071	548,706,564
Acquisition of a Subsidiary	-	60,947,507
Balance as at the end of the year	609,654,071	609,654,071

The aggregate carrying amount of goodwill allocated to each unit is as follows:

	Group	
	2020	2019
	Rs.	Rs.
Asiri Surgical Hospital PLC	548,706,564	548,706,564
Asiri Hospital Galle (Pvt) Ltd.	60,947,507	60,947,507
	609,654,071	609,654,071

12.1 Impairment of Goodwill

Accounting Judgements, Estimates and Assumptions

The recoverable amount of all CGUs have been determined based on the higher of fair value less costs to sell and its Value in Use (VIU) calculation. VIU is determined by discounting the future cash flows generated from continuing use of the unit. The recoverability of quoted entities determined based on share price existed as at reporting date. The key assumptions used are given below:

Business growth -	volume growth has been budgeted on a reasonable and realistic basis by taking into account the growth rates of one to five years immediately subsequent to the budgeted year, based on industry growth rates.
Inflation -	budgeted cost inflation is the inflation rate, based on projected economic conditions.
Discount rate -	the discounting rate used is the risk free rate increased by an appropriate risk premium.
Margin -	budgeted gross margins are the gross margins achieved in the year preceding, adjusted for projected market conditions and business plans.

13 INVESTMENT IN SUBSIDIARY COMPANIES/ ASSOCIATE/JOINT VENTURE

INVESTMENT IN SUBSIDIARY COMPANIES

13.1 Quoted*

Company	2020	2019	2020		2019	
	Direct Holding		Carrying Value	Market Value	Carrying Value	Market Value
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Asiri Surgical Hospital PLC	78.54	78.39	2,675,628,945	3,728,192,688	2,667,474,347	3,935,314,504
			2,675,628,945	3,728,192,688	2,667,474,347	3,935,314,504

Notes to the Financial Statements

13 INVESTMENT IN SUBSIDIARY COMPANIES/ ASSOCIATE/JOINT VENTURE (CONTD..)

13.2 Un-quoted

Year ended 31 March	2020	2019	2020	2019
	Direct Holding		Carrying Value	Carrying Value
	%	%	Rs.	Rs.
Asiri Diagnostics Services (Pvt) Ltd	66.54	66.54	2,691,400	2,691,400
Asiri Hospital Matara (Pvt) Ltd	100	100	261,780,971	261,764,001
Central Hospital Ltd	99.73	99.73	7,119,787,789	7,118,571,981
Asiri Hospital Kandy (Pvt) Ltd	-	100	-	171,110,355
Asiri Central Hospitals Ltd	94.42	94.39	1,708,467,514	1,707,140,020
Asiri Laboratories (Pvt) Ltd	100	100	1,000,000	1,000,000
Asiri Hospital Galle (Pvt) Ltd	100	100	450,000,000	450,000,000
Asiri Diagnostic Services (Asia) Pte. Ltd	100	-	133	-
Asiri Myanmar Limited	100	-	0.14	-
			9,543,727,807	9,712,277,757
Carrying Value of Investment in Subsidiaries			12,219,356,752	12,379,752,104

*Investment value of quoted shares have been determined based on market value of shares as at 31 December 2019 which was the last date of the share traded date due to Covid 19 pandemic for the financial year 2019/2020

*Investment made in Asiri Hospital Kandy (Pvt) Ltd was adjusted due to the amalgamation with Asiri Hospital Holdings PLC

13.3 The Shares of Subsidiary Companies owned by Asiri Hospital Holdings PLC were pledged on behalf of the loans and overdraft facilities obtained by the Company. (Refer Note 24.5)

13.4 Material Partly-Owned Subsidiaries

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

Proportion of Equity Interest held by Non-Controlling Interests:

Year ended 31 March	2020	2019
	%	%
Company Name		
Asiri Surgical Hospital PLC	21.46%	21.61%
Asiri Diagnostics Services (Pvt) Ltd	33.46%	33.46%

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

	Asiri Surgical Hospital PLC		Asiri Diagnostics Services (Pvt) Ltd	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Revenue	3,654,663,091	3,475,046,720	70,413,641	158,853,205
Cost of services	(2,265,592,297)	(2,122,762,350)	(42,201,361)	(73,468,134)
Profit for the Year	433,110,772	366,514,731	11,409,989	53,591,218
Total Comprehensive Income for the Year	517,815,017	297,083,798	10,780,673	53,752,915
Attributable to non-controlling interests	111,123,103	64,199,809	3,607,213	17,985,725

Summarised Statement of Financial Position as at 31 March:

	Asiri Surgical Hospital PLC		Asiri Diagnostics Services (Pvt) Ltd	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Current Assets	2,296,361,548	888,634,838	69,954,761	64,226,628
Non- Current Assets	5,571,614,206	4,975,946,595	335,054,513	314,882,282
Current Liabilities	1,737,038,201	1,353,299,836	54,261,817	48,420,026
Non- Current Liabilities	2,074,332,891	914,844,886	15,894,982	6,617,083
Total equity	4,056,604,662	3,596,436,711	334,852,474	324,071,801
Attributable to:				
Equity holders of parent	3,186,057,302	2,819,149,843	222,810,836	215,627,746
Non-controlling interests	870,547,360	777,286,868	112,041,638	108,444,055
Dividend to non-controlling interests	-	57,106,957	-	5,496,360

Summarised Statement of Cash Flow for the year ended 31 March:

	Asiri Surgical Hospital PLC		Asiri Diagnostics Services (Pvt) Ltd	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Cashflow from / (used in) operating activities	300,915,354	652,977,675	(12,907,547)	(43,479,005)
Cashflow from / (used in) investing activities	(1,708,676,382)	(1,252,844,978)	14,519,119	30,850,213
Cashflow from / (used in) financing activities	1,666,801,991	(68,008,000)	(6,483,487)	(16,425,200)
Net increase / (decrease) in cash and cash equivalents	259,040,963	(667,875,303)	(4,871,916)	(29,053,992)

Notes to the Financial Statements

13. INVESTMENT IN SUBSIDIARY COMPANIES/ ASSOCIATE/JOINT VENTURE (CONTD..)

13.5 Investment In Associate/Joint Venture

13.5.1 Investment in equity accounted investees

Associate company of the Group which has been accounted for under the equity method of accounting is as follows:

Name of the company	Country of incorporation	Holding %	Nature of the Business	Principle Place of Business
Digital Health (Pvt) Ltd	Sri Lanka	15%	Operate online medical care system ("doc.lk")	No 475, Union Place, Colombo 02

Joint venture company of the Group which have been accounted for under the equity method of accounting is as follows:

Name of the company	Country of incorporation	Holding %	Nature of the Business	Principle Place of Business
Asiri A O I Cancer Centre (Pvt) Ltd	Sri Lanka	50%	providing comprehensive oncology services	No 21, Kirimandala Mawatha, Narahenpita

Year ended 31 March	Note	Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Investments in equity accounted investees	13.5.2	32,245,027	31,624,671	30,000,000	30,000,000
		32,245,027	31,624,671	30,000,000	30,000,000

Group investments in equity accounted investees

Year ended 31 March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.

Investments in joint ventures

Unquoted

Asiri A O I Cancer Centre (Pvt) Ltd	31,624,671	31,557,856	-	-
	31,624,671	31,557,856	-	-

Investments in associates

Unquoted

Digital Health (Pvt) Ltd	-	-	30,000,000	30,000,000
	-	-	30,000,000	30,000,000

Cumulative profit accruing to the Group net of dividend	620,356	66,815	-	-
	32,245,027	31,624,671	30,000,000	30,000,000

13.5.2 Summarised financial information of equity accounted investees

Year ended 31 March	Digital Health (Pvt) Ltd		AOI Cancer Center (Pvt) Ltd	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Group share of:				
Revenue	78,995,252	15,859,889	260,083,605	150,610,333
Cost of Sales	31,151,502	8,996,546	(141,861,893)	(92,199,873)
Group Share of Profit	-	-	704,357	72,692
Group Share of Other Comprehensive Income	-	-	(84,001)	(5,877)
Group share of Total Comprehensive Income	-	-	620,356	66,815
Group share of:				
Total assets	1,706,726,602	102,196,717	384,032,000	423,410,371
Total liability	(2,884,468,949)	(179,337,795)	(316,431,790)	(357,435,764)
Net assets	(1,177,742,347)	(77,141,078)	67,600,210	65,974,607
Contingent liabilities	Nil	Nil	Nil	Nil
Capital commitments	Nil	Nil	Nil	Nil

14 NON CURRENT ASSETS

Year ended 31 March	Group/Company	
	2020 Rs.	2019 Rs.
Security Deposits	28,310,772	24,159,418
	28,310,772	24,159,418

15. NON CURRENT FINANCIAL ASSETS**15.1 Quoted Equity Investments**

Year ended 31 March	Group			
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Investment in Quoted Equity Securities				
National Development Bank PLC	3,606,952	3,438,922	360,695,200	323,946,456
Total Investment in Equity Securities	3,606,952	3,438,922	360,695,200	323,946,456

Notes to the Financial Statements

15. NON CURRENT FINANCIAL ASSETS (CONTD..)

15.2 Investment in Quoted Equity Securities

Year ended 31 March	Group	
	2020	2019
	Rs.	Rs.
Balance at the Beginning of the Year	323,946,456	345,761,723
Investments Made During the year	-	69,628,652
Fair Value Gain/ (Loss)	19,554,134	(110,297,724)
Share Allotment as Scrip Dividends	17,194,610	18,853,805
Balance at the end of the Year	360,695,200	323,946,456

Due to closure of the Colombo Stock Exchange with the outbreak of COVID 19, Management has assessed and determined the fair value of non current financial assets as at 31 March 2020 based on the closing traded price that existed as at 31 December 2019. Accordingly, non current financial asset was transferred from level 1 to level 2 as at 31 March 2020 as it indicates an inactive market.

16. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

16.1 Financial Assets

Year ended 31 March	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Financial Assets at Fair value through OCI (equity instruments)				
Investment in Quoted Equity Securities	360,695,200	323,946,456	-	-
Financial Assets at Amortised Cost				
Trade and Other Receivables	902,177,693	724,619,771	368,877,292	2,183,298,025
Loans Granted to Related Parties	1,733,487,185	1,458,627,448	50,990,120	2,106,484,150
Cash and Cash Equivalents	1,448,291,268	242,985,995	817,434,641	66,729,493
Carrying value of Financial Assets	4,444,651,347	2,750,179,670	1,237,302,054	4,356,511,668
Fair Value of Financial Assets	4,444,651,347	2,750,179,670	1,237,302,054	4,356,511,668

16.2 Financial Liabilities

Year ended 31 March	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Financial Liabilities at Amortised Cost				
Interest Bearing Loans and Borrowings	12,912,016,140	8,360,060,676	13,715,068,204	8,270,808,205
Trade and Other Payables	1,969,935,399	1,562,907,643	1,095,821,628	350,347,619
Bank Overdraft	3,619,289,805	3,909,444,535	2,674,895,151	2,471,453,455
Dividend Payable	38,711,372	940,410,956	30,429,896	940,410,956
Carrying value of Financial Liabilities	18,539,952,715	14,772,823,810	17,516,214,878	12,033,020,234
Fair Value of Financial Liabilities	18,539,952,715	14,772,823,810	17,516,214,878	12,033,020,234

The management assessed that, cash in hand and at bank, short term investments, loans granted to related parties, trade and other receivables, trade and other payables, current portion of interest bearing borrowings and bank overdrafts approximate to their fair value largely due to the short-term maturities of these instruments. The fair value of financial assets at amortised cost and financial liabilities does not significantly vary from the value based on the amortised cost methodology for the Company/Group.

16.3 Fair Value of Financial Liabilities not Carried at Fair Value

Except for the below indicated loans and borrowing non-current balance, carrying value of financial liabilities based on other methods of valuation approximates the fair value.

16.4 Group

Year ended 31 March	Carrying Amount		Fair Value (Level 2)	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Financial Liabilities				
Loans and Borrowings- Non Current	7,116,012,063	6,028,692,962	7,116,012,063	6,028,692,962

16.5 Company

Year ended 31 March	Carrying Amount		Fair Value (Level 2)	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Financial Liabilities				
Loans and Borrowings- Non Current	11,240,572,603	4,409,034,179	11,240,572,603	4,409,034,179

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

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

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

Notes to the Financial Statements

17 FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining and disclosing the fair value of assets by valuation technique:

Level 1 : Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 : Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3 : Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

17.1 Group

Assets Measured at Fair Value:

	31 March 2020			
	Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Financial Assets at Fair value through OCI	360,695,200	-	360,695,200	-
Investment Property	215,000,000	-	-	215,000,000
Land and Buildings	18,401,812,772	-	-	18,401,812,772

	31 March 2019			
	Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Financial Assets at Fair value through OCI	323,946,456	323,946,456	-	-
Investment Property	193,724,248	-	-	193,724,248
Land and Buildings	12,722,396,013	-	-	12,722,396,013

Company

Assets Measured at Fair Value:

	31 March 2020			
	Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Land and Buildings	8,653,700,000	-	-	8,653,700,000

	31 March 2019			
	Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Land and Buildings	3,542,000,000	-	-	3,542,000,000

18. INVENTORIES

Year ended 31 March	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Chemical and Test Materials	115,127,377	89,937,295	80,536,126	54,177,779
Pharmaceuticals and Surgical	490,085,597	318,544,241	113,402,259	35,762,142
Consumables	62,763,156	47,353,323	14,978,052	6,647,039
Provision for Slow/Non-Moving Stocks	(2,349,756)	(3,315,850)	-	-
	665,626,374	452,519,009	208,916,437	96,586,960

19. TRADE AND OTHER RECEIVABLES**19.1 Trade and Other Receivables**

Year ended 31 March	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Trade Debtors	686,673,484	600,609,071	216,453,284	66,136,238
Related Parties (Note 19.2)	51,267,820	70,965,874	48,157,177	29,165,688
Less - Impairment of Trade Debtors	(43,397,808)	(41,393,869)	(1,693,988)	(1,880,237)
	694,543,496	630,181,076	262,916,473	93,421,689
Other Debtors - Related Parties (Note 19.3)	52,174,042	61,339,678	77,991,497	2,069,955,099
Staff Loans	9,057,096	25,643,273	7,150,199	9,894,195
Other Receivables	146,403,059	7,455,744	20,819,123	10,027,042
	902,177,693	724,619,771	368,877,292	2,183,298,025

Notes to the Financial Statements

19. TRADE AND OTHER RECEIVABLES (CONTD...)

19.2 Trade Debtors - Related Parties

Year ended 31 March	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
<i>Parent Company</i>				
Softlogic Holdings PLC	13,623,017	-	-	-
<i>Subsidiaries</i>				
Central Hospital Ltd	-	-	38,101,515	10,056,497
Asiri Surgical Hospital PLC	-	-	1,978,742	3,392,016
Asiri Diagnostics Services (Pvt) Ltd	-	-	4,534,746	3,516,060
Asiri Hospital Matara (Pvt) Ltd	-	-	332,766	1,298,740
Asiri Hospital Galle (Pvt) Ltd	-	-	2,521,492	2,960,521
Asiri Hospital Kandy (Pvt) Ltd	-	-	-	27,044
<i>Investment in Joint Venture/ Associates</i>				
Digital Health (Pvt) Limited	3,484,960	14,813,483	-	7,148,700
Asiri AOI Cancer Center (Pvt) Ltd	-	40,854,937	687,917	-
<i>Companies under Common Control</i>				
Softlogic Life Insurance PLC	33,167,013	15,297,454	-	766,110
Softlogic Retail (Pvt) Ltd	826,000	-	-	-
Jendo Innovations (Pvt) Ltd	166,830	-	-	-
	51,267,820	70,965,874	48,157,177	29,165,688

19.3 Other Debtors - Related Parties

Year ended 31 March	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
<i>Parent Company</i>				
Softlogic Holdings PLC	627,313	18,932,321	-	18,929,201
<i>Subsidiaries</i>				
Asiri Hospital Matara (Pvt) Ltd	-	-	7,812,170	9,638,235
Central Hospital Ltd	-	-	59,971,598	666,132,666
Asiri Central Hospitals Ltd	-	-	-	97,562,721
Asiri Hospital Kandy (Pvt) Ltd	-	-	-	1,020,138,238
Asiri Surgical Hospital PLC	-	-	-	241,030,196
Asiri Diagnostics Services (Pvt) Ltd	-	-	10,198,139	11,727,247
Asiri Hospital Galle (Pvt) Ltd	-	-	9,589	3,291,843
<i>Investment in Joint Venture/ Associates</i>				
Digital Health (Pvt) Limited	11,260,168	15,246,662	-	-
Asiri AOI Cancer Center (Pvt) Ltd	-	1,504,752	-	1,504,752
<i>Companies under Common Control</i>				
Softlogic Life Insurance PLC	32,773,586	20,651,859	-	-
Softlogic Restaurants (Pvt) Ltd	2,637,493	3,865,367	-	-
Softlogic Finance PLC	382,753	80,390	-	-
Softlogic Retail (Pvt) Ltd	1,228,617	774,205	-	-
Softlogic Supermarkets (Pvt) Ltd	3,578,315	144,820	-	-
Softlogic City Hotels (Pvt) Ltd	21,600	-	-	-
Odel PLC	291,510	139,302	-	-
	52,174,042	61,339,678	77,991,497	2,069,955,099

20. OTHER CURRENT ASSETS**20.1 Advances, Deposits and Prepayments**

Year ended 31 March	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Advances, Deposits and Prepayments	427,047,495	1,162,974,332	116,699,192	150,215,437
Other Tax Receivables	137,135,075	-	44,810,719	22,377,533
Employee Share Trust Fund	-	5,000,000	-	5,000,000
	564,182,570	1,167,974,332	161,509,911	177,592,970

Notes to the Financial Statements

21. LOANS GRANTED TO RELATED PARTIES

Year ended 31 March	Relationship	Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Softlogic Holdings PLC	Parent Company	1,733,487,185	1,301,537,264	50,990,120	376,621,822
Softlogic Retail (Pvt) Ltd	Fellow Subsidiary	-	157,090,184	-	-
Asiri Hospital Kandy (Pvt) Ltd	Subsidiary	-	-	-	1,729,862,328
		1,733,487,185	1,458,627,448	50,990,120	2,106,484,150

The interest for the loans granted to related parties were charged based on AWPLR+2.25%

22. STATED CAPITAL

Year ended 31 March	Group / Company			
	Number	2020	Number	2019
Balance at the beginning of the year	1,137,533,596	4,788,108,334	1,137,533,596	4,748,108,334
Balance at the end of the year	1,137,533,596	4,788,108,334	1,137,533,596	4,748,108,334

23. OTHER COMPONENTS OF EQUITY

Year ended 31 March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Revaluation Reserve	3,384,550,012	2,846,611,421	1,827,032,313	1,476,134,417
Fair Value Reserve of Financial Assets at FVOCI	7,799,793	(7,675,757)	-	-
Other Reserve	(863,976,833)	(862,298,725)	-	-
Balance at end of the year	2,528,372,973	1,976,636,939	1,827,032,313	1,476,134,417

- 23.1** Asiri Hospital Holdings PLC obtained certificate of amalgamation from the registrar of companies to amalgamate its wholly owned subsidiary, Asiri Hospital Kandy (Pvt) Ltd with effect from 26 July 2019. The effect of this amalgamation is given below.

Assets and Liabilities of Asiri Hospital Kandy (Pvt) Ltd as at 26 July 2019

	Rs.
Assets	
Property Plant and Equipment	6,059,519,820
Right-of -Use Assets	697,164,600
Inventory	74,814,736
Trade & Other Receivables	487,858,678
Amounts Due from Related Parties	20,893,745
	7,340,251,578
Liabilities	
Interest Bearing Loans & Borrowings	2,634,256,000
Trade, Other payables & Accrued Expenses	269,828,328
Amounts Due To Related Parties	4,271,932,615
Cash and Cash Equivalents amalgamated	395,594,813
	7,571,611,757
Net Assets Amalgamated	(231,360,179)
Investment in Subsidiary	171,110,348
Amalgamation Reserve	(402,470,527)

Notes to the Financial Statements

24. INTEREST BEARING LOANS AND BORROWINGS GROUP

	2020 Amount Repayable Within 1 Year Rs.	2020 Amount Repayable After 1 Year Rs.	2020 Total Rs.	2019 Amount Repayable Within 1 Year Rs.	2019 Amount Repayable After 1 Year Rs.	2019 Total Rs.
Bank Loans (Note 24.1)	3,144,065,042	6,762,654,093	9,906,719,135	1,493,052,198	6,014,447,440	7,507,499,638
Short Term Loans	2,528,483,710	-	2,528,483,710	803,608,929	-	803,608,929
Lease Liability (Note 24.2)	123,455,324	353,357,971	476,813,295	16,721,921	32,230,188	48,952,109
	5,796,004,076	7,116,012,063	12,912,016,140	2,313,383,048	6,046,677,628	8,360,060,676

24.1 Bank Loans - Group

	2020 Rs.	2019 Rs.
At the beginning of the year	7,507,499,638	7,705,749,614
Acquisition of Subsidiary	-	43,220,000
Loan Obtained	4,128,382,276	1,082,295,788
Interest Charge	1,056,698,277	946,596,670
Repayments	(2,785,861,056)	(2,270,362,434)
At the end of the year	9,906,719,135	7,507,499,638

24.2 Lease Liability

	2020				2019		
	Motor Vehicles Rs.	Property Rs.	BOI - Land Rs.	Total Rs.	Motor Vehicles Rs.	BOI - Land Rs.	Total Rs.
At the beginning of the year	26,895,443	-	22,056,666	48,952,109	43,115,366	26,128,667	69,244,033
SLFRS 16 initial recognition	32,069,661	220,211,163	(4,004,180)	248,276,643	-	-	-
Facility Obtained	-	331,581,706	-	331,581,706	-	-	-
Interest Charge	31,158,149	32,183,211	2,527,347	65,868,707	4,552,385	-	4,552,385
Repayments	(17,004,368)	(195,828,267)	(5,033,236)	(217,865,872)	(20,772,308)	(4,072,001)	(24,844,309)
At the end of the year	73,118,885	388,147,813	15,546,597	476,813,295	26,895,443	22,056,666	48,952,109

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

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.

BOI reserves the right to revise the annual lease rent every five 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.

24.3 Long-Term Loan Details

Details of the Long Term Loans	Loan Balance		Repayment Terms	Security	Carrying value of Tangible Collateral
	2020	2019			
24.3.1 Asiri Surgical Hospital PLC Commercial Bank of Ceylon PLC	191 Mn	255 Mn	95 equal monthly instalments of Rs. 5,328,000/- each and a final instalment of Rs. 5,266,000/- together with interest.	Concurrent Mortgage Bond No 3329/4687 with Hattton National Bank PLC over hospital property at No 181, Kirula Road, Narahenpita, owned by Asiri Hospital Holdings PLC. (Hattton National Bank PLC interest Rs. 75 Mn and Commercial Bank of Ceylon PLC interest Rs. 125 Mn)	125 Mn
24.3.2 Asiri Hospital Matara (Pvt) Ltd Nations Trust Bank PLC	66 Mn	50 Mn	60 equal monthly instalments of Rs. 1,608,383/-	Corporate Guarantee of Asiri Hospital Holdings PLC Assignment over Amex Receivables, Loan Agreement for 96.5Mn	148.4 Mn Rs.96.5 Mn
24.3.3 Central Hospital Ltd Sampath Bank PLC	125 Mn	163 Mn	95 equal monthly instalment each worth is Rs.3,396,000/- and final instalment is Rs.3,380,000/-	Corporate Guarantee from Asiri Hospital Holdings PLC for Rs. 326 Mn.	326 Mn
24.3.4 Asiri Hospital Galle (Pvt) Ltd Sampath Bank PLC	670 Mn	775 Mn	120 Equal monthly instalments of Rs: 9,600,000 and a final instalment of Rs: 7,600,000 commencing from the month following the disbursement of the loan to be served monthly	Securitisation of all future credit/debit card receivables of the company and assignment over credit/debit card receivables of the company and future credit/debit card receivables.	1,150 Mn
24.3.4 Asiri Hospital Galle (Pvt) Ltd Bank of Ceylon	280 Mn	392 Mn	94 Equal monthly instalments Rs. 10,146,667/- Final Instalment Rs. 6,268,816/- (Ten years including two years grace period)	Primary Concurrent Mortgage over freehold land and buildings at No 114, Norris Canal Rd, Colombo 10.	960 Mn
24.3.4 Asiri Hospital Galle (Pvt) Ltd Sampath Bank PLC	200 Mn	200 Mn	The capital repayment of the loan commences after a grace period of 12 months from the date of first disbursement and is payable in 108 equal monthly instalments (1st 24 months Rs.1,000,000/-, 2nd 24 months Rs.1,800,000/-, 3rd 36 months Rs.2,000,000/-, 4th 23 months Rs.2,500,000/- and a final instalment of Rs.3,300,000).	Third party primary mortgage bond for Rs. 200Mn over premises at No.59, Wackwellia Road, Galle owned by the Asiri Hospital Galle (Pvt) Ltd.	200 Mn

Notes to the Financial Statements

24. INTEREST BEARING LOANS AND BORROWINGS (CONTD...)

24.4 Company

	2020	2020	2020	2019	2019	2019
	Amount	Amount	Total	Amount	Amount	Total
	Repayable	Repayable		Repayable	Repayable	
	Within 1 Year	After 1 Year		Within 1 Year	After 1 Year	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Bank Loans (Note 24.4.1)	841,777,720	3,821,178,364	4,662,956,084	763,031,592	2,123,022,000	2,886,053,592
Short Term Loans	1,425,001,743	-	1,425,001,743	651,363,930	-	651,363,930
Loans due to Related Parties (Note 24.4.2)	192,542,850	7,213,953,572	7,406,496,422	2,437,542,850	2,274,919,809	4,712,462,659
	2,459,322,313	11,035,131,936	13,494,454,249	3,851,938,372	4,397,941,809	8,249,880,181
Lease Liability (Note 24.4.3)	15,173,287	205,440,667	220,613,953	9,835,653	11,092,370	20,928,023
	2,474,495,600	11,240,572,603	13,715,068,203	3,861,774,025	4,409,034,179	8,270,808,204

24.4.1 Bank Loans

	2020	2019
	Rs.	Rs.
At the beginning of the year	2,886,053,592	3,192,129,138
Loan Obtained/ Amalgamation	2,634,256,000	450,000,000
Interest Charge	639,272,255	349,751,140
Repayments	(1,496,625,763)	(1,105,826,686)
At the end of the year	4,662,956,084	2,886,053,592

24.4.2 Loans due to Related Parties

	As at 01.04.2019	Temporary Finance Obtained	Interest Charge	Repayments	As at 31.03.2020
	Rs.	Rs.	Rs.	Rs.	Rs.
Asiri Surgical Hospital PLC	918,563,024	548,900,000	155,598,296	(12,000,000)	1,611,061,320
Asiri Diagnostics Services (Pvt) Ltd	299,760,972	-	31,406,545	(16,760,972)	314,406,545
Asiri Central Hospitals Ltd	2,352,495,360	-	260,302,951	(95,000,000)	2,517,798,311
Central Hospital Limited	959,864,675	2,328,913,121	262,017,976	(787,634,662)	2,763,161,110
Asiri Hospital Matara (Pvt) Ltd	181,778,628	-	18,290,508	-	200,069,136
	4,712,462,659	2,877,813,121	727,616,276	(911,395,634)	7,406,496,422

24.4.3 Lease Liability

	2020			2019		
	Motor Vehicles Rs.	Property Rs.	Total Rs.	Motor Vehicles Rs.	Property Rs.	Total Rs.
At the beginning of the year	20,928,023	-	20,928,023	29,743,176	-	29,743,176
SLFRS 16 initial recognition	-	182,944,009	182,944,009	-	-	-
Facility Obtained	-	79,630,012	79,630,012	-	-	-
Interest Charge	1,818,225	28,501,383	30,319,607	2,838,724	-	2,838,724
Repayments	(11,246,612)	(81,961,087)	(93,207,699)	(11,653,877)	-	(11,653,877)
At the end of the year	11,499,636	209,114,317	220,613,953	20,928,023	-	20,928,023

Notes to the Financial Statements

24. INTEREST BEARING LOANS AND BORROWINGS (CONTD...)

24.5 Long Term Loan Details

Details of the Long Term Loans	Balance as at		Repayment Terms	Security	Carrying value of Tangible collateral
	2020	2019			
Sampath Bank PLC	6Mn	73Mn	60 equal monthly instalments of Rs.6,050,000/- commencing the month after disbursement	Corporate Guarantee by Asiri Surgical Hospital PLC	363 Mn
Commercial Bank of Ceylon PLC	20Mn	76Mn	71 equal monthly instalments of Rs.5,107,000/- each and a final instalment of Rs.5,085,000 /- together with interest	Primary Concurrent Mortgage Bond No 2365/1447 and 1559/357 totalling of Rs. 160 Mn over hospital property at No 181, Kirula Road, Narahenpita owned by Asiri Hospital Holdings PLC covering Banks interest to the extent of Rs. 100 Mn. (Bank of Ceylon Interest - Rs. 60 Mn)	100 Mn
				Secondary Mortgage Bond No 963 for Rs. 275 Mn over the above hospital property.	275 Mn
Commercial Bank of Ceylon PLC	206Mn	268Mn	95 equal monthly instalments of Rs.5,584,000/- each and a final instalment of Rs.5,520,000 /- together with interest	Corporate Guarantee of Asiri Surgical Hospital for Rs.550 Mn	550 Mn
Commercial Bank of Ceylon PLC	925Mn	1,200Mn	95 equal monthly instalments of Rs.25,025,000/- and a final instalment of Rs.24,591,000/- together with interest	Primary Mortgage Bond No 3919 over 74,454,026 shares of Central Hospital Limited for Rs. 2,225 Mn	2,225 Mn
Sampath Bank PLC	390Mn	452Mn	119 equal monthly instalments of Rs: 5,600,000 and a final instalment of Rs: 3,600,000 commencing from the month following the disbursement of the loan to be served monthly with interest.	Securitisation of all future credit/debit card receivable of the Company. Loan agreement for Rs: 670Mn. Assignment over credit /debit card receivable of the Company and future debit /credit card receivable.	670 Mn
Sampath Bank PLC	450Mn	450Mn	107 equal monthly instalments of Rs. 4,200,000/- and a final instalment of Rs: 600,000/- together with interest, after a capital grace period of 12 months commencing from the date of disbursement & served monthly with interest.	Third party primary mortgage bond for Rs. 450Mn over premises at No.59, Wackwella Road, Galle owned by the Asiri Hospital Galle (Pvt) Ltd. Loan agreement for Rs.450 Mn. Deposit over share certificate of Asiri Hospital Galle (Pvt) Ltd together with Irrevocable Power of Attorney	450Mn

25. DEFERRED TAX ASSETS AND LIABILITIES**25.1 Net Deferred Tax Liability**

Year ended 31 March	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
At the beginning of the year	1,644,385,751	1,312,292,329	748,673,190	631,658,329
Acquisition of a Subsidiary	-	59,689,029	-	-
Charge recognised in Statement of Profit or Loss (Note 25.2)	6,423,277	64,465,477	22,908,837	24,021,524
Charge recognised in Statement of Other Comprehensive Income (Note 25.2)	180,730,115	207,938,916	129,327,897	92,993,337
At the end of the year	1,833,614,913	1,644,385,751	900,909,924	748,673,190

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

Year ended 31 March	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Revaluation of land and buildings	1,628,818,942	1,439,748,060	709,473,737	574,935,719
Accelerated depreciation for tax purpose	628,145,400	505,071,374	362,942,411	223,814,066
Employee benefit liabilities	(126,677,069)	(117,572,749)	(57,666,163)	(50,076,595)
Losses available for off set against future taxable income	(297,011,419)	(180,662,514)	(116,377,540)	-
Impairment of trade receivables	(2,198,420)	(2,198,420)	-	-
Net of ROU assets & liability	2,537,479	-	2,537,479	-
	1,833,614,913	1,644,385,751	900,909,924	748,673,190

Group is liable to pay income tax at 28% on its profits commencing from 1 April 2018 in accordance with New Inland Revenue Act No 24 of 2017 which was made effective from 1 April 2018. Hence Deferred tax liabilities have been measured considering the tax rate of 28% other than for Central Hospital Ltd & Asiri Hospital Galle (Pvt) Ltd which are on BOI tax concession for 15% & 20% respectively.

Notes to the Financial Statements

25. DEFERRED TAX ASSETS AND LIABILITIES (CONTD..)

25.2 Deferred Tax Charge/ (Release)

Year ended 31 March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Income statement				
Deferred tax expense arising from;				
Accelerated depreciation for tax purposes	118,631,091	76,986,615	139,128,345	29,440,479
Revaluation of investment property to fair value	1,921,171	-	-	-
Employee benefit liabilities	(317,560)	(4,407,339)	(2,379,448)	(5,418,955)
Benefit arising from tax losses	(116,348,905)	(5,915,379)	(116,377,540)	-
Others	2,537,479	(2,198,420)	2,537,479	-
	6,423,277	64,465,477	22,908,837	24,021,524
Other comprehensive income				
Deferred tax expense arising from;				
Revaluation of land and building to fair value	189,070,882	199,069,499	134,538,018	86,274,053
Actuarial (gains)/ loss on employee benefit liabilities	(8,786,760)	8,869,417	(5,210,121)	6,719,284
	180,284,122	207,938,916	129,327,897	92,993,337

25.3 Tax Losses Carried Forward

Year ended 31 March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Tax losses brought forward	1,164,980,903	1,164,980,903	-	-
Adjustments on finalisation of liability	-	-	-	-
Acquisition/ (disposal) of subsidiary	-	-	-	-
Tax losses arising during the year	423,884,068	-	423,884,068	-
Utilisation of tax losses	-	-	-	-
	1,588,864,971	1,164,980,903	423,884,068	-

The Group has tax losses amounting to Rs. 1,588,864,971 Mn (2019 - Rs. 1,164,980,903) available to offset against future taxable profits but not utilised for recognition of these losses as deferred tax assets.

With the introduction of the Inland Revenue Act no. 24 of 2017, which is effective from 01 April 2018, significant changes have been introduced to the income tax law of Sri Lanka. Further the Department of Inland Revenue has issued a Gazette notification no. 2064/53 on the transitional provisions that would be applicable in implementing the above Act.

As per the gazette notification issued in relation to the transitional provisions, any unclaimed loss as at 31 March 2018 is deemed to be a loss incurred for the year of assessment commencing on or after 01 April 2018 and shall be carried forward up to 6 years.

26. EMPLOYEE BENEFIT LIABILITY**26.1 Retirement Benefit Obligations- Gratuity**

Year ended 31 March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
At the beginning of the year	484,450,831	465,672,352	178,844,982	183,489,016
Acquisition of a Subsidiary	-	11,859,215	-	-
Employees Transferred in/(out)	-	(393,191)	-	3,559,788
Interest on Retirement Benefit Liability	53,225,635	47,376,177	19,671,638	18,704,880
Current Service Cost/ Amalgamation	57,335,246	46,803,298	19,634,825	15,932,344
Actuarial (Gain)/Loss for the year	38,232,002	(38,169,658)	18,607,573	(23,997,443)
Benefit paid during the year	(77,632,908)	(48,697,362)	(30,808,433)	(18,843,603)
Defined Benefit Obligation at the end of the year	555,610,806	484,450,831	205,950,583	178,844,982
Charge for the period				
Interest Charge for the year	53,225,635	47,376,177	19,671,638	18,704,880
Current Service Cost	57,335,246	46,803,298	19,634,825	15,932,344
Actuarial (Gain)/Loss for the year	38,232,002	(38,169,658)	18,607,573	(23,997,443)
	148,792,883	56,009,817	57,914,036	10,639,781

26.2 Messrs. Actuarial and Management Consultants (Pvt) Ltd, Actuaries, carried out an actuarial valuation of the defined benefit plan gratuity as at 31 March 2020. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used are as follows:

Year ended 31 March	Group	
	2020	2019
Discount Rate	9.00% p.a	10.93%-11.03% p.a
Salary Increase Rate	7.0% p.a	7.5% p.a
Staff Turnover Rate	Up to 49 years 29%-46%	Up to 50 years - 55 years 12% - 28%

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

Notes to the Financial Statements

26. EMPLOYEE BENEFIT LIABILITY (CONTD..)

26.3 Sensitivity to assumptions used

If there is a one percentage point changes in the assumptions, it would have the following effect:

Year ended 31 March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Effect on the defined benefit obligation liability:				
Increase by one percentage point in discount rate	(13,705,621)	(12,835,309)	(5,290,549)	(4,511,623)
Decrease by one percentage point in discount rate	14,251,002	13,627,959	5,627,735	4,803,122
Effect on the defined benefit obligation liability:				
Increase by one percentage point in salary increment rate	17,295,603	16,169,997	6,680,732	5,739,470
Decrease by one percentage point in salary increment rate	(16,596,781)	(15,430,941)	(6,388,079)	(5,478,707)

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

Year ended 31 March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
within the next 12 months	181,458,082	156,846,397	70,697,065	68,692,845
between 1 to 2 years	182,937,559	144,859,670	62,097,600	45,651,409
between 3 to 5 years	125,921,272	116,134,791	45,920,086	39,690,804
between 6 to 10 years	57,226,264	53,930,042	22,959,551	20,535,805
beyond 10 years	8,067,629	12,679,931	4,276,281	4,274,119
Total expected payments	555,610,806	484,450,831	205,950,583	178,844,981

26.5 Weighted average durations of service

The Group's and the company's weighted average durations of service in is 4.56 years (2019 - 6.37 years) and 2.87 years (2019 - 3.78 years) respectively.

27. TRADE AND OTHER PAYABLES

27.1 Trade and Other Creditors

Year ended 31 March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Trade Payables	1,198,552,732	766,776,888	560,940,207	139,504,941
Trade Payable - Related Parties (Note 27.3)	125,620,779	42,498,252	74,403,648	2,037,671
Other Payables (Note 27.2)	672,657,088	781,669,445	484,854,843	218,445,477
	1,996,830,599	1,590,944,585	1,120,198,698	359,988,090

27.2 Other Payables

Year ended 31 March	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Sundry Creditors Including Accrued Expenses	645,761,888	753,632,503	136,272,942	83,042,196
Other Payable Related Parties (Note 27.4)	-	-	324,204,696	126,579,472
Other Tax Payables	24,377,206	7,558,724	24,377,206	7,558,724
Contract Liabilities	2,517,994	20,478,218	-	1,265,085
	672,657,088	781,669,445	484,854,843	218,445,477

27.3 Trade Payable - Related Parties

Year ended 31 March	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
<i>Parent Company</i>				
Softlogic Holdings PLC	38,987,813	1,863,939	8,404,369	-
<i>Investment in Joint Venture/ Associates</i>				
Asiri AOI Cancer Centre (Pvt)Ltd	-	9,910,966	-	-
Digital Health (Pvt) Ltd	1,703,818	454,127	-	-
<i>Companies under Common Control</i>				
Softlogic Life Insurance PLC	2,343	-	-	-
Softlogic BPO Services (Pvt) Ltd	24,534,532	583,760	16,481,194	-
Softlogic Communications (Pvt) Ltd	-	44,361	-	-
Softlogic Corporate Services (Pvt) Ltd	4,632,457	792,149	2,925,669	17,602
Softlogic Finance PLC	149,574	5,850,000	-	-
Softlogic Mobile Distribution (Pvt) Ltd	352,710	262,944	-	-
Softlogic Super Markets (Pvt) Ltd	1,648,060	-	747,935	-
Softlogic Computers (Pvt) Ltd	1,723,442	10,336,746	1,026,501	556,746
Softlogic Information Technologies (Pvt) Ltd	32,960,545	2,060,843	29,833,151	1,105,753
Softlogic Retail (Pvt) Ltd	16,152,383	10,105,433	12,960,395	355,119
Future Automobiles (Pvt) Ltd	2,341,006	2,451	1,831,199	2,451
Softlogic Automobiles (Pvt) Ltd	424,237	188,200	193,235	-
Nextage (Pvt) Ltd	7,859	42,333	-	-
	125,620,779	42,498,252	74,403,648	2,037,672

Notes to the Financial Statements

27. TRADE AND OTHER PAYABLES (CONTD..)

27.4 Other Payable - Related Parties

Year ended 31 March	Company	
	2020	2019
	Rs.	Rs.
<i>Subsidiaries</i>		
Asiri Surgical Hospital PLC	149,795,699	59,100,685
Asiri Diagnostics Services (Pvt) Ltd	31,888,304	28,173,965
Central Hospital Ltd	3,703,221	35,972,350
Asiri Hospital Matara (Pvt) Ltd	11,628,384	681,626
Asiri Laboratories (Pvt) Ltd	-	1,000,000
Asiri Central Hospitals Ltd	121,980,408	-
Asiri Hospital Galle (Pvt) Ltd	5,208,679	1,650,846
	324,204,696	126,579,472

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

28. INCOME TAX PAYABLE

Year ended 31 March	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Balance at Beginning of the Year	384,329,638	309,488,920	103,340,181	181,879,745
Provision for Income Tax During the Year (Note 6)	400,874,841	509,507,104	2,530,157	141,956,916
ESC write-off	3,802,954	2,106,916	-	-
(Over)/Under Provision (Note 6)	78,315,762	(158,853,997)	85,017,907	(158,656,321)
Payments made during the Year	(486,725,859)	(277,919,305)	(139,971,301)	(61,840,159)
Balance at the End of the Year	380,597,337	384,329,638	50,916,944	103,340,181

29. CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT**29.1 Favourable Cash and Cash Equivalents Balance**

Year ended 31 March	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Cash in Hand and at Banks	1,188,090,938	242,985,995	557,234,311	66,729,493
Investment in Commercial Papers	260,200,331	-	260,200,331	-
	1,448,291,268	242,985,995	817,434,641	66,729,493

29.2 Unfavourable Cash and Cash Equivalents Balance

Year ended 31 March	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Bank Overdraft	(3,619,289,805)	(3,909,444,535)	(2,674,895,151)	(2,471,453,455)
Total Cash and Cash Equivalents for the Purpose of the Cash Flow Statement	(2,170,998,536)	(3,666,458,540)	(1,857,460,509)	(2,404,723,962)

30. COMMITMENTS AND CONTINGENCIES**30.1 Capital Expenditure Commitments**

There were no material commitments outstanding as at 31 March 2020 for future capital expenditure except for the below,

Year ended 31 March	Company	
	2020	2019
	Rs.	Rs.
Capital Expenditure Commitments	536,673,394	1,367,546,678
	536,673,394	1,367,546,678

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

Pending litigations against Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC and Central Hospital Ltd with a maximum liability of Rs. 41 Mn, Rs.13.2 Mn and 100Mn respectively exist as at the reporting date. (2019 - Asiri Hospital Holdings PLC - Rs. 41 Mn, Asiri Surgical Hospital PLC -Rs. 105 Mn, Central Hospital Ltd - Rs. 100Mn)

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

2) D.C. L/12652 - Mrs.Shriyalatha Ranatunga Vs Asiri Hospital Matara (Pvt) Ltd, dispute between the parties regarding the west boundary of the land. Answer was filed by the counsel for the Defendant.

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

Notes to the Financial Statements

30. COMMITMENTS AND CONTINGENCIES (CONTD..)

(b) Guarantees

The respective Group companies have signed Corporate Guarantee Bonds with Sampath Bank PLC, Hatton National Bank PLC, Commercial Bank of Ceylon PLC, Bank of Ceylon, Seylan Bank PLC and DFCC Bank securing the following banking facilities obtained by the Group:

Year ended 31 March	Company	
	2020	2019
	Rs.	Rs.
	3,184,400,000	3,785,000,000
	3,184,400,000	3,785,000,000

30.3 Contingent Income Taxes

A dispute has arisen with the Department of Inland Revenue with regard to the applicability of the income tax exemption in terms of the agreement entered between Asiri Surgical Hospital PLC and the Board of Investment of Sri Lanka (BOI) in 2000. Since there is litigation in the Court of Appeal in CA (Writ) 386/ 2016 with regard to this matter, in accordance with Paragraph 92 of LKAS 37, we are unable to provide further information on this and associated risks, in order not to impair the outcome and/or prejudice the Company's position in this matter. The aforesaid matter is coming up for argument on October 2020 at the Court of Appeal.

31 EVENTS OCCURRING AFTER THE REPORTING DATE

The curfew imposed in March 2020 with the outbreak of COVID 19, impacted our revenue adversely and with the incidence of fixed costs negatively affected performance during the first quarter of the ensuing year. To counter these temporary setbacks, various cost management measures were taken to minimize the impact on our bottom line. Our bankers have lent us their support in managing our cash flow, and given the nature of our business we do not expect any long term adverse impact from the pandemic.

Other than above, there were no material events that occurred after the reporting date that require adjustments or disclosure to the Financial Statements.

31.1 Other Matters : Current Status of Response to Covid-19 Pandemic

The impact of COVID-19 pandemic on our business is unprecedented. The Company understands the importance of the safety measures implemented by world leaders. The Company is closely monitoring the liquidity position and have requested banks for debt moratoriums and working capital loans as per the Central Bank guidelines, which would give the Company comfort in managing future cashflows of the business.

In addition to managing the financial impact of COVID-19, the Company has also put in place strict guidelines for future operations based on the advice of the World Health Organization and the Ministry of Health and Indigenous Medical Services.

With the ease of the curfew during the daytime and the gradual reanimation of economic activities, we have witnessed a recommencement of our operations. While steadily gaining momentum, we are aware of the unpredictable nature of the current climate of the country and the globe and therefore, wish to further observe the impacts and take proactive measures to ensure the smooth functioning of the business.

32. RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

32.1 Transactions with Related Entities

Year ended 31 March	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Subsidiaries				
Opening Balance 01 April	-	-	(1,034,009,909)	(2,207,736,934)
Repayment of Temporary Finance Obtained and Fund Transfers	-	-	(1,966,417,487)	(67,135,000)
Interest Charged	-	-	(727,616,276)	368,556,628
Sale/(Purchase) of Goods/Services	-	-	295,825,212	934,277,853
Channelling Fee Collected by Related Party/ (Company on Behalf of the Related Party)	-	-	(119,860,145)	(85,437,703)
Impact from amalgamation	-	-	(4,108,955,130)	-
Expenses incurred by the Company on Behalf of Related Party	-	-	23,273,742	23,465,247
Closing Balance 31 March	-	-	(7,637,759,993)	(1,034,009,909)
Associate/Joint Venture				
Opening Balance 01 April	62,054,738	18,678,758	8,653,452	5,317,165
Repayment of Temporary Finance Obtained and Fund Transfers	-	(295,397,067)	-	(109,841,732)
Sale/(Purchase) of Goods/Services	380,895,821	364,875,924	(3,984,059)	(3,118,245)
Channelling Fee Collected by Related Party	94,856,652	114,794,113	94,856,652	114,794,113
Expenses incurred by the Company on Behalf of Related Party	96,750,450	85,716,642	-	1,502,152
Settlements	(386,391,592)	(226,613,632)	-	-
Closing Balance 31 March	248,166,069	62,054,738	99,526,045	8,653,452
Parent Entity				
Opening Balance 01 April	1,318,605,647	8,621,124	395,551,023	(359,054)
Repayment of Temporary Finance Obtained, Fund Transfers	-	-	(375,000,000)	-
Temporary Finance Granted	479,112,129	1,259,100,000	-	375,000,000
Interest Charged	106,560,152	42,437,264	57,652,363	1,621,822
Sale/(Purchase) of Goods/Services	(82,567,896)	(35,379,593)	-	-
Settlements	27,562,489	24,538,598	-	-
Expenses incurred by the Company on Behalf of Related Party	-	19,288,255	-	19,288,255
Closing Balance 31 March	1,849,272,522	1,318,605,647	78,203,386	395,551,023
Affiliate Companies				
Opening Balance 01 April	167,774,361	-	(1,271,562)	-
Temporary Finance Granted	-	150,000,000	-	-
Interest Charged	-	7,090,184	-	-
Sale/(Purchase) of Goods/ Services	(340,315,589)	(37,110,255)	(212,663,126)	(78,537,632)
Settlements	37,652,462	68,128,257	45,999,279	77,266,070
Expenses Incurred by the Company on behalf of Related Party/ (Related Party on behalf of the Company)	-	(20,333,824)	-	-
	(134,888,764)	167,774,361	(167,935,409)	(1,271,562)
Transactions with Key Management Personnel and Their Close Family Members				
Opening Balance 01 April	-	-	-	-
Sale/(Purchase) of Goods/ Services	-	-	-	-
	-	-	-	-
Balance as at 31 March	1,962,549,826	1,548,434,747	(7,627,965,971)	(631,076,996)
Included Under Trade Receivables (Note 19.1)	51,267,820	70,965,874	48,157,177	29,165,688
Included Under Other Receivables (Note 19.3)	52,174,042	61,339,678	77,991,497	2,074,352,968
Included Under Loans granted to Related Parties (Note 21)	1,733,487,185	1,458,627,448	50,990,120	2,106,484,150
Included Under Interest Bearing Loans and Borrowings (Note 24.4)	-	-	(7,406,496,422)	(4,712,462,659)
Included Under Trade Payables (Note 27.3)	125,620,779	(42,498,252)	(74,403,648)	(2,037,671)
Included Under Other Payables (Note 27.4)	-	-	(324,204,696)	(126,579,472)
	1,962,549,826	1,548,434,748	(7,627,965,971)	(631,076,996)

Notes to the Financial Statements

32. RELATED PARTY DISCLOSURES (CONTD...)

32.2 Management fees paid to Softlogic Holdings PLC amounted to Rs.24,790,809/- in the current financial year. (2019 - Rs.26,153,049/-)

32.3 The Company carried out transactions in the ordinary course of its business under relevant commercial terms and conditions with parties who are defined as related parties in Sri Lanka Accounting Standard LKAS 24 – Related party disclosure.

32.4 Non-Recurrent Related Party Transactions

Other than the transactions disclosed underneath, there were no any non-recurrent related party transactions which aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per 31 March 2020 Audited Financial Statements, which required additional disclosures in the 2018/19 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13 (c) of the Security Exchange Commission Act.

Name of the Related Party	Relationship	Nature of the Transactions	Value of Related Party Transactions entered into during the Financial Year	Value of Related Party Transactions as a % of Equity and as a % of Total Assets	Terms and Conditions of the Related Party Transactions
Asiri Surgical Hospital PLC	Subsidiary	Loans obtained	548,900,000	7% of Equity 2% of Total Assets	Arm's length transaction for which the interest is payable based on AWPLR%.
Central Hospital Ltd	Subsidiary	Loans obtained	2,328,913,121	29% of Equity 9% of Total Assets	Arm's length transaction for which the interest is payable based on AWPLR%.
			2,877,813,121		

32.5 Recurrent Related Party Transactions

There were no recurrent related party transactions which in aggregate value exceeds 10% of the revenue of the Company as per 31 March 2020 audited financial statements, which required additional disclosures in the 2019/20 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

32.6 Compensation of Key Management personnel*

Year ended 31 March	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Short Term Employee Benefits	53,293,120	62,623,904	43,389,000	51,305,000
	53,293,120	62,623,904	43,389,000	51,305,000

*Key management personnel include Board of Directors of Asiri Hospital Holdings PLC, its parent company.

32.7 Other Transactions**Company**

The shareholders of the Company are eligible for discounts up to 50% on the hospital bills excluding the charges for drugs, medical consumables, professional fees and blood charges up to a limit of 12.5% per annum, of the nominal value of the shares held for a minimum period of three months. Discounts are also given on investigation on out patients channelling such as on Laboratory, MRI, X-Ray, ECG, Ultrasound Scanning and others provided by the Company.

This facility is extended to the shareholder and three nominees, subject to the above limit.

33. 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 Credit Risk, Market Risk including Currency Risk, Interest Rate Risk, Price Risk, and Liquidity Risk. Managing these risks is part of the Group's/Company's risk management process.

Mechanisms adopted by the Group/Company in managing eventual impact of such risk are given below.

Notes to the Financial Statements

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

33.1 Credit Risk

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

Year ended 31 March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Financial Assets at Amortised Cost				
Loans Granted to Related Parties	1,733,487,185	1,458,627,448	50,990,120	2,106,484,150
Trade and Other Receivables	902,177,693	724,619,771	368,877,292	2,187,695,894
Cash in hand and at bank	1,448,291,268	242,985,995	817,434,641	66,729,493
Total Credit Risk Exposure	4,083,956,147	2,426,233,214	1,237,302,054	4,360,909,536
Financial Assets Designated at Fair value through OCI (equity instruments)				
Investment in Quoted Equity Securities	360,695,200	323,946,456	-	-
Total Equity Risk Exposure	360,695,200	323,946,456	-	-
Total	4,444,651,347	2,750,179,670	1,237,302,054	4,360,909,536

Loans Granted to Related Parties

Loans to related parties is made up of working capital loans which are given to Softlogic Holdings PLC as per the agreements made. Those agreements state the necessary provisions on the repayment and recovery of those loans.

Trade Receivables

Customer credit risk is managed by each business unit according to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on a credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and outstanding of major customers are, where feasible, covered by bank guarantees or other forms of credit insurance.

Group

	Total	Neither past due nor Impaired	Past due but not impaired			Impaired > 365 days
			31 - 60 days	61 - 90 days	91 - 365 days	
2020						
Gross Trade Receivable Balance	737,941,304	394,822,580	134,763,309	67,677,903	97,279,705	43,397,808
Less - Impairment	(43,397,808)	-	-	-	-	(43,397,808)
	694,543,496	394,822,580	134,763,309	67,677,903	97,279,705	-
2019						
Gross Trade Receivable Balance	671,574,945	359,314,422	122,643,443	61,591,327	86,531,122	41,494,631
Less - Impairment	(41,393,869)	-	-	-	-	(41,313,869)
	630,181,076	359,314,422	122,643,443	61,591,327	86,531,122	100,762

Company

	Total	Neither past due nor Impaired	Past due but not impaired			Impaired > 365 days
			31 - 60 days	61 - 90 days	91 - 365 days	
2020						
Gross Trade Receivable Balance	342,601,959	48,790,514	97,612,307	14,420,122	175,549,525	6,229,490
Less - Impairment	(1,693,988)	-	-	-	-	(1,693,988)
	340,907,971	48,790,514	97,612,307	14,420,122	175,549,525	4,535,502
2019						
Gross Trade Receivable Balance	95,301,926	58,003,271	21,338,533	7,251,751	6,828,134	1,880,237
Less - Impairment	(1,880,237)	-	-	-	-	(1,880,237)
	93,421,689	58,003,271	21,338,533	7,251,751	6,828,134	-

The requirement for impairment is analysed at each reporting date on an individual basis for major clients. Less significant receivables are grouped into homogeneous groups and assessed for impairment collectively. The calculation is based on actual historical data.

Cash and Short-term Deposits

Deposits with banks consist mainly of fixed and call deposits. Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed annually, and may be updated during the year subject to appropriate approval. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through the counterparty's failure to make payments. The Group's maximum exposure to credit risk for the components of the statement of financial position are the carrying amounts as shown.

Foreign Exchange Risk

Foreign Exchange Risk is the Group's/Company's exposure to adverse movement in foreign currency against the Sri Lankan Rupee. The group do not have any significant direct impact from the foreign exchange risk.

Notes to the Financial Statements

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

33.2 Interest Rate Risk

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

Exposure to Interest Rate Risk

The interest rate profile of the Group's/Company's interest bearing financial instruments is as follows:

As at 31 March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Financial Assets at Variable Rates				
Financial Liabilities	12,912,016,140	8,360,060,676	13,494,454,249	10,721,333,630
	12,912,016,140	8,360,060,676	13,494,454,249	10,721,333,630

Interest Rate Sensitivity

The following table demonstrates sensitivity to a reasonably possible change in interest rates on loans and borrowings that may be affected. Provided all other variables are held constant, the Group's/Company's profit before tax can be affected by changes on floating rate borrowings, as follows:

	Increase in Basis Points	Effect on Profit Before Tax	
		Group Rs.	Company Rs.
2020	+ 200	(125,864,262)	(64,314,521)
	-200	125,864,262	64,314,521
2019	+ 125	(98,990,830)	(44,217,719)
	-125	98,990,830	44,217,719

The spread of interest rates used in the sensitivity analysis is based on the currently observable market environment.

Equity Price Risk

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

The Group holds listed equity securities which are susceptible to market-price risk arising from uncertainties about future values of these securities. Periodic reports on equity investment portfolios are submitted to the Senior Management of individual business segments. These respective Boards of Directors review and approve all equity investment decisions.

As at 31 March	Note	Group	
		2020 Rs.	2019 Rs.
Other Non Current Financial Assets			
Financial Assets at Fair value through OCI	15	360,695,200	323,946,456
		360,695,200	323,946,456

Sensitivity Analysis

The following table demonstrates the sensitivity of aggregate fair value to reasonably possible changes in equity prices provided all other variables are held constant:

	Change in Equity Price %	GROUP	
		Effect on Fair Value Reserve of Financial Assets at FVOCI Rs.	Effect on Equity Rs.
2020			
Quoted equity investments listed on the Colombo Stock Exchange	+10	36,069,520	36,069,520
	-10	(36,069,520)	(36,069,520)
2019			
Quoted equity investments listed on the Colombo Stock Exchange	+10	32,394,646	32,394,646
	-10	(32,394,646)	(32,394,646)

Liquidity Risk

Liquidity risk is the risk that the difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, finance leases and hire purchase contracts that will always have sufficient liquidity to meet its liabilities when due under normal and stressed conditions. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficient and debt maturing within 12 months can be rolled over with existing lenders.

Notes to the Financial Statements

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

As at 31 March	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Cash and cash equivalents	1,448,291,268	242,985,995	817,434,641	66,729,493
Total liquid assets	1,448,291,268	242,985,995	817,434,641	66,729,493
Current portion of interest bearing borrowings	5,672,548,752	1,534,529,611	2,341,652,393	3,861,774,025
Bank overdrafts	3,619,289,805	3,909,444,535	2,674,895,151	2,471,453,455
Total liabilities	9,291,838,557	5,443,974,146	5,016,547,544	6,333,227,480
Net debt	(7,843,547,289)	(5,200,988,151)	(4,199,112,902)	(6,266,497,987)
Adjustments for;				
Unutilised approved banking facilities	-	-	-	-
	(7,843,547,289)	(5,200,988,151)	(4,199,112,902)	(6,266,497,987)

The maturity profile of the Group's and Company's financial liabilities are as follows :

As at 31 March	Group		Company	
	2020		2020	
	Interest Bearing Loans and Borrowings	Trade and Other Payables	Interest Bearing Loans and Borrowings	Trade and Other Payables
	Rs.	Rs.	Rs.	Rs.
0-12 Months	5,672,548,752	1,972,453,393	2,341,652,393	1,095,821,628
1-5 years	6,648,775,628	-	3,280,182,000	-
>5 years	1,257,409,052	-	450,002,494	-
Total	13,578,733,433	1,972,453,393	6,071,836,887	1,095,821,628

As at 31 March	Group		Company	
	2019		2019	
	Interest Bearing Loans and Borrowings	Trade and Other Payables	Interest Bearing Loans and Borrowings	Trade and Other Payables
	Rs.	Rs.	Rs.	Rs.
0-12 Months	1,534,529,611	1,583,385,861	772,889,244	351,612,706
1-5 years	3,101,595,089	-	1,985,393,971	-
>5 years	3,315,764,080	-	499,766,080	-
Total	7,951,888,780	1,583,385,861	3,258,049,295	351,612,706

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order. No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2020. The Group monitors capital using a gearing ratio for the company to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. and subsidiaries, net debt divided by total capital plus net debt, which is monitored closely by senior management. Net debt of the Group includes, interest bearing loans and borrowings, trade and other payables less cash and cash equivalents (excluding discontinued operations).

As at 31 March	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Net debt	15,083,014,676	12,026,519,216	15,832,729,044	10,675,532,167
Equity	10,861,303,833	9,468,184,442	7,934,871,252	8,301,301,735
Capital and total net debt	25,944,318,509	21,494,703,658	23,767,600,296	18,976,833,901
Gearing ratio	58%	56%	67%	56%

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Shareholder Information

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 2020 and copies of this Annual Report have been submitted to the Colombo Stock Exchange.

DISTRIBUTION OF SHAREHOLDING

There were 5,471 registered shareholders as at 31st March 2020

Number of shares held	31-Mar-20			31-Mar-19		
	Number of shareholders	Holding	Holding %	Number of shareholders	Holding	Holding %
1 – 1,000	2,656	792,199	0.07	2,555	757,665	0.07
1,001 – 10,000	1,745	7,102,300	0.62	1,697	6,914,897	0.61
10,001 – 100,000	838	28,505,141	2.51	846	28,936,195	2.54
100,001 – 1,000,000	202	50,269,885	4.42	204	50,557,378	4.44
Over 1,000,000	30	1,050,864,071	92.38	28	1,050,367,461	92.34
Total	5,471	1,137,533,596	100	5,330	1,137,533,596	100

COMPOSITION OF SHAREHOLDERS

Category	31-Mar-20			31-Mar-19		
	Number of shareholders	Holding	Holding %	Number of shareholders	Holding	Holding %
Individual	5,301	120,562,328	10.6	5,167	121,159,980	10.65
Institutional	170	1,016,971,268	89.4	163	1,016,373,616	89.35
Total	5,471	1,137,533,596	100	5,330	1,137,533,596	100
Resident	5,430	730,726,165	64.24	5,287	722,235,240	63.49
Non-resident	41	406,807,431	35.76	43	415,298,356	36.51
Total	5,471	1,137,533,596	100	5,330	1,137,533,596	100

Shareholder Information

TWENTY MAJOR SHAREHOLDERS

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

Asiri Hospital Holdings PLC Top 20 as at 31st March 2020

Total Shares: 1,137,533,596

	Name	Shares	%
1	SOFTLOGIC HOLDINGS PLC	580,434,328	51.03
2	MERRILL LYNCH PIERCE FENNER & SMITH-TPG GROWTH III SF PTE LTD	328,258,328	28.86
3	BNYMSANV RE-LF RUFFER INVESTMENT FUNDS : LF RUFFER PACIFIC AND EMERGING MARKETS FUND	40,148,930	3.53
4	SEB AB-TUNDRA SUSTAINABLE FRONTIER FUND	30,000,000	2.64
5	MR. CHAMINDA DILANTHA WEERASINGHE (DECEASED)	9,375,000	0.82
6	SOFTLOGIC LIFE INSURANCE PLC-A/C NO. 04 (PARTICIPATING FUND)	14,956,877	1.31
7	MR. PUJITHA PUNSIRI SUBASINGHE	7,266,809	0.64
8	DEUTSCHE BANK AG-NATIONAL EQUITY FUND	6,287,522	0.55
9	DR. LUHUBANDUWADUGE DON ABO CLAUDIUS LUVIS	3,441,720	0.3
10	DR. WELAGEDARA MUDIYANSELAGE SWARNAMALI WELAGEDARA	3,375,000	0.3
11	MR. AHAMED UMAR MANIKU	3,219,350	0.28
12	MR. HEWA KOMANAGE JAYANTHA DHARMADASA	2,908,650	0.26
13	CBHK S/A PLATINUM BROKING COMPANY LIMITED	2,773,601	0.24
14	MR. AJITH HARINDRA WEERASURIYA	2,600,000	0.23
15	MR. MOHAMED FAIZER HASHIM	2,080,660	0.18
16	MISS. THEJA THUSHARI WEERASINGHE	1,746,630	0.15
17	DEUTSCHE BANK AG-NAMAL GROWTH FUND	1,622,061	0.14
18	PEOPLES BANK	1,614,157	0.14
19	DFCC BANK PLC A/C 1	1,500,000	0.13
20	SOFTLOGIC FINANCE PLC	1,467,834	0.13
	SUB TOTAL	1,045,077,457	91.87
	OTHERS	92,456,139	8.13
	GRAND TOTAL	1,137,533,596	100

SHARE TRADING

Market price (LKR)	2019/2020	2018/19
Highest (20 August 2019)	23.50	29.00
Lowest (2 January 2020)	16.60	23.00
As at year-end (20 March 2020)	17.00	27.50
Number of trades	2,553	2,211
Number of shares traded	15,418,892	12,594,870
Value of the shares traded (LKR)	320,897,170.70	318,782,936
Market capitalisation (LKR)	19,338,071,132	31,282,173,890
Earnings per share (LKR)	0.71	1.53
Dividend per share (LKR)	-	0.80
Net assets per share (LKR)	8.76	6.59
P/E Ratio	23.94	17.97

The Float- adjusted market capitalization as at 31st March, 2020 is Rs. 3,604,616,459 and the Company is in compliance with option 4 of the Listing Rules 7.13.1 (a) which requires 10% minimum public holding percentage and 500 minimum public shareholders.

Five Year Summary

Year ended 31 March	2020	2019	2018	2017	2016
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Income Statement					
Revenue	15,510,422	13,476,097	12,025,178	10,396,219	9,952,385
Cost of Sales	(8,499,001)	(7,140,008)	(6,476,262)	(5,683,140)	(5,391,656)
Gross Operating Profit	7,011,421	6,336,089	5,548,916	4,713,079	4,560,729
Other Laboratory Income	75,264	79,003	89,716	97,661	89,308
Administration & Distribution Expenses	(4,232,558)	(3,403,040)	(3,052,839)	(2,446,357)	(2,591,220)
Profit from Operations	2,854,127	3,012,052	2,585,793	2,041,712	2,058,817
Other Income	154,140	158,064	821,163	80,820	83,074
Share of Profit/(Loss) of Associate/ Joint Venture	704	73	(3,609)	(21,833)	-
Profit Before Interest & Tax	3,008,972	3,170,189	3,403,347	2,100,699	2,141,891
Finance Income	191,700	73,911	65,791	31,376	155,945
Finance Expenses	(1,789,974)	(877,065)	(869,506)	(834,867)	(715,050)
Profit Before Tax	1,410,697	2,367,035	2,599,632	1,297,208	1,582,787
Income Tax	(492,490)	(575,311)	(699,567)	177,206	(193,818)
Profit After Tax	918,207	1,791,723	1,900,064	1,120,002	1,388,969
Non-Controlling Interest	(110,211)	(109,171)	(161,545)	(91,984)	(206,590)
Profit after Non-Controlling Interest & tax	807,996	1,682,552	1,738,519	1,028,019	1,182,378
Balance Sheet					
Property, Plant & Equipment	24,270,835	21,552,376	18,035,916	15,341,387	13,358,513
Right of Use Assets	1,367,469	-	-	-	-
Investment Property	215,000	193,724	-	-	-
Investment in Associate/Joint Venture	32,245	31,625	31,558	8,167	30,000
Intangible Assets	609,654	609,654	548,707	548,707	548,707
Non Current Assets	28,311	-	-	-	-
Other Non Current Financial Assets	360,695	323,946	345,762	349,972	407,624
Deferred Tax Assets	-	-	-	107,562	-
Inventories	665,626	452,519	523,341	515,311	444,058
Trade and Other Receivables	902,178	724,620	534,427	475,412	396,854
Other Current Assets	564,183	1,192,134	413,748	422,236	560,962
Loans Granted to Related Parties	1,733,487	1,458,627	-	-	116,845
Cash and Cash Equivalents	1,448,291	242,986	1,297,340	1,072,828	903,991
Total Assets	32,197,975	26,782,211	21,730,797	18,841,583	16,767,555

Year ended 31 March	2020	2019	2018	2017	2016
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Issued Share Capital	4,748,108	4,748,108	4,748,108	4,748,108	4,748,108
Revaluation Reserve	3,384,550	2,846,611	2,376,640	2,311,857	1,685,824
Fair Value Reserve of Financial Assets at FVOCI	7,800	(7,676)	79,448	92,513	159,304
Reserve on Consolidation	(863,977)	(862,299)	(862,299)	(840,432)	(832,200)
Retained Earnings	2,683,467	1,951,119	1,149,357	100,010	170,703
Non-Controlling Interest	901,355	792,320	700,717	946,375	951,522
Total Equity	10,861,304	9,468,184	8,191,971	7,358,431	6,883,261
Amount due on Leasehold Property	476,813	22,057	26,159	30,201	34,273
Interest Bearing Borrowings and Bank Overdraft	16,054,493	12,247,449	10,486,102	9,325,202	7,939,343
Deferred Tax	1,833,615	1,644,386	1,312,292	271,906	223,066
Deferred Liabilities	555,611	484,451	465,672	400,973	351,282
Trade Creditors	1,996,831	809,275	569,383	439,886	457,754
Other Payables	419,309	2,106,411	679,246	1,014,984	848,573
Amount Payable in Lieu of Investment in Associate	-	-	-	-	30,000
Total Equity & Liabilities	32,197,975	26,782,211	21,730,795	18,841,583	16,767,552
Net Cash From Operating Activities	2,482,730	904,246	2,580,345	1,528,120	1,735,908
Net Cash Flows Used in Investing Activities	(4,049,009)	(3,651,124)	(1,879,670)	(2,099,832)	(178,812)
PBIT/Turnover (%)	19	24	22	21	23
GP Margin (%)	45	47	46	45	46
Return on Equity (%)	8	20	23	15	20
Return on Assets (%)	3	7	9	6	8
Dividend Pay Out (%)	-	54.05	39.26	105.12	182.70
Debts to Equity	1.52	1.29	1.28	1.27	1.15
Interest Cover	1.79	3.70	3.99	2.55	3.26
Quick Asset Ratio	0.39	0.40	0.44	0.51	0.64
Dividend Per Share	0.00	0.80	0.60	0.95	1.94
Net Assets Value per Share	8.76	7.63	6.59	5.64	5.21
Earnings per Share	0.71	1.48	1.53	0.90	1.06

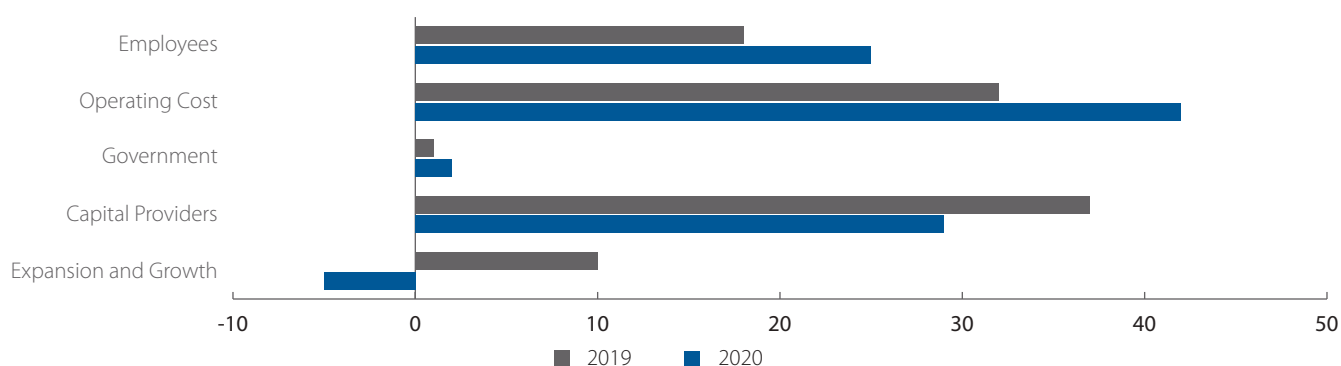
Economic Value Added Statement

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.

	31-Mar-2020	%	31-Mar-2019	%
	Rs. '000		Rs. '000	
Direct Economic Value Generated				
Turnover	5,706,706	97	4,194,654	77
Finance Income	92,362	2	106,264	2
Other Income	105,804	2	1,115,086	21
	5,904,872	100	5,416,004	100
Economic Value Distributed				
To Employees				
Employee wages & Benefits	1,474,474	25	967,708	18
Operating Cost				
Other Operating Expenses	2,474,161	42	1,722,492	32
Payments to Government				
Taxes Paid	139,971	2	61,840	1
Payments to Providers of Capital				
To lenders as Interest	1,713,587	29	1,076,428	20
To Shareholders as dividends	-	0	910,027	17
Value retained for Expansion and growth				
Depreciation	415,605	7	148,390	3
Retained Earnings	(312,927)	(5)	529,120	9
	5,904,872	100	5,416,004	100

DISTRIBUTION OF ECONOMIC VALUE ADDED (%)



Notice of Meeting

NOTICE IS HEREBY GIVEN that the 40th Annual General Meeting of Asiri Hospital Holdings PLC will be held at the Auditorium of Central Hospital Ltd. (4th Floor), No. 114, Norris Canal Road, Colombo 10 on 28th of September 2020 at 10.20 am for the following purposes:

- (1) To receive and consider the Annual Report of the Board of Directors and Financial Statements of the Company and of the Group for the year ended 31 March 2020 together with the Report of the Auditors thereon.
- (2) To re-elect Dr. S Selliah who retires by rotation in terms of Article 24 (6) of the Articles of Association, as a Director of the Company.
- (3) To re-elect Dr. K M P Karuanratne who retires by rotation in terms of Article 24 (6) of the Articles of Association, as a Director of the Company.
- (4) To pass the ordinary resolution set out below to re-appoint Mr. G L H Premaratne who is 72 years of age, as a Director of the Company. **"IT IS HEREBY RESOLVED THAT** the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. G L H Premaratne who is 72 years of age and that he be and is hereby reappointed a Director of the Company in terms of Section 211 of the Companies Act No. 07 of 2007".
- (5) To re-appoint Messrs Ernst & Young as the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.
- (6) To authorise the Directors to determine and make donations for the year ending 31 March 2021 and up to the date of the next Annual General Meeting.

By Order of the Board,
Softlogic Corporate Services (Pvt) Ltd.



Secretaries

10th August 2020
Colombo

Note: A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy who need not be a member, to attend instead of him/her. A Form of Proxy is enclosed in this Report. The completed Form of Proxy should be deposited at the Registered Office of the Company, No. 181, Kirula Road, Colombo 05, not less than 48 hours before the time for holding the Meeting.

Form of Proxy

I/We.....
of being a* member/members of ASIRI HOSPITAL HOLDINGS PLC, do hereby appointof 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. V Bali	of India or failing him
Mr. A N Thadani	of India

as *my/our Proxy to represent *me/us and to speak and vote for *me/us on *my/our behalf at the 40th Annual General Meeting of the Company to be held at the Auditorium of Central Hospital Ltd. (4th Floor), No. 114, Norris Canal Road, Colombo 10 at 10.20am on the 28th September 2020 and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

	For	Against
1. To receive and consider the Annual Report of the Board of Directors and Financial Statements of the Company and of the Group for the year ended 31 March 2020 together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Dr. S Selliah who retires by rotation in terms of Article 24 (6) of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect Dr. K M P Karunaratne who retires by rotation in terms of Article 24 (6) of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
6. To pass the ordinary resolution set out below to re-appoint Mr. G L H Premaratne who is 72 years of age, as a Director of the Company. "IT IS HEREBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. G L H Premaratne who is 72 years of age and that he be and is hereby reappointed a Director of the Company in terms of Section 211 of the Companies Act No. 07 of 2007".	<input type="checkbox"/>	<input type="checkbox"/>
7. To re-appoint retiring Auditors Messrs Ernst & Young and to authorise the Directors to fix their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
8. To authorise the Directors to determine and make donations for the year ending 31 March 2021 and up to the date of the next Annual General Meeting.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day of Two Thousand and Twenty.

.....
*Signature/s

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

Form of Proxy

INSTRUCTIONS AS TO COMPLETION

- (1) Kindly perfect the Form of Proxy after filling in legibly your full name and address and sign in the space provided. Please fill in the date of signature.
- (2) A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy who need not be a member, to attend and vote instead of him. Please indicate with an "X" in the boxes provided how your Proxy is to vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.
- (3) In the case of a Corporate Member, the Form of Proxy must be completed under its common seal, which should be affixed in the manner prescribed by the Articles of Association.
- (4) If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should also accompany the completed Form of Proxy, in the manner prescribed by the Articles of Association.
- (5) The completed Form of Proxy should be deposited at the Registered Office of the Company, No. 181, Kirula Road, Colombo 05, not less than forty-eight (48) hours before the time appointed for the holding of the meeting.

Please provide the following details:

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

Corporate Information

NAME OF THE COMPANY

Asiri Hospital Holdings PLC

REGISTERED OFFICE

No. 181, Kirula Road, Colombo 05, Sri Lanka.

OFFICE AND ADMINISTRATIVE COMPLEX

Asiri Surgical Hospital PLC No. 21, Kirimandala Mawatha, Colombo 05, Sri Lanka.
Telephone: 011 452 4400
Email: info@asiri.lk
Web: www.asirihealth.com

COMPANY REGISTRATION NUMBER

PQ 204

LEGAL FORM

A quoted public company incorporated in Sri Lanka on 29 September 1980, under the Companies Act No. 17 of 1982, with limited liability.

Re-registered on 30 September 2008 under the Companies Act No. 07 of 2007.

STOCK EXCHANGE LISTING

The ordinary shares of the Company have been listed with the Colombo Stock Exchange since June 1986.

BOARD OF DIRECTORS

Mr. A K Pathirage –
Chairman/Managing Director
Dr. K M P Karunaratne – Group Chief Executive Officer
Dr. S Selliah – Deputy Chairman
Mr. S A B Rajapaksa
Mr. G L H Premaratne
Mr. V Bali
Mr. A N Thadani
Mr. R A Ebell (Resigned w.e.f. 30th June 2020)

AUDIT COMMITTEE

Mr. S A B Rajapaksa – Chairman
Independent Non-Executive Director
Mr. R A Ebell – Independent Non-Executive Director (Resigned w.e.f. 30th June 2020)

COMMITTEE MEMBERS

Mr. G L H Premaratne
Independent Non-Executive Director

FREQUENCY OF MEETINGS

Committee meets quarterly

REMUNERATION COMMITTEE

Mr. G L H Premaratne – Chairman Independent Non-Executive Director

COMMITTEE MEMBERS

Dr. S Selliah
Independent Non-Executive Director

FREQUENCY OF MEETINGS

Committee meets once a year

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Mr. S A B Rajapaksa – Chairman Independent Non-Executive Director

COMMITTEE MEMBERS

Mr. G L H Premaratne
Independent Non-Executive Director
Mr. R A Ebell
Independent Non-Executive Director (Resigned w.e.f. 30th June 2020)

FREQUENCY OF MEETINGS

Committee meets at least once a quarter

SUBSIDIARY COMPANIES

Central Hospital Ltd.
No. 114, Norris Canal Road, Colombo 10.
Asiri Central Hospitals Ltd.
No. 114, Norris Canal Road, Colombo 10.
Asiri Surgical Hospital PLC
No. 21, Kirimandala Mawatha, Colombo 5.
Asiri Diagnostics Services (Pvt) Ltd.
No. 181, Kirula Road, Colombo 05.
Asiri Hospital Matara (Pvt) Ltd.
No. 26, Esplanade Road, Uyanwatte, Matara.
Asiri Laboratories (Pvt) Ltd.
No. 181, Kirula Road, Colombo 05.
Asiri Hospital Galle (Pvt) Ltd.
No. 10, Wackwella Road, Galle.
Asiri Diagnostic Services (Asia) Pte. Ltd.
No. 08 Temasek Boulevard,
No. 35-03 Suntec Tower 3
Singapore.

Asiri Myanmar Limited
Pan Hlaing Street, Unit 01, Level 08, Uniteam Marine Office Building.
No. 08, Honelan Butar Quarter, Yangon City Sanchaung Township
Yangon Region, Myanmar.

JOINT VENTURE COMPANY

Asiri AOI Cancer Centre (Pvt) Ltd. No. 181, Kirula Road, Colombo 05.

ASSOCIATE COMPANY

Digital Health (Pvt) Ltd.
No. 475, Union Place, Colombo 02.

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.

BANKERS

Commercial Bank of Ceylon PLC
Sampath Bank PLC
Nations Trust Bank PLC
Hatton National Bank PLC
Cargills Bank Limited Bank of Ceylon
National Development Bank PLC
HSBC (Hongkong and Shanghai Banking Corporation)
Seylan Bank PLC

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