



ASIRI HOSPITAL HOLDINGS PLC
Annual Report 2021/22

CONTENTS

Group Overview

About Us	1
Highlights of the Year	2
Group Certifications and Accreditations	4

Executive Reviews

Chairman's Review	6
Group CEO's Review	8
Operating Context	11
Management Discussion & Analysis	13

Leadership & Governance

Board of Directors	20
Group Senior Management Team	24
Group Consultant Medical Team	26
Corporate Governance	32
Risk Management Report	37
Ethics Committee Report	40
Audit Committee Report	41
Remuneration Committee Report	42
Related Party Transactions Review	
Committee Report	43
Statement of Directors' Responsibilities	44
Annual Report of the Board of Directors on the Affairs of the Company	45

Financial Reports

Independent Auditors' Report	49
Statement of Profit or Loss	52
Statement of Comprehensive Income	53
Statement of Financial Position	54
Statement of Changes in Equity	55
Statement of Cash Flows	57
Notes to the Financial Statements	58

Supplementary Information

Shareholder Information	122
Five Year Summary	124
Economic Value Added Statement	126
Notice of Meeting	127
Form of Proxy	131
Corporate Information	IBC



Scan the QR Code with your smart device to
view this report online.
<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, 6 hospital labs, 17 satellite labs, and 70 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

1,700+

Consultants

3,000+

Consultations per day



14,000+

Tests per day

4,200

Tests offered



800+

Beds

HIGHLIGHTS OF THE YEAR

130+ Medical Professionals

Benefited from continuous medical education programme

3.5+ million

Patients served

14,000+ Diagnostic Tests

Conducted per day

108

Free health clinics conducted

1,760

Benefited from free health clinics

Most Valuable Healthcare Brand

Brand Finance Report 2022

22 Workshops

Conducted for continuous medical education

350

Training programmes conducted

16,142

Man-hours of training provided

95% of Discharges

Reduced to one hour

All clinical waste disposed as recommended by CEA

Group

2021/22

2020/21

Financial Performance (LKR MN.)

Revenue	22,324	15,785
Operating Profit	5,634	2,667
Pre-Tax Profit	4,772	1,611
Income Tax (Expense)/Reversal	(969)	134
Net Profit	3,803	1,745

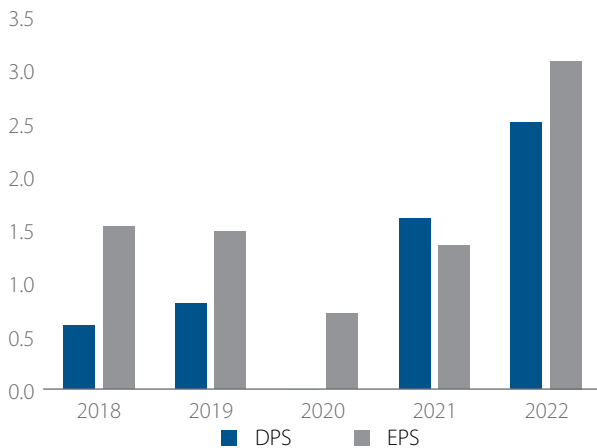
Financial Position (LKR MN.)

Total Assets	39,243	32,071
Borrowings	16,505	16,523
Shareholder's Funds	14,653	10,294

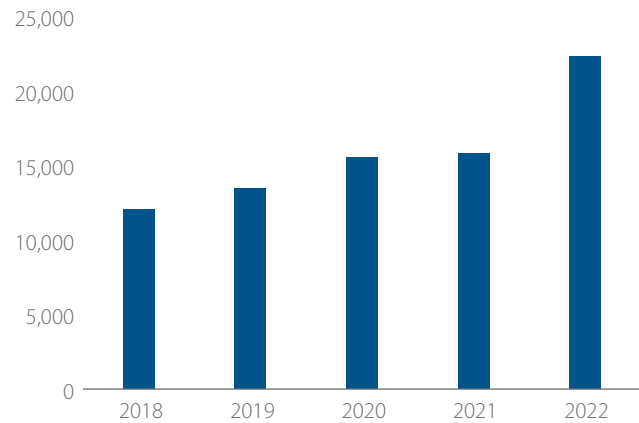
Information per Ordinary Share (LKR)

Earnings Per Share (EPS)	3.08	1.35
Dividend Per Share (DPS)	2.50	1.60
Market Price Per Share	37.50	25.50
Net Assets Value Per share	12.88	9.05

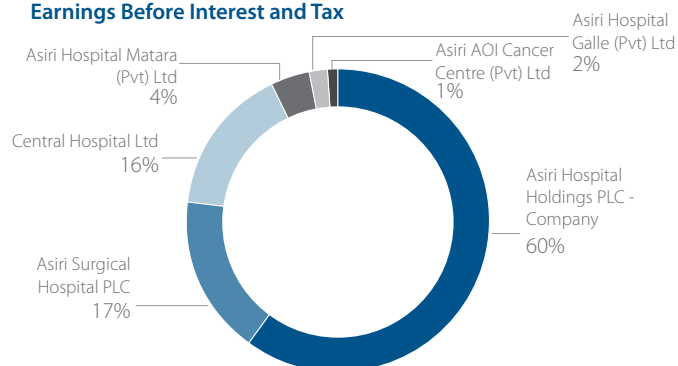
EPS /DPS (LKR)



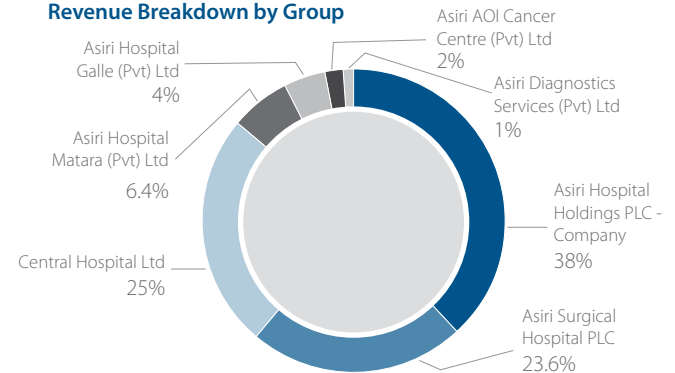
Revenue (LKR MN.)



Earnings Before Interest and Tax









Revenue Breakdown by Group



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>	✓					
 <p>Australian Council on Healthcare Standards International (ACHSI)</p>		✓	✓	✓	✓	✓
 <p>ISO 22000:2018 - Food Safety Management System Certification</p>	✓	✓	✓	✓	Y	✓
 <p>ISO 14001:2015 - Environmental Management Systems Design and implementation of a set of standards of effective Environment Management.</p>	Y	Y	Y	Y	Y	Y
 <p>OHSAS 18001:2007 - Occupational Health and Safety Management Systems Certification.</p>	Y	Y	Y	Y	Y	Y
 <p>ISO 9001:2015 - Quality Management Systems Certifications.</p>	Y					

ASIRI LABORATORIES

Accredited



✓ - Accredited

Y - In progress

Operational Reviews

Chairman's Review	6
Group CEO's Review	8
Operating Context	11
Management Discussion & Analysis	13

CHAIRMAN'S REVIEW



“ As we focus on continually improving and growing our specialty disciplines, we expect to measure ourselves against world class healthcare standards. ”

This past year has been quite challenging for Sri Lanka, perhaps even more so than the previous year, as the Country began to witness the full force of the pandemic driven by a sharp escalation in infections. Amidst this backdrop, we as front liners in the fight against the virus, responded by constantly reshaping our strategies to meet the needs of the hour.

We moved quickly, investing more than Rs. 130Mn to increase the in-house COVID treatment capacity in all our hospitals by setting up critical care units and swiftly expanding COVID testing facilities. Asiri Health was also among the first in the private sector to establish intermediary care centres to enable COVID positive patients to complete their quarantine requirements under strict medical supervision.

It soon became clear, during this time of adversity, that we were stronger and achieve more when we work closely together. On that note, I must commend our staff and physicians who worked tirelessly to implement critical changes to our protocols, facilities, and supplies to ensure we could handle the surge in patient numbers with each successive wave, while protecting the health and safety of all patients as well as our own teams. For our part, we renewed our commitment to keep our people safe as we pushed for vaccination of our teams on a priority basis.

Although pandemic management initiatives continued to be at the forefront of our action plan for FY 2021/22, we did not let it distract us from providing the full range of high-quality healthcare services that have become a hallmark of the Asiri Health brand. All our hospitals remained fully operational as did our centres of excellence.

Although the Group was not as aggressive in its capacity expansion efforts this past year, there is however one important milestone that is worthy of note - the much looked forward to opening of the Asiri Nova IVF & Fertility Centre in November 2021. The centre which represents a collaboration

between Asiri Health and India's Nova IVF & Fertility Centre aims to bridge the gap that exists for sophisticated, high quality, reproductive treatment in Sri Lanka. The world over and especially in Asia, infertility is often a highly sensitive topic and the decision to seek medical assistance for such a delicate issue, is not one that is taken lightly. However I believe what we offer at Asiri Nova - a combination of advanced technology, best in-class clinical expertise trained by India's leading fertility specialists, personal attention, and emotional support as well as our exemplary success rates will, at the very least make the decision an easier one.

It is also very encouraging to see the strong acceptance by consultants and patients of the facilities and treatments offered by the Asiri AOI Cancer Centre at Asiri Surgical Hospital. With more and more local oncologists patronising the Center due to its advanced technology and international treatment management protocols, patient footfall have grown steadily in this past year. Many patients who would otherwise have had to go overseas for treatment for cancer are now able to receive the same world class treatment right here in Sri Lanka at the Asiri AOI Cancer Centre, at a fraction of the cost that they would normally have had to spend when pursuing overseas treatment alternatives. The fact that they can continue aftercare with relative ease in-country at the Asiri AOI Cancer Centre is another key aspect that is also drawing patients to the Center.

I am pleased to report that the Group achieved revenue of Rs. 22.3Bn for the FY 2021/22, reflecting a 41% increase over the previous financial year, while post-tax profits were up by 118% from the figure reported in the previous year.

WAY FORWARD

Having truly lived up to our role as front liners in the fight against the pandemic, the Asiri Health Group will move determinedly forward to build on its legacy of medical excellence. That said, it is important to

remember that Sri Lanka is currently witnessing an unprecedented economic crisis that will likely influence our prospects for some time to come. However, I firmly believe that our strong value proposition, combining technology, expertise, quality and patient care, will help us serve the needs of all Sri Lankans in the tough times that lie ahead.

In doing so, we will remain dedicated to providing outstanding clinical care in the safest way possible. As we focus on continually improving and growing our specialty disciplines such as Cardiac Care, Cancer Care, Maternal & Child Health, Neurosciences and Internal Medicine, we expect to measure ourselves against world class health care standards. Moreover, I believe integrated healthcare solutions will play a defining role realising our future growth ambitions and positioning Asiri Health as the most versatile private healthcare brand in Sri Lanka in the years ahead.

ACKNOWLEDGEMENTS

For the past two years - everyone from our nurses and doctors to support staff across all levels, have put patients' needs above their own and continue to do so without hesitation. All I can say is a simple - Thank You.

I would also like to extend my deep appreciation to the Board of Directors for their wise counsel and immeasurable support extended to me throughout this past year and always.

And finally to our shareholders I thank you for your confidence and hope you will remain a part of our future journey as well.

Sgd.

Ashok Pathirage

Chairman / Managing Director

26 July 2022

Colombo

GROUP CEO'S REVIEW



“ Asiri Health will aim to leverage its core competencies to explore the possibility of offering more cost-effective healthcare solutions. ”

Having proven our ability to pivot rapidly to overcome the challenges arising at the onset of the pandemic in March 2020, the Asiri Group continued to live up to its purpose in 2021 by ensuring Sri Lankans have access to best in-class healthcare solutions, be it for COVID or for any and all other healthcare needs.

STRATEGY AND FOCUS

As was the case in 2020, much of the focus for the current financial year too was centred on the COVID-19 pandemic. The Group incurred over Rs. 130Mn on reinforcing in-house COVID safety protocols established at the onset of the pandemic in March 2020.

Meanwhile, seeing the rapid rise in COVID case numbers around the Country, increasing the availability of treatment facilities became a key priority for the Asiri Group. Moving quickly we mobilised additional resources to set up dedicated COVID wards and ICU facilities at all Group hospitals by mid-2021. In parallel, we began working to strengthen our COVID treatment capability through partnered capacity at intermediary care centres. I would also like to mention that our collective COVID bed capacity at intermediary care centres standing at 600+ at the height of the 3rd wave, was the largest among private hospitals in Sri Lanka at the time.

We also made some notable strides in augmenting our COVID testing capability with necessary approvals obtained for several of our hospitals to deploy mobile PCR and drive-thru PCR testing facilities. At the height of the pandemic in 2021, our mobile testing units and drive-thru together were performing on average 2,000 of COVID tests per day. In related developments, Asiri Surgical succeeded in securing exclusive rights to conduct COVID testing for departing passengers at the BIA.

Aside from our focus on COVID, we ensured all our hospitals were geared to resume the full range of surgical, radiology and other healthcare services that were curtailed due to COVID-19 restrictions imposed in the previous year.

As always, the focus on quality remained a key priority, with international accreditations being something we have pursued quite keenly. I am pleased to report that Asiri Hospital Kandy secured the ACHSI (Australian Council on Healthcare Standard International) accreditation in January 2022. With this, all Group hospitals now operate under internationally accredited healthcare standards - Asiri Central under the JCI (Joint Commission International) accreditation, while Asiri Surgical, Asiri Medical, Asiri Hospital Galle, Asiri Hospital Matara and Asiri Hospital Kandy are all accredited by ACHSI.

KEY OPERATIONAL HIGHLIGHTS

Apart from when sporadic lockdowns were declared to curb the sudden surge in COVID-19 cases from time to time, activities at all our hospitals returned to normal from mid-2021 onwards. Consequently average footfall at our hospitals increased compared to the previous year, driven by higher volumes of OPD and channel patients.

As patients proceeded with elective surgeries that were previously postponed due to COVID, Group-wide theatre utilisation rose by 24%, while surgical admissions were up by 16% over the previous year. Meanwhile higher numbers in both COVID and non-COVID patients led to a 22% increase in in-patient admissions, year on year. Day admissions for outpatient procedures also grew by 17% compared to the previous year. A culmination of these factors saw pharmacy utilisation also increasing significantly in the year under review. Another notable trend observed in our Galle and Matara hospitals, was the marked increase in numbers for radiology testing services.

Aside from the COVID capacity expansions outlined above, we continued with ongoing refurbishment of Asiri Hospital Galle, involving structural reinforcements to the main building, upgrading the ETU and ICU areas, allocating a new CT room, a completely new façade and lobby area, along with the construction of a new luxury patient wing. The renovation project which commenced in 2019 but fell behind schedule owing to pandemic related challenges in the previous year, was nevertheless completed in late December 2021. Surgical capacity at the hospital was also further expanded with new disciplines such as Neuro and Orthopaedic Surgeries and Laparoscopy Procedures introduced with effect from 2022.

As part of our ongoing capacity building initiatives, we invested in new laminar flow operating theaters to enhance the surgical infrastructure at Asiri Hospital Matara. Several new disciplines, including Dialysis, Physiotherapy and Chemotherapy were also added to the portfolio of healthcare solutions offered at our Matara hospital.

Asiri Hospital Kandy saw Urology and Renal Transplantation added to their healthcare suite. On a related note, I am very pleased with the progress made by the Kandy hospital. The fact Asiri Kandy was able to record the delivery of its 2000th Baby and the completion of 5000 Cath Lab procedures by end-2021, a mere 30 months since its launch, is I believe a clear testament to its growing popularity as the leading hospital in the Central province. Adding to its repertoire of diagnostic services, we invested in a digital mammogram in Kandy, another first of its kind outside of Colombo.

Capability of the Asiri Laboratory network was further expanded with the addition of 5 new collection centres, bringing up the number of collection centres to a total of 70 as at end-March 2022. Several new tests in the areas of Immunohistochemistry and Cytogenetics were also introduced to augment the diagnostics suite.

GROUP CEO'S REVIEW

However, by far the most notable capacity expansion was the launch of the Asiri Nova IVF & Fertility Centre at Asiri Medical Hospital. A collaboration between the Asiri Group and Nova IVF Fertility, India's leading chain of infertility (IVF) treatment centres, the Asiri Nova IVF & Fertility Centre is equipped with renowned fertility specialists, the latest technology and global protocols. What we offer at Asiri Nova is a combination of advanced technology, best in-class clinical expertise trained by India's leading fertility specialists, personal attention, and emotional support as well as our exemplary success rates.

OUTLOOK AND PROSPECTS

Our efforts on managing the COVID-19 pandemic have taught us some valuable lessons that I believe will serve us in good stead, as we move ahead into what appears to be an uncertain future marred by economic turmoil.

Amidst this backdrop, Asiri Health will aim to leverage its core competencies to explore the possibility of offering more cost-effective healthcare solutions to widen our coverage across the private healthcare domain in Sri Lanka.

At the same time in seeking to shape our strategies for the future, we will focus on the fact that the demand for cutting edge, innovative and high quality healthcare will only grow exponentially as global healthcare trends evolve and the Country gradually recovers from its current economic downturn. Our goal is therefore to improve our readiness to gain first-mover advantage against such emerging opportunities in the years ahead.

ACKNOWLEDGEMENTS

Before I conclude, I would like to take this opportunity to convey my sincere appreciation to the Asiri team who have yet again proven that they are indeed our greatest asset. A special word of thanks also to my colleagues on the Board for their steadfast support, commitment and conscientious stewardship of the Group.

And finally to our loyal shareholders - while thanking you for being part of our journey so far, I assure you that Asiri Group aims not just to meet, but rather exceed your expectations at all times in the years to come.

Sgd.

Dr. Manjula Karunaratne
Chief Executive Officer

26 July 2022
Colombo

OPERATING CONTEXT

THE PROGRESS OF COVID-19

For the second consecutive year, the COVID-19 pandemic continued to take precedence over all other healthcare matters in Sri Lanka. As the third wave of the pandemic emerged in April 2021, the quarantine regulations at the time required all COVID positive patients to be hospitalised or quarantined at designated centres, while first contacts of such patients were quarantined either at quarantine centres or at their residences. However, in an attempt to prevent overcrowding amidst the rapidly increasing caseload, the Government decided to hospitalise COVID-19 patients on a priority basis. Meanwhile the sharp rise in fatality rates in August 2021 prompted the Government to impose a strict island-wide curfew from August till end September 2021, during which time only essential economic activities were allowed to continue.

However, with the government-led vaccination roll out gaining momentum from end July 2021 onwards, a steady decline in the caseload was observed from mid-September 2021 enabling most mobility restrictions to be lifted with effect from 01 October 2021.

And while the subsequent detection of the Omicron variant in early December 2021, did lead to a visible rise in cases, the fact that a large section of the population had already completed the initial protocol of 2 vaccine doses and a sizable number of the population had also received the third booster dose, meant that the fatality rate remained relatively low. As such, on average 2 deaths per one million population were reported as a result of the Omicron variant as compared to 10 deaths per one million population observed in August 2021 with the Delta variant.

Meanwhile, considering the rapid progress of the vaccination drive, the Ministry of Health (MoH) issued a circular in late January 2022 allowing COVID-19 positive patients to be released from isolation after 7 days from the date of the Rapid Antigen Test or PCR positivity or from the date of onset of symptoms. Further, fully vaccinated close contacts without symptoms of COVID-19 were not required to be quarantined, while those who were partially vaccinated or unvaccinated could be released from quarantine after the completion of a 7-day quarantine period.

THE ROLE OF PRIVATE SECTOR HEALTHCARE IN THE FIGHT AGAINST COVID-19

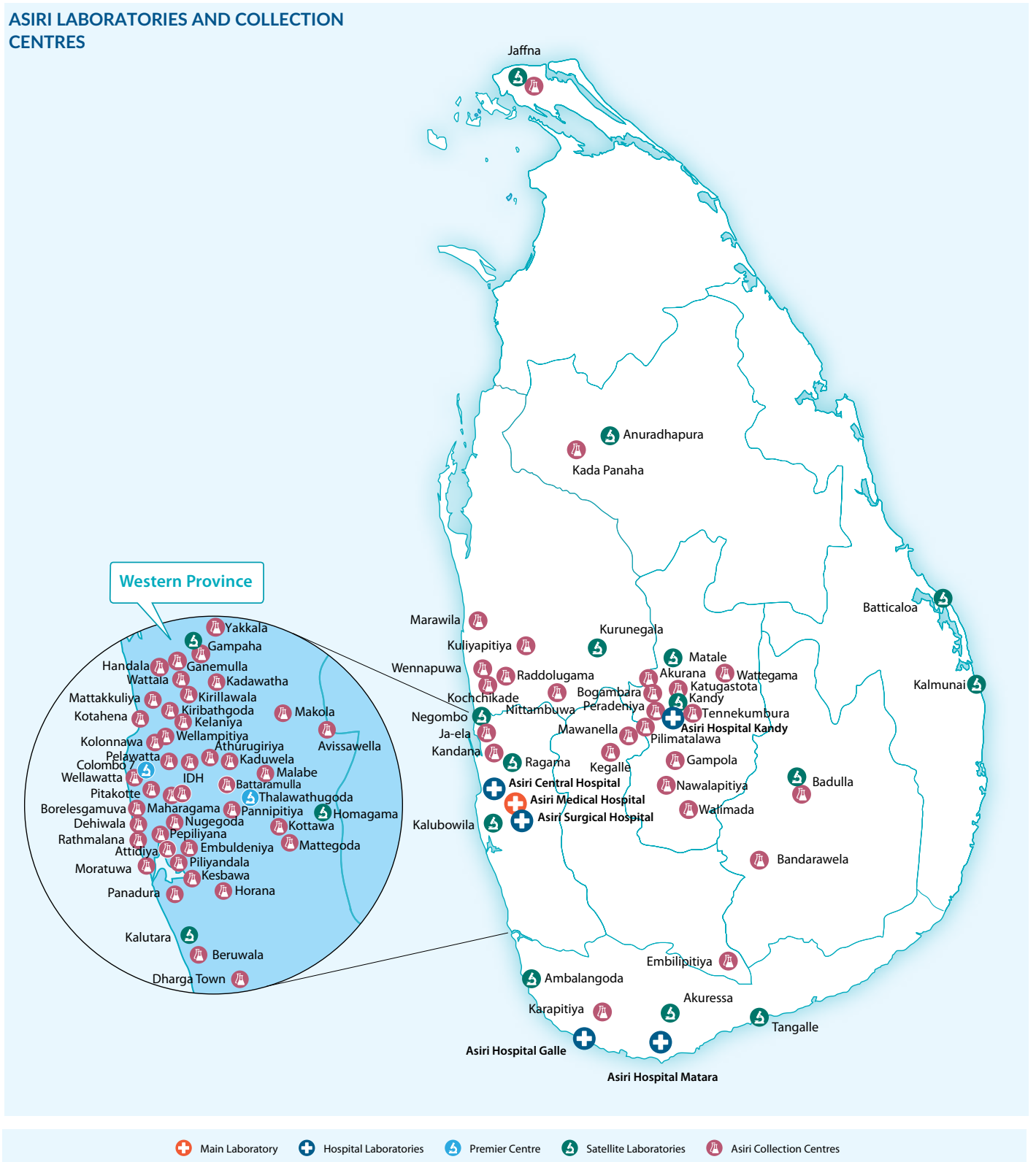
The Country's private sector healthcare services played a pivotal role in alleviating the pressures on the public health sector, stemming from the COVID-19 pandemic. Private hospitals played a crucial role in curbing COVID-19 outbreaks through the timely provision of Intermediate Care Centres, in addition to COVID-19 related testing services and treatments. The expanded service provisioning by private healthcare providers ensured that needy sectors of the population and those who do not have access to private health care were not crowded out of public sector health care services. As at the end of 2021, the private health care system comprised 233 hospitals with a capacity of 5,444 beds.

Moreover, private hospitals, with their innovative, digital services stepped in to meet the urgent needs of the population amidst pandemic related mobility restrictions. In particular, telemedicine services offered by private healthcare providers have proven to be increasingly popular in enabling patients to receive evaluations, diagnoses and treatments from medical professionals without having to visit the hospital.

Source: CBSL AR 2021

OPERATING CONTEXT

ASIRI LABORATORIES AND COLLECTION CENTRES



MANAGEMENT DISCUSSION & ANALYSIS

GROUP OVERVIEW

With a network of 6 globally accredited hospitals and an island-wide lab network, the Asiri Group stands as a front runner in Sri Lanka's private sector healthcare industry.

Asiri Surgical Hospital, is widely regarded as the foremost surgical treatment facility in the private sector, while Asiri Medical Hospital has earned the enviable reputation as the most trusted facility for the management of Dengue in the country.

Asiri Central, the Group's flagship entity is an ultra modern, multi-specialty general hospital that presents as a transformative force in raising the bar for the local healthcare sector.

Asiri Hospital Matara and Asiri Hospital Galle, both occupy solid positions as the leading private healthcare providers in the South, while Asiri Kandy - the newest addition to the portfolio continues to gain traction as the leading private hospital in the Central Province.

With a network of 7 hospital labs including one main lab, 17 satellite labs and 70 collection centres, Asiri Laboratories is one of the largest and most geographically diverse Private Laboratory networks in the Country.

SUMMARY OF GROUP OPERATIONS

In the year under review, the Group performed exceptionally well with all key metrics reporting significantly improved results compared to the previous year.

With COVID restrictions easing from mid-2021 onwards and the general public gradually adapting to the new normal environment, average footfall at hospitals increased compared to the previous year. This was reflected in higher OPD and surgical numbers at all Asiri Group hospitals. Overall Group-wide bed occupancy level was at an average of 60% throughout the year, denoting a sizeable improvement compared to the previous year.

It should be noted that, having the largest COVID bed capacity among private hospitals in Sri Lanka, with a collective in-house capacity of 100+ COVID beds across the network along with a further 600+ beds through partnered capacity at intermediary care centres, the Asiri Group played a key role in supporting Sri Lanka's battle against the pandemic throughout this past year.

REVIEW OF HOSPITAL OPERATIONS

Asiri Medical Hospital (AMH)

AMH recorded strong improvements on all fronts. Average footfall at the hospital increased by 23% compared to the previous year, driven by higher numbers of patients for consultations. Theatre procedures at AMH were up by 12% as patients proceeded with elective surgeries that were previously postponed due to COVID. On a related note, in-patient admissions witnessed a 39% increase while day admissions too were up by 19% compared to the previous year.

AMH continued to operate with an existing capacity of 104 beds, 2 surgical theatres, 8 General ICU and 5 NICU beds. However, COVID care facilities at AMH were further expanded in 2021. A dedicated COVID ward

was carved out with approximately 24 rooms from the wing segregated for COVID-19 patients. AMH also tied up with Siddhapela Anarva - Mount Lavinia to set up a 100-bed intermediary care centre for COVID positive patients.

Realising there is a chronic need for in-patient treatment facilities for mentally ill patients, a modern ward was set up for this purpose, with all the requisite safety measures in place.

The most significant capacity expansion however was the long awaited launch of the Asiri Nova IVF & Fertility Centre in 2021 - made possible through a partnership between AMH and Nova IVF Fertility, India's leading chain of infertility (IVF) treatment centres, known for high success rates through use of proven clinical research and ethical, transparent clinical practices.

Following the launch of the Centre in November 2021, a series of ATL initiatives were undertaken to raise awareness and improve visibility. Meanwhile registrations for treatments have grown exponentially, well in excess of initial targets.

Asiri Nova IVF & Fertility Centre

The Asiri Nova IVF & Fertility Centre, with its world class team of experienced Fertility specialists, coupled with the latest technology offers the complete suite of assisted reproductive treatments and services, including IVF, IUI, ICSI, Egg Sharing, Donor Program, Fertility preservation, Blastocyst culture, Frozen Embryo Transfer (FET), Endometrial Scratch, Embryo Biopsy for PGT-A, Testicular Biopsy and TESA treatments. Asiri Nova IVF & Fertility centre is also the first and only fertility centre in Sri Lanka to offer psychological counselling to patients.



MANAGEMENT DISCUSSION & ANALYSIS

Asiri Surgical Hospital (ASH)

Average footfall at ASH increased by 12% year on year, while the volume of OPD and consultation patients rose sharply by 28% compared to previous year. In-patient admissions reported a 7% increase compared to previous year, while day admissions for outpatient procedures grew by 12% year on year.

ASH remained the second largest hospital within the Group in terms of capacity, with 155 beds, 3 surgical theatres and 06 General ICU beds, 08 CTICU beds and 10 CCU beds. The latest addition to ASH's capacity was the new 07-bed COVID ICU, set up in mid 2021.

The year saw some notable expansion to ASH's COVID capability, including the exclusive contract to conduct PCR testing for departing passengers at the BIA. Necessary approvals were also obtained enabling ASH to set up a drive through PCR testing unit and launch Mobile PCR testing facilities.

It was a very successful year for ASH's Asiri AOI Cancer Centre. The center reaffirmed its status as the top cancer care facility in Sri Lanka by going above and beyond to implement additional COVID protocols for the safety of its patients and to ensure their scheduled treatments could continue without interruption even during the pandemic period. Daily COVID tests were carried out on all patients prior to admission for treatment, while separate treatment rooms were arranged for COVID positive, but asymptomatic patients to continue with their scheduled treatments. Continuous awareness on mass media and social media to educate patients on the COVID safety protocols in place, also helped in building confidence among patients regarding their ability to continue treatment safely. In this way the Asiri AOI Cancer Centre continued to operate at full capacity throughout the year, treating on average between 40 to 50 patients daily, even during lockdown periods.

Asiri AOI Cancer Centre

The Asiri AOI Cancer Centre is a collaboration between the Asiri Surgical Hospital and the American Oncology Institute (AOI), whose vision it is to bring the latest US treatment protocols in Cancer Care to the Indian subcontinent.

Based on these principles, Asiri AOI, takes a comprehensive approach to cancer care that aims to support patients through every step of their journey. Asiri AOI's precision-driven cancer treatment regime is based on collaborative protocols developed by the University of Pittsburgh Medical Centre (UPMC), one of the leading providers of oncology treatment in the United States.

Asiri AOI offers best in class care across Medical, Radiation and Surgical Oncology backed by high end radio-diagnosis PET services and pathology services. The centers' equipment, including the new generation Radiation Therapy Linear Accelerator is the most advanced in Sri Lanka and amongst a few in South Asia. The Asiri AOI Cancer Centre is the only cancer treatment facility in Sri Lanka to house a PET Scanner with Powerful 4 Dimensional imaging technology to help the doctors examine tumors in great detail, enabling them to plan and deliver precisely targeted radiation treatment. Asiri AOI is also the only facility in the country providing a Radiotherapy machine using TrueBeam Technology, ensuring pinpoint accuracy of treatment aimed directly at the tumor, while safeguarding the healthy tissue around it.

Another unique feature is the collaborative multidisciplinary approach, wherein the Medical Oncologist, Radiation Oncologist and the Surgeons, collaborate together to determine the best protocol on a case by case basis. The International Tumor Board also plays a vital role in planning and monitoring of individual care plans on an ongoing basis. Asiri AOI is among the few or possibly the only cancer hospital in South Asia where an International Tumor Board is conducted weekly, during which leading Oncologists from UPMC join for case discussions along with the local clinical experts to plan treatment for specific cases.

The Center's advanced technology, world-class treatment management protocols and the commitment to deliver personalized and compassionate care has earned the trust and respect of the Country's leading oncologists, who continue to refer an increasing number of patients to receive treatment at the Asiri AOI Cancer Centre.



Asiri Central Hospital (ACH)

ACH saw a steady increase in patient numbers throughout the year under review with average footfall at the hospital showing a 9.3% increase compared to previous year. OPD and consultation patients were up by 11% year on year, while in-patient admissions rose by 13% and day admissions by 27% compared to the previous year.

As the Group's flagship hospital, ACH remained the largest hospital within the Group in terms of capacity, with 220 beds, 12 surgical theatres and 47 ICU beds - 12 Neuro ICU, 8 General ICU, 2 Neuro HDU, 5 NICU, 6 CTICU, 9 CCU and 5 COVID ICU.

In an effort to further augment its COVID capacity at the height of the pandemic in May 2021, a dedicated COVID ward and an advanced COVID ICU was set up. ACH also tied up with Pegasus Reef Hotel to set up a 100-bed intermediary care center for COVID positive patients.

Along with ASH, ACH also obtained necessary approvals to set up a drive through PCR testing unit on-site and launch Mobile PCR testing facilities. In addition ACH began offering a Home Quarantine service for COVID-19 positive patients.

Asiri Hospital Matara (AHM)

Benefiting from the relaxation in COVID related mobility restrictions, AHM experienced a healthy increase in average footfall at the hospital, which translated into a 6% increase in OPD and consultation numbers. In-patient surgical admissions were also 15% higher than the previous year. Another notable trend was the sharp increase in the demand for radiology testing services.

Surgical capacity at AHM was expanded with investments made in laminar flow operating theaters to support Orthopaedic Surgeries. Several new disciplines, including Dialysis, Physiotherapy and Chemotherapy were added to AHM's portfolio of healthcare solutions in 2021.

Meanwhile AHM set up a 150-bed intermediary care center for COVID patients in partnership with Cinnamon Tranz to augment its COVID treatment capacity. This was in addition to having a large COVID ward and a 5 bedded COVID ICU within the hospital, to meet the need of patients who needed hospitalization.

Asiri Hospital Galle (AHG)

In line with the rest of the group AHG's consultation numbers improved compared to the previous year, with both in-patient admissions and surgeries growing sharply as patients began returning to hospitals for elective surgeries and other medical procedures. Surgical capacity at the hospital was expanded with new disciplines including Neuro and Orthopaedic surgeries and laparoscopy procedures being introduced.

AHG in September 2021 tied up with Amari Galle to establish a 150-bed intermediary care center for COVID positive patients, in addition to providing in-house facilities for COVID positive patients, together with a 4 bedded COVID ICU.

Meanwhile renovation work, which had been ongoing since 2019 was completed late December 2021. This refurbishment project included structural reinforcements to the main building, a completely new façade and lobby area and renovation of a major

portion of the patient rooms, including the addition of a new luxury wing. As part of the renovation, the ETU and ICU facilities were upgraded and a new CT facility set up.

Asiri Hospital Kandy (AHK)

Being the largest private sector hospital in the Central Province, AHK saw a surge in patient footfall following the post-COVID return to normalcy. Consequently patient admissions rose by 37% compared to the previous year, enabling an average occupancy rate of 60% to be maintained throughout the year. The AHK Centre of Excellence for Heartcare continues to dominate in the Central, Sabaragamuwa and North Central provinces. In addition 2021 saw the setting up of a Neurosurgical unit which has continued to grow and contribute to surgical numbers.

Meanwhile, ongoing capacity expansions saw Dialysis, Urology and Renal Transplantation being added to AHK's suite of healthcare services, while adding to its repertoire of diagnostic services, we invested in a digital mammogram, another first of its kind outside of Colombo.

Additionally, the year 2021 marked some notable milestones for AHK, among them; the delivery of the 2000th Baby and the completion of 5000 Cath Lab procedures.

Asiri Laboratories (Labs)

Ongoing expansion of Lab facilities saw 5 new collection centres opened in 2021, while the diagnostics suite was upgraded with the inclusion of the following tests.

MANAGEMENT DISCUSSION & ANALYSIS

Test Code	Test Name	Method
GEN191	MYELOPROLIFERATIVE NEOPLASM (MPN) PANEL	Cytogenetic
GEN192	OLIGODENDROGLIOMA PANEL	Electrophoresis
GEN193	BRAF-HRAS-KRAS-NRAS PANEL	Cytogenetic
TM18	M2-PK	Immunohistochemistry
P68	PANCREAS ELASTASE 1	Immunochemistry
B197	GAUCHER DISEASE, QUANTITATIVE	Immunochemistry
S334	ANTI SYNTHETASE SYNDROME PROFILE	Genetic
HSP82	IMMUNOHISTOCHEMISTRY HepPar - 1	Immunohistochemistry
TD16	RAPAMYCIN (SIROLIMUS)	THERAPEUTIC Drug Assay

In yet another notable achievement, Asiri Surgical Hospital Microbiology Lab was ranked #1 in the annual External Quality Assurance Programme conducted by the MRI.

FOCUS ON QUALITY

Adherence to global quality standards have always been a hallmark of the Asiri brand. The Group's flagship hospital - Asiri Central operates under the JCI (Joint Commission International) accreditation, while Asiri Surgical, Asiri Medical, Asiri Hospitals Galle and Matara are all accredited by ACHSI (Australian Council on Healthcare Standard International). The latest addition to the Asiri Group - Asiri Hospital Kandy also secured the ACHSI accreditation in 2022, thus ensuring all Group hospitals operate in line with internationally accredited healthcare standards.

All existing accreditations were renewed following the successful completion of the annual assurance audits by independent third parties in March 2022.

During the course of the year, the Group continued to reinforce its commitment to quality through its own quality improvement framework, focusing in particular on

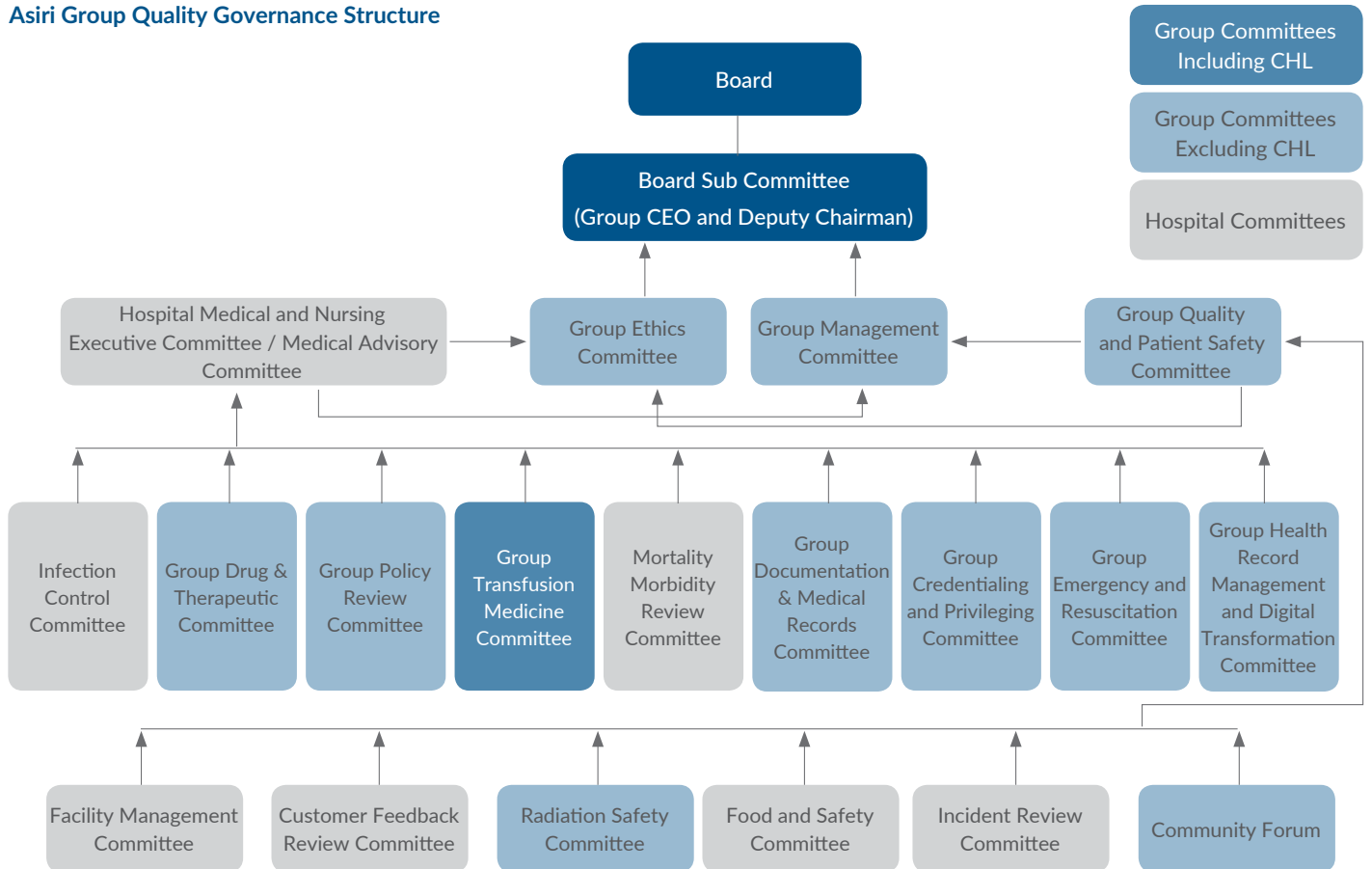
monitoring key statistical indicators to evaluate adequacy of structural systems and processes at each hospital in relation to Clinical Outcomes, Patient Safety and Patient Care.

Based on these findings, the Group Incident Management Process was further strengthened. A standard format was introduced to capture all near misses, adverse events, adverse drug events and sentinel events that result in injury to patients, employees or visitors. This was done to enable more effective analysis and categorisation of incidents to determine its position of the severity matrix.

Quality Improvement Framework - FY 2021/22

Indicator	Objective
Mortality rates such as inpatient mortality rate, ICUs mortality rate, mortality rate within 24 hours of admission, CABG – deaths	Determine Clinical Outcomes
Return to ICU in the same admission, Number of unplanned returns to the Operating theater on the same admission	Evaluate process efficiency in relation to Clinical Outcomes & Patient Care
Hospital acquired infection rate, Surgical site infection rate	Evaluate process efficiency in relation to Clinical Outcomes, Patient Safety & Patient Care
Hand hygiene compliance, Rapid response system attendances within 5 minutes	Evaluate process efficiency in relation to Patient Safety
Essential/ Critical Equipment Availability and Functionality	Evaluation of structural systems
Patient Falls, Bedsore	Evaluate process efficiency in relation to Patient Safety & Patient Care

Asiri Group Quality Governance Structure



FOCUS ON PATIENT EXPERIENCE

Amidst stiff competition from peers, the Asiri Group focused on strengthening its position as the premier private sector healthcare provider in Sri Lanka. A two-pronged approach to drive continuous improvement of Group-wide systems and processes alongside targeted capacity building initiatives across the hospital and laboratory network saw the Asiri brand reaffirming its status quo as the best in-class healthcare solutions in the Country.

Several major process improvements were undertaken during the year with the aim of enhancing overall patient experience. The patient discharge workflow system was reviewed and further streamlined under the stewardship of the Group Chief Process Officer.

As part of this exercise, patient feedback was carefully analyzed to determine key system pain points resulting in stricter timelines set for such areas as computation of the final bill, time taken to complete the settlement of the final bill, time to discharge drugs through the pharmacy, time taken for room cleaning, etc. This was accompanied with special task-oriented training to improve overall staff efficiency in these aspects. At the same time, an automated dashboard was also implemented to enable proactive monitoring of timelines and highlight variances.

The OPD pharmacy process was revamped, with a maximum allowable timeline established for issuing of medication. A new digital tool to capture and sort prescriptions was also introduced to facilitate real time tracking of overall processing speed.

The Group-wide theatre booking procedure was digitised to enable more effective allocation of theatre resources through surgeon-wise booking and online real time updating of cancellations.

The existing patient feedback system was updated with the inclusion of an online information management system to handle patient complaints. The objective of this intervention was to support the organisational leadership for strategic decision making to improve quality of service.

The Group continued to work with the Doc-990 digital channeling platform to enable patients to schedule their consultation appointments with ease, while adding virtual consultations to the menu. In a bid to further

MANAGEMENT DISCUSSION & ANALYSIS

enhance the services offered through the platform, a concerted effort was made to on-board more consultants to the platform.

FOCUS ON PEOPLE ENGAGEMENT

Amidst strict social distancing protocols necessitated by COVID-19, the Group leveraged on digital tools to stay connected with consultants and employees. Regular and ongoing SMS updates were provided to all consultants on the Group's data base, while a series of special engagement programmes were developed and launched on the Group's FB page for the benefit of all Asiri employees.

The long standing Employee of the Month initiative was continued to recognise exemplary contribution made by Asiri Group employees in their day to day work. The Sisu Diriya book donation initiative for the benefit of employees' children was introduced this year with the Group distributing 2,207 school bags and stationary packs based on grade of the child.

FOCUS ON SUSTAINABILITY

The Group continued to drive various sustainability initiatives aimed at improving energy efficiency and streamlining the waste management process across Group hospitals.

Key energy management initiatives saw the existing chiller network upgraded and reconfigured to achieve specific energy reduction targets, while Variable Frequency Drivers (VFD) were installed to improve energy efficiency of water pumps. A project to supply pre-heated water to the kitchens was also initiated at Asiri Medical. At Asiri Central Hospital, LED lighting solutions were introduced in the channeling areas and for streetlamps at the hospital premises.

Meanwhile waste management procedures at all hospitals were reviewed and updated to ensure the disposal of hazardous

waste is done strictly through authorised service providers licensed by the Central Environmental Authority.

We're very conscious of our responsibility in creating safe and secure hospitals for patients, staff, and the wider community, while ensuring respect for the environment. As such, we ensure all our hospitals across the country meet the highest defined standards for Bio-Medical Waste Management. As per the Environmental Protection Act no: 47 of 1980. "Bio-Medical Waste" is any waste which is generated from healthcare facilities which can have an adverse impact on the health of a person, or the environment if not handled and disposed of safely. All our Bio-Medical waste is disposed of through an incineration facility authorized by the CEA. An annual agreement to the value of approximately Rs. 50mn has been signed with the service provider. All details pertaining to the handling of this waste is submitted for renewal of our Environmental Protection License.

New standardised guidelines were issued for the disposal of non-hazardous waste as well. Accordingly mixed waste is to be handed over to the respective Municipal Council or Urban Council depending on location of the hospital. Recyclable waste such as cardboard, glass and PET bottles are to be disposed of through a CEA-registered waste collector for recycling and for the production of yarn, while waste cooking oil generated from all kitchens are to be handed over to a CEA-approved party exporting such waste for the purpose of manufacturing Biofuel. E-waste is to be disposed of through a relevant CEA-registered service provider.

Beyond this, the Group also signed an MoU with the Center for Sustainability of University of Sri Jayewardenepura to undertake the reforestation of 1 acre of the University managed forest in Yagirala, in the Kalutara District.

FOCUS ON THE COMMUNITY

Supporting the health and wellbeing of the wider community has always been an important part of the Asiri Health brand. Therefore, each Group hospital has an established programme of free healthcare clinics open to members of the community. These included clinics for Heart Care, Brain & Spine Care, Cancer, Breast Care, Hernia, Urology, Diabetes, Thyroid, Mindfulness and Cosmetic Surgery. These still continue into the new year.

Leadership & Governance

Board of Directors	20
Group Senior Management Team	24
Group Consultant Medical Team	26
Corporate Governance	32
Risk Management Report	37
Ethics Committee Report	40
Audit Committee Report	41
Remuneration Committee Report	42
Related Party Transactions Review Committee Report	43
Statement of Directors' Responsibilities	44
Annual Report of the Board of Directors on the Affairs of the Company	45

BOARD OF DIRECTORS



MR. VISHAL BALI
Non-Executive Independent
Director

MR. SAMANTHA RAJAPAKSA
Non-Executive Independent
Director

DR. MANJULA KARUNARATNE
Group Chief Executive Officer

MR. ASHOK PATHIRAGE
Chairman/Managing Director



DR. SIVAKUMAR SELIAH
Deputy Chairman

MR. HARRIS PREMARATNE
Non-Executive Independent
Director

MR. SUDARSHAN AHANGAMA
Non-Executive Independent
Director

MR. ANKUR THADANI
Non-Executive Independent
Director

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 and Chairman / Managing Director of Softlogic Group, one of Sri Lanka's leading conglomerates. He manages over 50 companies with a pragmatic vision providing employment to more than 11,000 employees. Mr. Pathirage manages and gives strategic direction to the Group which has a leading market presence in three core verticals, namely Retail, Healthcare Services and Financial Services and in three non-core verticals namely, IT, Leisure & Automobiles.

Asiri Hospital chain is the country's leading private healthcare provider which has achieved technological milestones in medical innovation and reliability in Sri Lanka's private healthcare services.

Softlogic Holdings PLC, Softlogic Capital PLC, Softlogic Life Insurance PLC, Asiri Surgical Hospital PLC and Odel PLC where he serves as Chairman/Managing Director are listed companies in the Colombo Stock Exchange.

He is the Chairman of NDB Capital Holdings Ltd. He also served as the Deputy Chairman of National Development Bank PLC until completion of his full tenure in terms of the regulatory guidelines.

Mr. Pathirage serves as the Chairman of Sri Lankan Airlines Limited an airline where the Government of Sri Lanka is the principle shareholder. He is also the Chairman of Sri Lankan Catering Limited.

DR. SIVAKUMAR SELLIAH

Deputy Chairman

MBBS, M Phil

Dr. Selliah holds an MBBS degree and a Master's Degree (M.Phil). He has over two decades of diverse experience in varied fields including Manufacturing, Healthcare, Insurance, Logistics, Packaging, Renewable Power, Plantation, Retail etc. He serves on

the Boards of many Public listed and Private companies.

Dr. Selliah is currently the Deputy Chairman of Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC and Central Hospital Ltd and Chairman of JAT Holdings PLC. Some of the other listed companies he serves as a Director are : Lanka Tiles PLC, Commercial Bank of Ceylon PLC, Lanka Walltiles PLC, ACL Cables PLC, HNB Assurance PLC, Softlogic Holdings PLC, Odel PLC, Swisstek (Ceylon) PLC. He has also served on many other Boards in the past. Currently, he also serves as a Member or Chairman of many Board sub committees such as : Human Resource and Remuneration Committee, Related Party Transactions Committee, Audit Committee, Investment Committee and Strategic Planning Committee.

Dr. Selliah has served as a Senior Lecturer in the Faculty of Medicine, University of Kelaniya for many years in the past and served on several committees. He has also been Head of the Department of Physiology for many years during this period at the Faculty.

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., Asiri A O I Cancer Centre (Pvt) Ltd., Jendo Innovations (Pvt) Ltd., Softlogic Pharmaceuticals (Pvt) Ltd., Softlogic Healthcare Holdings (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 Stem Cell Laboratory, 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

Non-Executive Independent Director

Mr. Premaratne was appointed to the Board in March 2008 after 40 years of banking experience with Commercial Bank of Ceylon PLC. 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 PLC 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 Banking Corporation PLC in the year 2017 and Deputy Chairman of Softlogic Finance PLC during 2015-2017. He was a Director of Softlogic Holdings PLC during 2008 - 2020 and Softlogic Capital PLC during 2014- 2020. He serves on the Board of Asiri Surgical Hospital PLC, Central Hospital Limited and Asiri Central Hospitals Limited. He functions as the Chairman of the Remuneration Committee and also a member of the Audit Committee and Related Party Transactions Review committee of the above hospitals.

MR. SAMANTHA RAJAPAKSA

Non-Executive Independent Director

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

He began his career at Messrs. Ernst & Young and 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 and as Director/Chief Executive Officer of Softlogic Communications (Pvt) Ltd. Mr. Rajapaksa thereafter held the position of Group Managing Director of Associated Motorways (Pvt) Ltd. and also served as a Director of Bank of Ceylon.

Mr. Rajapaksa currently serves as the Chairman of Kitra Holdings (Pvt) Ltd. and the Rakuen Group of Hotels. He also currently serves as a Director of Asiri Hospital Holdings PLC & Asiri Surgical Hospital PLC. Mr. Rajapaksa is the recipient of the Platinum Honours Award in recognition of Professional Excellence in the Field of Management from the Postgraduate Institute of Management of University of Sri Jaywardenepura.

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

MR. SUDARSHAN AHANGAMA

Non-Executive Independent Director

Mr. Sudarshan Ahangama is a fellow member of the Institute of Chartered Accountants of Sri Lanka. He served on the board of MAS Holdings, as its Group Finance Director for 15 years where he had responsibilities for the finance function in 17 countries across multiple regions. He continues with MAS as Director Strategic Investments handling the Groups mergers & acquisitions, cross border transactions, venture capital investments and organizational restructuring .

Previously he was with John Keells Holdings PLC, where he was a Managing Director of John Keells Stock Brokers (Pvt) Ltd for 10 years. He was part of the exchange automation task force of the CSE and led several roadshows overseas promoting the equity markets. In a subsequent role as Managing Director of the software out-sourcing activities of the Group he was also responsible for setting up several development centres in collaboration with leading global airlines and telecommunication companies. He served on many boards in both the Financial Services and IT Sectors at John Keells Group.

MR. VISHAL BALI

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

Non-Executive Independent Director

Mr. Ankur Thadani is Partner and co-head of India at TPG Growth and RISE Fund. 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 API Holdings, Tata Electric Passenger Vehicles, Campus Activewear, Solara Active Pharma, Stelis Biopharma, Rhea Healthcare, Nova IVF and Fourth Partner Energy. 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.

GROUP SENIOR MANAGEMENT TEAM



9

8

7

6

5

4

3

2

1

1 MR NIHAL RATHNAYAKE
Director Operations Asiri Central Hospital

2 MR N P JOHN
Director Laboratory Services

3 MRS HASANTHI DE SARAM KARANDAGASPITIYA
Director Human Resources

4 DR RUWAN SENATILLEKE
Medical Director Asiri Central Hospital

5 MS MIHIRI CABANDUGAMA
Director Strategic Planning and Laboratory Development

6 MS INDRESH PUVIMANASINGHE FERNANDO
Chief Process Officer

7 DR UTHPALA MALAWARA ARACHCHI
Medical Director Asiri Hospital Kandy

8 MRS ROCHELLE RODE DE SILVA
Director Marketing

9 DR SANDUN YAPA
Manager Medical Services Asiri Hospital Matara & Galle



10

11

12

13

14

15

16

17

- 10 DR PRASAD MEDAWATTE**
Director Operations Asiri Hospital Kandy
- 11 MR AJITH KARUNARATHNE**
Director Finance
- 12 MRS THELANI WEERASINGHE**
Director Nursing
- 13 DR MAHESH KANDAMBI**
General Manager Asiri Hospitals Matara and Galle

- 14 DR CHAMPIKA BOGAHAWATTE**
Medical Director Asiri Surgical Hospital
- 15 DR HASANTHIE IDDAMALGODA**
Medical Director Asiri Medical Hospital
- 16 DR. GAWRIE GALAPPATHTHY**
Head of Healthcare Quality & Safety
- 17 MR SUDATH HEWAGE**
Director Pharmacy Operations

GROUP CONSULTANT MEDICAL TEAM



PROF. L R AMARASEKARA
Consultant Histopathologist



DR. CHRISHANTHA MENDIS
Consultant / Head Dept. of Anaesthesiology,
Asiri Central Hospital



DR. DARSHANI AMARASINGHE
Consultant Anaesthesiologist



DR. GAYANI SENANAYAKE
Consultant Anaesthesiologist



DR. STELLA FERNANDO
Consultant Anaesthesiologist



DR. DINESH DE SILVA
Consultant Eye Surgeon



DR. RANGIKA GOONARATNE
Consultant Eye Surgeon



DR. LAKMALI PARANAHEWA
Consultant / Head Dept. of Radiology and
Interventional Radiology, Asiri Central
Hospital



DR. GULPA SUBASINGHE
Consultant Radiologist

**DR. SAMAN PERERA**

Consultant Radiologist

**DR. GAMINI JAYAWEERA**Consultant / Head Dept. of Transfusion
Medicine, Asiri Group**DR. NATASHA PEIRIS**

Consultant Resident Physician

**DR. VIVEK GUPTHA**

Senior Consultant Cardiothoracic Surgeon

**DR. THURUL ATTYGALLE**

Resident Physician Stroke Unit

**DR. THUSHARA FERNANDO**

Consultant Anaesthesiologist

**PROF. VAJIRA DISSANAYAKE**

Consultant Medical Geneticist

**DR. AJITH KARUNARATNE**

Consultant Cardiothoracic Surgeon

**DR. RAJEEVA PIERIS**

Consultant Cardiothoracic Surgeon

GROUP CONSULTANT MEDICAL TEAM



DR. PHILOMENA CHANDRASIRI
Consultant Microbiologist / Head of
infection Control



**PROF. LALLINDRA VIRAJAN
GOONERATNE**
Director, Bone Marrow Transplant & Clinical
Haematology Programme, Asiri Central
Hospital



DR. ROHINI RANWALA
Clinical Director, Dept. of Neuro Science,
Asiri Central Hospital



DR. SUNIL PERERA
Consultant / Head, Dept. of Neuro Science,
Asiri Central Hospital



DR. DISHNA DE SILVA
Consultant Pediatrician



DR. SUMEDHA AMARASEKARA
Consultant Orthopaedic Surgeon



MRS. GITANJALI JAYATHILAKA
Consultant Anaesthesiologist



DR. HIRANTHI ABEYSINGHE
Consultant Anaesthesiologist



DR. KALYANI MIRANDA
Consultant Radiologist



DR. VERNON MANIL FERNANDO
Consultant Orthopedic Surgeon



DR. ROMANIE NISHANTHI FERNANDO
Consultant Obstetrician & Gynaecologist



DR. SHAMA GOONATHILAKE
Consultant Clinical Oncologist, Asiri AOI
Cancer Centre (Pvt) Ltd



DR. HIMARU WIRITHAMULLA
Consultants General Surgeon



DR. UDENI DISSANAYAKE
Consultant Eye Surgeon



DR. SUJATHA PATHIRAGE
Consultant Microbiologist



DR. CHAMPIKA ABEYSINGHE
Consultant Anaesthesiologist



DR. NIMALI PUWAKWATHTHA
Consultant Anaesthesiologist



DR. NIRODHIKA DAYARATNE
Consultant Paediatrician

GROUP CONSULTANT MEDICAL TEAM



DR. DUMINDA KALUTHANTHRI
Consultant Physician



DR. GOWRIE GALAPPATHTHY
Consultant Community Physician



DR. CHAMARA RATNAYAKE
Consultant Cardiologist



DR. IRANGA PERERA
Resident Consultant Radiologist



DR. ASITHA DASSANAYAKE
Consultant Anaesthetist



DR. NILWALA JAYASINGHE
Resident Consultant Physician



DR. MANOJ CHRISTOPHER MEDAGAMA
Consultant Resident Anaesthetist



DR. SUVINI WIJESINGHE
Consultant Radiologist



DR. SAMAN HEWAMANA
Consultant Haematologist &
Haemato-Oncologist



DR. MEDHANI HEWAGAMA
Consultant Psychologist



DR. MILANKA WATTEGAMA
Consultant Endocrinologist



DR. HASANTHA RANAWAKA
Consultant Cardiologist

CORPORATE GOVERNANCE

The fundamental relationship between the Board, Management, Shareholders and other Stakeholders are established by our governance structure.

Corporate Governance (CG) is a framework of rules and practices by which an organisation is directed, controlled and managed. The CG framework provides an overview of the Corporate Governance structures, principles, policies and practices of the Board of Directors of Asiri Hospital Holdings PLC (AHH). At Asiri, the approach to CG is guided by ethical culture, stewardship, accountability, independence, continuous improvement, oversight of strategy and risk. The fundamental relationship between the Board, Management, Shareholders and other Stakeholders are established by our governance structure, through which the ethical values and corporate objectives are set and plans for achieving those objectives and monitoring performances are determined. To serve the interests of shareholders and other stakeholders, the Company's Corporate Governance system is subject to ongoing review, assessment and improvement. The Board of Directors proactively adopts good governance policies and practices designed to align the interests of the Board and Management with those of shareholders and other stakeholders and to promote the highest standards of ethical

behaviour and risk management at every level of the organisation.

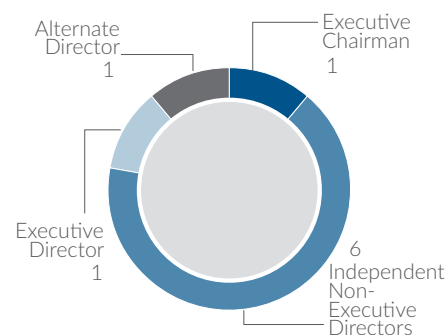
BOARD OF DIRECTORS

The Board of Directors is responsible for setting the strategic direction of the Group, safeguarding assets, managing risks and setting the tone at the top. They have set in place governance frameworks to facilitate achievement of strategic goals and compliance with regulatory frameworks while balancing stakeholder interests. Composition of the Board is set out graphically on the previous page while profiles of the Directors are given on pages 22 to 23. Directors provide annual declarations of their independence in accordance with the stipulations of the Listing Rules of the CSE and the guidelines of the Code of Best Practice. Board balance is facilitated with six Non-Executive Independent Directors who are reputed leaders in their fields of expertise. A sufficiency of financial acumen within the Board is assured with the presence of three Directors who are experienced accounting and finance professionals. The skills, experience and standing of the individual Board members ensures sufficient deliberation on matters set before the Board and exercise of independent judgement. Directors can also seek independent professional advice when deemed necessary, for which the expenses are borne by the Group.

The role of the Board is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls facilitating effective risk management. They are collectively responsible for the following:

- Providing strategic direction and establishing performance objectives to monitor the achievement of strategic goals.
- Establishing an effective management team.
- Establishing appropriate systems of corporate governance in the Group.
- Ensuring the adequacy and effectiveness of internal controls, Code of Business Conduct and other policies to facilitate regulatory compliance and risk management.

COMPOSITION OF THE BOARD



COMMITTEES OF THE BOARD

The Board is supported by the following committees which facilitate effective discharge of its responsibilities. Minutes of the sub-committee meetings are circulated to the Board ensuring awareness of the activities of the sub-committees by all Board members.

Governance of the Board Sub Committees

Sub-Committee	Composition	Mandate
Audit Committee	<ul style="list-style-type: none"> ▪ Mr. S. Ahangama Independent Non-Executive Director - Chairman ▪ Mr. G L H Premaratne Independent Non- Executive Director ▪ Mr. S A B Rajapaksa Independent Non - Executive Director 	<p>Responsible for ensuring the integrity of the Company's and Group's Financial Statements, appropriateness of accounting policies and effectiveness of internal control over financial reporting.</p> <p>Periodically approve and review the appointment and retirement of External Auditors and their relationship with the Group.</p> <p>Frequency of Meetings: Committee meets quarterly.</p>

Sub-Committee	Composition	Mandate
Remuneration Committee	<ul style="list-style-type: none"> Mr. G L H Premaratne Independent Non- Executive Director- Chairman Dr. S Selliah Independent Non- Executive Director 	<p>Responsible for determining remuneration policy and the terms of engagement and remuneration of the Chairman, the Board of Directors and the Executive Committees.</p> <p>Frequency of Meetings: Committee meets annually.</p>
Related Party Transactions Review Committee	<ul style="list-style-type: none"> Mr. S A B Rajapaksa Independent Non- Executive Director - Chairman Mr. G L H Premaratne Independent Non- Executive Director Mr. S Ahangama Independent Non- Executive Director 	<p>To assist the Board in reviewing all related party transactions carried out by the Company and its listed companies in the Group in terms of the CSE Listing Rule 9.</p> <p>Frequency of Meetings: Committee meets quarterly.</p>

MEETINGS

The Board meets on a frequent basis and dates for Board meetings are determined and communicated in advance at the beginning of the year with additional meetings being scheduled whenever deemed necessary. Meeting agenda and relevant papers are circulated to all Directors at least 7 days prior to the meeting providing sufficient time for review facilitating the conduct of an effective meeting. Attendance at Board meetings and Sub Committee meetings during the year under review is given below;

Name of Director	Board meetings	Board Sub Committees		
		Audit Committee	Related Party Transactions Review Committee	Remuneration Committee
Mr. A.K. Pathirage	2/2	-	-	-
Dr. K.M.P Karunaratne	2/2	-	-	-
Dr. S. Selliah	2/2	-	-	1/1
Mr. S.A.B Rajapaksa	2/2	5/6	4/4	-
Mr. G.L.H Premaratne	2/2	6/6	4/4	1/1
Mr. S. Ahangama	2/2	6/6	3/4	-
Mr.V. Bali	2/2	-	-	-
Mr. A.N.Thadani	1/2	-	-	-

COMPANY SECRETARIES

Messrs.Softlogic Corporate Services (Pvt) Ltd. function as Company Secretaries to the Group. The Company Secretaries provide guidance to the Board as a whole and to individual Directors with regard to discharging of responsibilities. The Company Secretaries are responsible to ensure that the Board complies with the applicable rules, regulations and procedures and all activities relating to the Board.

RE-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 for the time being subject to retirement by rotation shall retire from office. Provided however that the Managing Director appointed to the office shall not, whilst holding that office be subject to retirement by rotation.
- The following Directors thus retire and offer themselves for re-election:
 - Dr. K. M. P Karunaratne
 - Mr. V. Bali

Re-appointment of Mr. G.L.H. Premaratne who is 74 years of age as a Director of the Company in terms of section 211 of the Companies Act No. 07 of 2007.

CHAIRMAN & MANAGING DIRECTOR

The roles of the Chairman and the Managing Director are combined in one person due to the diversity of the Group's business.

CORPORATE GOVERNANCE

DIRECTORS' REMUNERATION

The Remuneration Committee makes recommendations to the Board on remuneration policy and remuneration of the Chairman and Managing Director, Executive Directors, Non-Executive Directors and Key Management Personnel in line with the business goals of the Company.

The Group's Remuneration policy is designed to attract and retain talent which comprises of fixed income and a variable income which is linked to their performance. Non-Executive Directors' remuneration comprises only a fixed fee and does not have any variable component. No Director is able to determine his/her own remuneration as Directors' Remuneration is a matter reserved for the Board as a whole with due consideration given to the recommendations of the Remuneration Committee of the Board.

The Report of Board Remuneration Committee is on page 42 provides further information. The aggregate remuneration paid to the Directors is disclosed in the Notes to the Financial Statements on page 73 of this Report.

SHAREHOLDER RELATIONS

Shareholder relations are managed through a structured process with multiple platforms facilitating shareholder engagement and timely dissemination of information. The Annual General Meeting is the key platform for engagement and notice of the AGM and all relevant documents are circulated among shareholders at least 15 working days prior to the AGM. The Chairman/ Managing Director and Board Directors and External Auditors attend the Annual General Meetings to respond to queries that may be raised by the shareholders. In addition to the AGM, shareholder engagement is also facilitated by the Group's investor relations department which maintains a continuous dialogue with shareholders through dissemination of

announcements on material developments and quarterly performance. They are also a point of clarification for shareholders.

ACCOUNTABILITY AND AUDIT

Board responsibilities include presenting a balanced assessment of the Group's financial performance, position and prospects on a quarterly and annual basis. This Annual Report has been prepared in discharge of this responsibility and includes the following declarations/ further information required by regulatory requirements and voluntary codes:

- Audited Financial Statements – pages 52 to 120.
- Statement of Director's Responsibilities - page 45.
- Annual Report of the Board of Directors on the Affairs of the Company – pages 45.
- Management Discussion & Analysis – pages 13 to 18.

The Audit Committee has oversight responsibility for monitoring and supervising financial processes to ensure integrity, accurate and timely financial reporting. It is also responsible for ensuring adequacy and effectiveness of the Internal Control and Risk Management processes and receives reports from Group Internal Audit and Group Risk Management in this regard. The Audit Committee comprises 3 Non-Executive Directors all of whom are Independent. The Chairman of the Audit Committee is a Finance professional with extensive experience in the relevant areas whose profile is given on page 23. The Terms of Reference of the Audit Committee complies with the recommendations of the Code of Best Practice on Board Audit Committees issued by ICASL and guidelines stipulated by the SEC.

The Audit Committee is responsible for approving the terms of engagement of the external auditors including audit fees. The principal auditor has not provided any services which are stipulated as restricted by the SEC and the audit fees and non-audit fees paid by the Company to its auditors are disclosed on page 73 of the Notes to the Financial Statements.

The Board holds overall responsibility for determining the Group's risk appetite and implementing sound risk management and internal control systems to ensure that risk exposures are maintained within defined parameters. The Group's internal control systems are aimed at safeguarding shareholders investments and effectively managing risks that may impact the achievement of its strategic objectives. A discussion on the Company's key risk exposures and mitigation mechanisms are given in the Risk Management Report on page 37 of this Report. The Audit Committee annually reviews the effectiveness of the Group's risk and internal control systems.

A formalised whistle-blowing policy is in place enabling employees to raise concerns anonymously on unethical behaviour, breach of regulations and/ or violations of the Group's Code of Conduct. Such complaints are investigated and addressed through a formalised procedure and brought to the notice of the Board, serving as an overriding control mechanism.

The Board Related Party Transactions Review Committee has been set up in compliance with guidelines stipulated by the CSE. Directors individually declare their relevant transactions with the Company and its subsidiaries on a quarterly basis. A formalised process is in place for identifying related party transactions and avoiding conflicts of interest. All Related Party Transactions as defined by the applicable accounting standards are disclosed on Note 31 of the Financial Statements on pages 112 to 114 of this Report.

SHAREHOLDERS

All shareholders are encouraged to attend the Annual General Meeting of the Company and vote on the resolutions which form part of the agenda in accordance with matters reserved for shareholders. Extraordinary General Meetings are also called to inform shareholders on material developments that

impact their interests and their consent is obtained for the same in accordance with the provisions of the Companies Act.

SUSTAINABILITY REPORTING

The Group continues its efforts to embed Sustainability in to its operations and report on how the Group manages risks stemming

from economic, environmental and social factors. The Group's Annual Report is used as a platform to provide comprehensive sustainability communication to all stakeholders.

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	Status of Compliance	Disclosure Details
7.10.1 (a)	Non-executive Directors	Compliant	Out of 8 Directors 6 are Non -Executive Director
7.10.2 (a)	Independent Directors	Compliant	There are 6 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	Compliant	Mr. G.L.H Premaratne and Mr. S.A.B Rajapaksa meets all the criteria of independence except one. They have not fulfilled the criteria indicated in the Listing Rule 7.10.4 (e). However, the Board taking into account all the circumstances, the Board of Directors considered that the said Directors are Independent. Dr. S. Selliah meets all the criteria of independence except two. He has not fulfilled the criteria indicated in the Listing Rule 7.10.4 (d) and (e). However, the Board taking into account all the circumstances, the Board of Directors considered that the said Director is Independent.
7.10.3 (c)	Disclosures relating to Directors. A brief resume of each Director should be included in the Annual Report including his/her area of expertise	Compliant	A brief profile of each Director is available in the Board profile presented on pages 22 and 23.
7.10.3 (d)	Appointment of new Directors. A brief resume of any new Director appointed to the Board		Not applicable. This requirement is not applicable as there were no appointments to the Board during the year.
7.10.5	Remuneration Committee	Compliant	Comprises 2 Independent Non-Executive Directors. The names of the members of the Committee are stated on page 33 of the Annual Report.
7.10.6	Audit Committee	Compliant	Comprises 3 Independent Non-Executive Directors. The names of the members of the Committee are stated on page 32 of the Annual Report. The report of the Committee is stated on page 41. The Director Finance attends all meetings.

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 and Mr. G L H Premaratne meets all the criteria of Independence except one. Dr. S Selliah 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 is also a Director of Softlogic Holdings PLC which has a significant shareholding in the immediate parent Company.

The Board having evaluated all the factors concluded that their independence has not been impaired due to them serving on the Board of another Company which has a significant shareholding in the Company and having served on the Board of the Company continuously for a period exceeding nine (9) years from the date of the first appointment.

RISK MANAGEMENT REPORT

INTEGRATED RISK MANAGEMENT

Risk management is a fundamental responsibility of the Board of Directors. The Asiri Group Board of Directors has established a robust Risk management framework which empowers all employees of the group to effectively manage risk in their day to day business activities. Being the key player in the private Healthcare industry in Sri Lanka, our main focus is on Health & safety of patients and the wellbeing of our employees, where we strive to improve the quality of human life, through the provision of ethical healthcare solutions together with cutting-edge technology. Driving towards a culture of safety, the Board regularly reviews the adequacy of risk management controls in line with the defined risk appetite and to determine the Group's ability to fulfill operational and clinical compliance requirements. These risk assessments

provide greater insights on the areas of improvements while the Risk scoring matrix helps top priorities the Group's key risks.

The Asiri Group keeps a keen eye on emerging Risks and has adopted number of Risk mitigation strategies to strengthen the Group's resilience. This includes ensuring the highest level of industry standards and best practices are followed to eliminate expensive lawsuits and undue damages to the Group's reputation.

The Asiri Group has adopted an integrated Risk Management framework to identify, assess, prioritize the significant risks and manage those with appropriate risk mitigation actions. In this regard, the Risk Management Committee is assisted by special sub-committees that focus on Quality & Patient safety, Facility management,

Incidents review, patient feedback & complaints review and Mortality & Morbidity review. Heads of the business unit act as the first line of defense, while financial controls, Information Security practices and Compliance functions serve as the second line of defense. The third line of defense comprises of Assurance services and internal controls as well as the Internal & External Auditors. Adequacy and effectiveness of the Risk management framework is periodically reviewed by the Board Audit Committee and required changes are recommended to Board of Directors.

PERCEIVED RISKS

Below table presents the key risks identified by Asiri Group of Hospitals together with potential impact and measures taken to mitigate those risks.

Risk	Potential Impact	Mitigation Strategy
<p>Adverse Clinical outcomes rated as ISR 1 or 2</p> <p>Any event or incident that leads to an adverse outcome for a patient rated as Incident severity rating 1 or 2 would be detrimental to the reputation of the organization. Examples- death of a patient due to negligence of the clinical team, surgical complications, hospital acquired infections of an immunocompromised patient, patient fall leading to head injury or fracture.</p>	<p>As a hospital, Risks associated with patient care are extremely imperative. Clinical risks can lead to other risks including reputation and legal risk in addition to causing financial losses.</p> <p>The likelihood and consequences of Clinical Risks may vary time to time. However it is the most significant and vulnerable area to Asiri Group of Hospitals in terms of Risk.</p>	<p>Regular supervision of all clinical work at unit level to ensure competent staff are deployed and instructions followed at all times.</p> <p>Abide by the clinical guidelines, SOP's and unit protocols to ensure consistency of services, Regular training and evaluation of clinical staff to ensure competency and update of knowledge</p> <p>Strict credentialing and evaluation process of all clinical staff at point of recruitment to ensure appropriate skill and competency, while practicing privileges granted accordingly to all clinicians, nurses and para medical staff.</p> <p>Timely preventive repair, replacement of medical equipment, instruments through comprehensive service contracts for critical equipment.</p> <p>Strict infection control program</p> <p>Monthly patient feedback, complaint review and Incident review as a continuous improvement process</p> <p>Subcommittee on Clinical Risk Management fully operates within its sphere to ensure that all clinical Risks that are reported, are addressed adequately and appropriate controls are in place to prevent additional Clinical Risk events. Frequent monitoring and review of Clinical Risks to ensure the Group's Clinical Risk Management plan is adequate and effective.</p>

RISK MANAGEMENT REPORT

Risk	Potential Impact	Mitigation Strategy
Strategic Risk		
<p>Strategic Risk is the risk that arises due to the timeliness and accuracy of the Group's strategy, and objectives, as well as the effectiveness of the strategy execution process. 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 Group'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>Annual business planning sessions which involve brain storming with cross functional teams from senior management and heads of departments to staff members.</p> <p>Monthly reviews with sales and marketing teams to understand and take appropriate action based on market behaviour and competitor activity.</p> <p>Regular follow up/ review on all new projects with the Group CEO and MD.</p> <p>All strategic decisions are scrutinized by the Board of Directors who have expertise knowledge and vast experience in the industry.</p>
Operational Risk		
<p>These are the Risk of losses resulting from inadequate or failed internal processes, people and systems or from external events.</p>	<p>Operational risk exists in the natural course of business activity. Failure to manage operational risks can expose the Group to significant losses.</p>	<p>The Group is committed to enhance the effectiveness of Operational Risk Management process through identification, assessment, treatment, monitoring and control of all operational aspects of the business.</p> <p>Regular review of processes and redesign to ensure smooth operation from customer's point of view.</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 as well as the Group's reputation and performance.</p> <p>Robust policies for IT Security have been implemented and frequent IT audits and reviews are conducted to ensure the adequacy of controls and areas of improvements.</p>

Risk	Potential Impact	Mitigation Strategy
Human Resources (People)		
Service industry, in which the Group operates, is heavily dependent on human resources.	Human resource issues could affect the continuity of business operations. The consequences could be serious, when loss of key executives without suitable replacement.	The Group has introduced a comprehensive recruitment and retention process. Clinical staff are recruited following a thorough evaluation of their credentials and regulatory requirements. 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.
Risks may arise from employee negligence, conflict of interest, fraud or misappropriation and due to poorly trained employees.	Thus the ability to recruit and retain qualified and skilled healthcare professionals are crucial for the Group's success.	Recognition and reward schemes to encourage and promote desirable behaviour is in place.
Human capital may affect by failure to attract, develop and retain skilled workforce.		Retaining key talent with appropriate incentive schemes and periodic review of performance if in place.
Technological & information security		
The healthcare industry is exposed to frequent technological change and failure to adopt these latest technologies will drive the Group towards technological obsolescence.	If systems are disrupted over the internet, by an adversary or an accident, that can have a profound impact on patient care.	Research and innovations in the healthcare industry are regularly perused as the Group is intent on adopting most innovative & advance technologies for diagnostics and treatments.
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.	Inability to adopt the latest pioneering technology could result in loss of customers, leading to fall in revenue and loss of market leadership.	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.
Legal and Compliance Risk		
In a highly regulated, high Risk industry such as healthcare, compliance is especially important.	The Group will be exposed to legal penalties, financial forfeiture and material losses and the consequences of litigation are difficult to predict or quantify.	Regulatory compliance is ensured with check lists, timely renewal of licenses, regular inspection and review of practices and training of staff in HR, Finance, waste management, pharmacy and laboratory services etc.
Compliance risk arises when the Group fails to act in accordance with industry laws and regulations, internal policies or prescribed best practices.	In addition to complying with the Colombo Stock Exchange, Securities and Exchange Commission and Companies Act disclosure requirements, the Group also complies with Sri Lanka Accounting Standards. Non-compliance would cause severe reputation damages as well.	The Group's corporate governance framework ensures the transparency, compliance with laws & regulation and ethical business in all affairs with stakeholders. The Related Party Transaction Review committee has been established to assure the highest level of integrity and transparency.

ETHICS COMMITTEE REPORT

The Ethics Committee of the Asiri Group of Hospitals was constituted to serve as an advisory body on matters relating to conduct of research and clinical trials within the Asiri Group of Hospitals. Also, the matters concerning ethics issues around patient care referred to it by the Management and visiting & resident staff. The committee is responsible to report its decisions to Management.

The committee is entrusted with the task of peruse, on behalf of the Management, all proposals for research that is proposed to be carried out on Asiri Hospital patients submitted to the hospital for permission:

- To verify that the proposed investigators have obtained ethics approval from a SIDCER recognition by FERCAP Ethics Committee/s;
- To verify that the proposed investigators have obtained all other approvals and permissions necessary depending on the nature of the research and the proposed research subjects; and
- Also to verify that it meets other requirements that may be decided from time to time and set out as Committee Decisions.

The committee has so far reviewed experimental therapy and clinical trial protocols submitted to it by clinicians at Asiri. These include protocols on experimental stem cell therapy for Parkinson Disease and spinal cord transaction and a phase II trial for rheumatoid arthritis using an anti TNF alpha antibody. Also, the committee has reviewed the proposal for "Dialog m Health Trial with Asiri - (Evaluation of ambulant remote monitoring technology for investigating cardiac arrhythmias)".

The committee will Consider and advise the Management regarding ethics issues that arise around patient care as described in Standard Operating Procedures.

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 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

26 July 2022
Colombo

AUDIT COMMITTEE REPORT

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.

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 32.

MEETING AND ATTENDANCE

The Audit Committee met on six 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:

Mr. S. Ahangama (Chairman) - Non-Executive Independent Director, 6 of 6 meetings.

Mr. S A B Rajapaksa (member) - Non-Executive Independent Director, 5 of 6 meetings

Mr. G L H Premaratne - (member) - Non-Executive Independent Director, 6 of 6 meetings

The Director Finance and the Group Manager - Audit of Asiri Group were permanent attendees at these meetings, as were the Group Head of Risk & Audit and the Group Finance Director of Softlogic Group. The External Auditors attended meetings by invitation when required and the Company Secretaries, Softlogic Corporate Services (Pvt) Ltd served as Secretaries to the committee.

THE AUDIT COMMITTEE CARRIED OUT THE FOLLOWING ACTIVITIES TO FULFILL ITS OBLIGATIONS

The Audit Committee reviewed and discussed with the company's management and the Independent Auditors, the accounting policies, disclosures and fair presentation of the Consolidated Financial Statements for the financial year ended 31 March 2022.

The activities of the Audit Committee included:

- Reviewed and discussed the Management's representations to ensure that the Consolidated Financial Statements are prepared in accordance with Sri Lanka Financial Reporting Standards, applicable laws and regulations, truly and fairly present the results of operations and the financial position of the company.
- Reviewed the processes directed towards ensuring operational effectiveness of internal controls and the risk management procedures are adequate and effective.
- Reviewed internal audit reports and findings of the External Auditors in support of the integrity of reported results.
- Reviewed the compliance reports presented by the Management for monitoring the compliances with laws and regulations.
- Reviewed the Company's ability to continue as a going concern in the foreseeable future by assessing the budgets and discussing with management of mitigating actions.
- Reviewed and discussed with the Management, the annual and the quarterly Financial Statements prior to their release, including the extent of compliance with the Sri Lanka Financial Reporting Standards and the Companies Act No. 7 of 2007.

EXTERNAL AUDITORS

M/s Ernst and Young, the Auditors of the company retire and offer themselves for re-appointment. The Board recommends their re-appointment for the year 2022/2023 subject to the approval of the shareholders at the Annual General Meeting.

The Committee also reviewed the arrangements made by the Auditors to maintain their independence and confirmation has been received from the Auditors of their compliance with the independence.

Therefore, the Board has determined that the External Auditors are independent as they are not engaged in providing any non-audit services and the fees charged for audit assignments are not significant to impair their judgement/independence.

As far as the Directors are aware, the Auditors do not have any other relationship with the Company or any interest in contracts with the Company.

CONCLUSION

The Committee is of the view that adequate controls and procedures are in place to provide reasonable assurance that the Company's assets are safeguarded, and the reported financial results present a true and fair view. The Audit Committee concurs that the adoption of the going concern premise in the preparation of the Financial Statement is appropriate. The Audit Committee recommended to the Board of Directors that the Financial Statements as submitted be approved.

On behalf of the Audit Committee

Sgd.
S. Ahangama
 Chairman – Board Audit Committee

26 July 2022
 Colombo

REMUNERATION COMMITTEE REPORT

PURPOSE

The principal purpose of the Committee is to consider, agree and recommend to the Board a remuneration policy that is aligned with its long-term business strategy, objectives, risk appetite, values and the long term interests of the Group whilst also recognising the interests of stakeholders. The responsibilities of the Committee are laid out in its written Terms of Reference (TOR).

COMMITTEE COMPOSITION AND MEETING

The Human Resources and Remuneration Committee consists of 2 Non-Executive Independent Directors. The members of the Human Resources and Remuneration Committee as at 31 March 2022 and the attendance at the meeting held is as below:

ATTENDANCE AT MEETING

Name of Director	Category	Attended/ Eligible to attend
Mr. G.L.H Premaratne Non-Executive Independent Director	Chairman	1/1
Dr. S. Selliah Non- Executive Independent Director	Member	1/1

The Committee spent time understanding the interaction of remuneration and culture of the organisation and how our remuneration structures influence our chosen strategic behaviours. We performed a comprehensive review of our executive remuneration offering in order to optimise the structure of our package to enhance competitiveness.

ACTIVITIES OF THE YEAR

We continued to ensure that our remuneration policies were consistent with our strategic objectives, and were designed with the long term success of the Group in mind. This was particularly so when considering how our remuneration schemes can drive behaviour in line with our chosen objectives and in line with industry best practices.

Our investment in a renowned HR platform, will continue to strengthen the effectiveness and efficiency of the systems and processes.

OUR REWARD FRAMEWORK

The Committee focused on delivering a reward framework that is transparent, tailored to individual roles and provide a clear link to the Company's strategic objectives. The objective is to drive performance to the highest standards while rewarding both performance and value behaviours. It seeks to be sufficiently competitive in order to attract, retain and motivate employees of the highest calibre.

SUMMARY

The Remuneration Committee will continue to monitor the remuneration policy to ensure that it is correctly aligned with the Group's strategy. The Committee's policy aims to properly reward performance in line with the Company's business objectives and growth to enrich shareholder value.

Sgd.

Mr. G. L. H. Premaratne

Chairman – Remuneration Committee

26 July 2022
Colombo

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

PURPOSE

The purpose of the Related Party Transactions Review Committee is to conduct an appropriate review of Asiri Group's related party transactions and to ensure that interests of shareholders and other stakeholders are considered when engaging in related party dealings, hence preventing Directors, Key Management Personnel or substantial shareholders taking advantage of their positions. The Committee ensures adherence to the Rule 9 of the Listing Rules and guided by the Code of Best Practices on related party transactions issued by the Securities & Exchange Commission of Sri Lanka (SEC) and CA Sri Lanka. The Committee states opinions in accordance with the charter of the Related Party Transaction Review Committee. It reviews the charter and policies while making recommendations to the Board as and when deemed necessary.

COMPOSITION

The Related Party Transactions Review Committee comprises three Non-Executive Independent Directors.

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

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

Mr. S. Ahangama - Independent Non-Executive Director - (Member)

The Director Finance attends the meeting by invitation. Softlogic Corporate Services (Pvt) Ltd, serves as Secretaries to the Committee.

ATTENDANCE AT MEETINGS

Name of Director	Attendance
Mr. S.A.B Rajapaksa	4/4
Mr. G.L.H Premaratne	4/4
Mr. S. Ahangama	3/4

ROLES AND RESPONSIBILITIES

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

REVIEW OF THE RELATED PARTY TRANSACTIONS DURING THE YEAR

The Committee reviewed all proposed Related Party Transactions of Asiri Hospital Holdings PLC and scrutinised such transactions to ensure that they are no less favourable to the Group than those generally

available to an unaffiliated third party in a similar circumstance. The activities of the Committee have been communicated to the Board quarterly through tabling minutes of the meeting of the Committee at Board Meetings. Relevant disclosures have been made to the Colombo Stock Exchange in compliance with regulations. Details of Related Party Transactions entered by the Group during the above period are disclosed in Note 31 to the Financial Statements.

During the year there were no non-recurrent or recurrent related party transactions that exceeded the respective thresholds mentioned in the Listing Rules of the Colombo Stock Exchange.

Sgd.

Mr. S.A.B Rajapaksa

Chairman
Related party Transactions Review
Committee

26 July 2022
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 page 49 to 51. 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 52 to 120 of the Annual Report, appropriate accounting policies have been selected and applied in a consistent manner and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed. The Directors confirm that they have justified in adopting the going concern basis in preparing the financial statements since adequate resources are available to continue operations in the foreseeable future.

The Directors are responsible for keeping proper accounting records, which disclose reasonable accuracy, at any time, the financial position of the Company and to enable them to ensure the financial statements comply with the Companies Act No. 07 of 2007 and are prepared in accordance with Sri Lanka Accounting Standard (SLFRS/ LKAS).

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

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

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

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and other known statutory dues as were due and payable by the Company as at the date of the Statement of Financial Position have been paid or, where relevant provided for, in arriving at the financial results for the year under review except as specified in Note 29 to the Financial Statements covering contingent liabilities.

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

Sgd.
Softlogic Corporate Services (Pvt) Ltd
Secretaries

26 July 2022
Colombo

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Directors of Asiri Hospital Holdings PLC have pleasure in presenting to the members of 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 2022.

GENERAL

Asiri Hospital Holdings PLC is a public company incorporated in Sri Lanka on 29th September 1980, under the Companies Act No.17 of 1982, with limited liability. The Ordinary Shares of the Company have been listed with the Colombo stock exchange since 1986.

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

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.

PERFORMANCE REVIEW

The Financial Statements reflect the state of affairs of the Company and the Group. This report forms an integral part of the Annual Report of the Board of Directors.

FINANCIAL STATEMENTS

Section 168 (b) of the Companies Act no. 07 of 2007 require that the Annual Report of the Directors include financial statements of the Company, in accordance with Section 151 of the Companies Act and Group financial statements for the accounting period, in accordance with section 152 of the Companies Act. The requisite financial statements of the Company are given on pages 52 to 120 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 Accounting Standards. A statement in this regard is given on page 44.

AUDITOR'S REPORT

The Auditor's Report on the financial statements is given on page 49 of the Annual Report.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the financial statements are given on pages 58 to 70 of the Annual Report. There was no change in the accounting policies adopted from the previous year except for the standards listed in Note 2.5 & 2.6.

PROPERTY, PLANT & EQUIPMENT

The details and movement of property, plant and equipment during the year under review is set out in Note 9 to the Financial Statements on pages 77 to 80.

CAPITAL EXPENDITURE

The total capital expenditure incurred on the acquisition of property, plant and equipment for the Group and the Company amounted to Rs. 1,228Mn (2021 - Rs. 1,526Mn) and Rs. 504Mn (2021 - Rs. 891Mn) respectively. Details of capital expenditure and their movements are given in Note 9 to the Financial Statements on pages 77 to 80 of the Annual Report.

RESERVES

The reserves for the Group and the Company amounted to Rs. 9,905Mn (2021 Rs. 5,546Mn) and Rs. 5,849Mn (2021 - Rs. 3,663Mn) respectively. The movement and composition of the Capital and Revenue reserves is disclosed in the Statement of Changes in Equity.

DONATIONS

During the year, donations made by the Group and the Company amounted to Rs. 5.8Mn (2021 - Rs. 2.2Mn) and Rs. 1.3Mn (2021 - Rs. 0.12Mn) respectively.

STATED CAPITAL

The stated capital of the Company as at 31 March 2022 was Rs. 4,748,108,334/- (2020/2021- LKR. 4,748,108,334/-) represented by 1,137,533,596 ordinary shares. There was no change in the stated capital of the Company during the year under review.

EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL PERFORMANCE

No circumstances have arisen, and no material events have occurred after the date of the Statement of Financial Position, which would require adjustments to, or disclose in the accounts other than those disclosed in Note 30 to the Financial Statements.

TAXATION

The information relating to income tax and deferred taxation is given in Note 6 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 29 to the Financial Statements, covering contingent liabilities.

RELATED PARTY TRANSACTIONS

The Company's transactions with Related Parties, given in Note 31 to the Financial Statements.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

No related party transaction exceeded the limits of 10% of equity or 5% of total assets requiring immediate disclosure to CSE and a separate disclosure in the Annual Report. As required by Section 9.3.2 (d) of the Listing Rules, the Board confirms that the Company has complied with all requirements as per Section 9 of the Listing Rules. The Directors have disclosed the transactions with Related Parties in terms of Sri Lanka Accounting Standard (LKAS 24), Related Party Disclosures in Note 31 on pages 112 to 114 which is adopted in the preparation of these Financial Statements.

DIRECTORATE

The following Directors held Office during the year under review. The biographical details of the Board members are set out on pages 22 to 23.

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. S. Ahangama

Mr. V. Bali

Mr. A.N. Thadani

Mr. A.N. Thadani (Alternate Director to Mr. V Bali)

DIRECTORS' SHAREHOLDING

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

Name of Director	No. of Shares as at 31/03/2022	No. of Shares as at 31/03/2021
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. S. Ahangama	-	-

DIRECTORS' REMUNERATION

Directors' remuneration in respect of the Company for the financial year ended 31 March 2022 was Rs. 23Mn (2021 – Rs. 16Mn). The remuneration of the Directors is determined by the Board.

DIRECTORS' INTERESTS IN CONTRACTS AND PROPOSED CONTRACTS WITH THE COMPANY

Directors' interests in contracts, both direct and indirect are referred to in Note 31 to the Financial Statements. The Directors have no direct or indirect interest in any other contract or proposed contract with the Company.

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.

SHAREHOLDERS' INFORMATION

The distribution of shareholders is indicated on page 122 of the Annual Report. There were 5,471 registered shareholders as at 31 March 2022 (31 March 2021 – 5,613).

SHARE INFORMATION

Information on share trading is given on page 123 of the Annual Report.

INTERNAL CONTROL

The Directors are responsible for the governance of the Company including the establishment and maintenance of the Company's system of internal control. Internal control systems are designed to meet the particular needs of the organization concerned and the risk to which it is exposed and by their nature can provide reasonable, but not absolute assurance against material misstatement or loss. The Directors are satisfied that a strong control environment is prevalent within the Company and that the internal control systems referred to above are effective.

EMPLOYEES & INDUSTRIAL RELATIONS

There have been no material issues pertaining to the employees and industrial relations of the Company,

RISK MANAGEMENT

The Group's risk management objectives and policies and the exposure to risks, are set out in page 37 and 39 of the Annual Report.

CORPORATE GOVERNANCE

The report on Corporate Governance is given on pages 32 to 36 of the Annual Report.

DIVIDENDS

The Directors recommended that to the shareholders that the first interim dividend of LKR.1.30 per share paid on 7th December 2021

The Directors recommended that to the shareholders that the second interim dividend of LKR.1.20 per share paid on 28th April 2022

THE AUDITORS

The Board Audit Committee reviews the appointment of the external auditors, as well as their relationship with the Group, including monitoring the Group's use of the auditors for non-audit services and the balance of audit and non-audit fees paid to the auditors.

The Auditors of the Company, Messrs. Ernst & Young, Chartered Accountants were paid Rs. 1.9Mn as audit fees for the financial year ended 31 March 2022 (2021 – Rs. 0.9Mn) by the Company. Details of which are given in Note 5 to the Financial Statements.

As far as the Directors are aware, the Auditors do not have any relationship (other than that of an auditor) with the Company that would have an impact on their independence. The Auditors also do not have any interest in the Company.

Having reviewed the independence and effectiveness of the external auditors, the Audit Committee has recommended to the Board that the existing auditors, Messrs. Ernst & Young, Chartered Accountants be reappointed. Ernst & Young have expressed their willingness to continue in office and ordinary resolution reappointing them as auditors and authorizing the Directors to determine their remuneration will be proposed at the forthcoming AGM.

RELATED PARTY TRANSACTIONS

The Company's transactions with Related Parties, given in Note 31 in the Financial Statements.

GOING CONCERN

The Directors having assessed the environment within which it operates, the Board is satisfied that the Group and the Company have adequate resources to continue its operations in the foreseeable future. Therefore, the Directors have adopted the going-concern basis in preparing the financial statements.

ANNUAL GENERAL MEETING

The 42nd Annual General Meeting of the Company will be held either physically or electronic means on Friday, the 19th August 2022 at 10.30 am. The Notice of the Annual General Meeting is on page 127 of the Annual Report.

Sgd.

A K Pathirage

Chairman/Managing Director

Sgd.

Dr. Manjula Karunaratne

Group Chief Executive Officer

Sgd.

Softlogic Corporate Services (Pvt) Ltd

Secretaries

26 July 2022

Colombo

Financial Reports

Independent Auditors' Report	49
Statement of Profit or Loss	52
Statement of Comprehensive Income	53
Statement of Financial Position	54
Statement of Changes in Equity	55
Statement of Cash Flows	57
Notes to the Financial Statements	58

INDEPENDENT AUDITORS' REPORT



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

Tel: +94 11 246 3500
Fax (Gen): +94 11 269 7369
Fax (Tax): +94 11 557 8180
Email: eysl@lk.ey.com
ey.com

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 subsidiary ("the Group"), which comprise the statement of financial position as at 31 March 2022, 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 2022, 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.

Key Audit Matter	How our audit addressed the key audit matter
<p>Revaluation of freehold land and buildings</p> <p>Property, Plant and Equipment includes Land and Buildings carried at fair value as disclosed in Note 9 to the financial statements.</p> <p>This was a key audit matter due to:</p> <ul style="list-style-type: none"> Materiality of the reported Land & Buildings balances which amounted to Rs. 23.5 Bn and represented 60.0% of the total assets as of 31 March 2022. The degree of assumptions, judgements and estimation uncertainties associated with fair valuation of Land and Buildings in the current market conditions. <p>Key areas of significant judgments, estimates and assumptions used in the valuation of the Land and Buildings included the following:</p> <ul style="list-style-type: none"> Estimate of per perch value of the Land Estimate of the per square foot value of the Buildings 	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> Assessed the competency, capability and objectivity of the external valuer engaged by the Group. Read the external valuer's report and understood the key estimates made and the approach taken by the valuer in determining the valuation of each Land and Building. Assessed the reasonableness of the significant judgements made by the valuer relating to valuation techniques, per perch price and value per square foot used by the valuer in the valuation of each Land and Building. <p>We have also assessed the adequacy of the disclosures made in Notes 2.4.6 and 9 to the financial statements.</p>

Partners: H M A Jayasinghe FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, W R H De Silva FCA ACMA, Ms. Y A De Silva FCA, Ms. K R M Fernando FCA ACMA, N Y R L Fernando ACA, W K B S P Fernando FCA FCMA, Ms. L K H L Fonseka FCA, D N Gamage ACA ACMA, A P A Gunasekera FCA FCMA, A Herath FCA, D K Hulangamuwa FCA FCMA LLB (London), Ms. G G S Manatunga FCA, A A J R Perera ACA ACMA, Ms. P V K N Sajeewani FCA, N M Sulaiman ACA ACMA, B E Wijesuriya FCA FCMA, C A Yalagala ACA ACMA

Principals: W S J De Silva BSc (Hons)-MIS MSc-IT, G B Goudian ACA, D L B Karunathilaka ACA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), 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>Interest Bearing Borrowings</p> <p>As of the reporting date, the Group reported total interest bearing borrowings of Rs. 13.8 Bn, of which Rs.7.6 Bn was reported as current liabilities and the balance Rs. 6.2 Bn as non-current liabilities. Interest bearing borrowings was a key audit matter due to:</p> <ul style="list-style-type: none"> ▪ The magnitude of interest bearing borrowings; ▪ Existence of numerous financial and non-financial covenants relating to such borrowings; and ▪ Appropriateness of disclosures including liquidity risk management, maturity profile and current vs non-current classification of such borrowings in the financial statements. 	<p>Our audit procedures included amongst others, the following:</p> <ul style="list-style-type: none"> ▪ Obtained an understanding of the terms and conditions attached to borrowings, by perusing the loan agreements. ▪ Assessed the design and operating effectiveness of controls implemented for recording of borrowings, monitoring, evaluating and timely reporting on covenant compliances in relation to interest bearing borrowings. <p>We also, reviewed the disclosures including liquidity risk management, maturity profile and current vs non-current classification of such borrowings made in Notes 23 and 32.4 to the financial statements.</p>
<p>Revenue recognition</p> <p>The Group's revenue generated from its healthcare services is accounted for and disclosed in Notes 2.4.15 and 3.1 to the financial statements We considered revenue as a key audit matter due to:</p> <ul style="list-style-type: none"> ▪ The significance of the balance and high volume of transactions; ▪ Reliance on Information Technology (IT); and ▪ Complexity of revenue recognition due to involvement of multiple divisions to provide medical services. 	<p>Our audit procedures included amongst others, the following:</p> <ul style="list-style-type: none"> ▪ Obtained an understanding and tested key controls over revenue recognition in respect of initiation of transactions, the basis of calculation and the time of recognition. We also tested the general IT control environment relating to the most significant IT systems relevant to revenue recognition and tested relevant IT application controls. ▪ Performed inquiries of management and appropriate analytical procedures to understand and assess the reasonableness of the reported revenues. ▪ Tested the appropriateness of revenue recognised by reviewing the relevant supporting documents. ▪ Discussed with Management regarding the service arrangements particularly relating to involvement of consultant medical personnel and reviewed appropriateness of Management's determination of recognition of underlying revenue on a gross or net basis. <p>We also, assessed the adequacy of the disclosures made in Notes 2.4.15 and 3.1 in the financial statements.</p>

Other information included in the Group's 2021/22 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 controls.

- Obtain an understanding of internal controls 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 2471.



26 July 2022
Colombo

STATEMENT OF PROFIT OR LOSS

Year ended 31 March	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Revenue	3.1	22,324,121,158	15,784,522,792	8,759,388,357	6,138,339,296
Cost of services		(11,923,489,031)	(8,994,512,839)	(4,277,636,036)	(3,022,664,028)
Gross Profit		10,400,632,127	6,790,009,953	4,481,752,321	3,115,675,268
Other Income	3.2	226,579,493	195,045,397	121,141,841	99,662,750
Administrative Expenses		(4,212,239,944)	(3,617,515,545)	(1,773,309,902)	(1,504,199,023)
Selling and Distribution Expenses		(615,992,303)	(565,510,696)	(291,283,801)	(205,115,532)
Finance Cost	4.1	(1,273,987,647)	(1,433,382,356)	(1,189,910,434)	(1,373,921,685)
Finance Income	4.2	247,210,049	242,331,432	62,033,595	74,328,094
Dividend Income	4.3	-	-	2,345,493,836	1,617,051,213
Profit Before Tax	5	4,772,201,773	1,610,978,185	3,755,917,455	1,823,481,085
Tax (Expense)/Reversal	6	(968,903,722)	133,639,658	(499,464,094)	55,213,970
Profit for the Year		3,803,298,051	1,744,617,843	3,256,453,361	1,878,695,055
Attributable to:					
Equity Holders of the Parent Company		3,503,939,215	1,531,236,445		
Non-Controlling Interest		299,358,836	213,381,398		
		3,803,298,051	1,744,617,843		
Earnings Per Share - Basic	7	3.08	1.35	2.86	1.65
Dividend Per Share	8	2.50	1.60	2.50	1.60

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 58 through 120 form an integral part of these Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Profit for the Year		3,803,298,051	1,744,617,843	3,256,453,361	1,878,695,055
Other Comprehensive Income not to be reclassified to Statement of Profit or Loss in subsequent periods (net of tax):					
Net (Loss) on Equity Instruments at Fair Value Through Other Comprehensive Income	14.2	(161,016,255)	(67,437,190)	(36,711,427)	-
Revaluation of Lands and Buildings		4,628,026,820	282,614,063	2,109,130,674	129,422,452
Actuarial Gain/(Loss) on Post Employment Benefit Liability	25.1	3,909,843	(79,859,407)	(10,284,456)	(56,432,374)
Net Other Comprehensive Income not to be reclassified to Statement of Profit or Loss in subsequent periods		4,470,920,407	135,317,466	2,062,134,791	72,990,078
Other Comprehensive Income to be reclassified to Statement of Profit or Loss in subsequent periods:					
Currency Translation of Foreign Operation		(2,333,463)	(670,556)	-	-
Net Other Comprehensive Income to be reclassified to Statement of Profit or Loss in subsequent periods		(2,333,463)	(670,556)	-	-
Tax on Other Comprehensive Income	24.1	(670,472,921)	579,084,544	(288,457,301)	344,566,308
Other Comprehensive Income for the Year, Net of Tax		3,798,114,023	713,731,454	1,773,677,490	417,556,387
Total Comprehensive Income for the Year, Net of Tax		7,601,412,074	2,458,349,297	5,030,130,851	2,296,251,442
Total Comprehensive Income Attributable to:					
Equity Holders of the Parent Company		7,203,526,399	2,210,477,746		
Non-Controlling Interest		397,885,675	247,871,551		
		7,601,412,074	2,458,349,297		

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 58 through 120 form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
ASSETS					
Non-current Assets					
Property, Plant and Equipment	9	29,612,478,928	25,253,490,931	14,107,013,151	12,203,949,133
Right of Use Assets	10	1,280,844,185	1,309,859,796	956,155,474	946,612,185
Goodwill	11	609,654,071	609,654,071	-	-
Investment in Subsidiaries	12	-	-	12,341,417,365	12,341,176,740
Other Non Current Assets	13	62,408,163	54,472,751	36,426,161	28,490,753
Non Current Financial Assets	14	386,326,932	323,258,010	93,200,000	30,000,000
		31,951,712,279	27,550,735,559	27,534,212,151	25,550,228,811
Current Assets					
Inventories	17	1,000,220,190	664,297,012	299,553,034	203,027,074
Trade and Other Receivables	18	707,745,547	789,098,929	467,203,227	551,037,804
Dividend Receivable		-	-	744,959,212	-
Loans Granted to Related Parties	20	4,237,404,138	1,679,771,446	716,672,052	133,717
Other Current Assets	19	507,544,251	401,695,541	147,488,562	180,516,504
Cash and Cash Equivalents	28.1	838,746,156	985,680,944	394,360,827	530,712,583
		7,291,660,282	4,520,543,872	2,770,236,914	1,465,427,682
Total Assets		39,243,372,561	32,071,279,431	30,304,449,065	27,015,656,493
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	21	4,748,108,334	4,748,108,334	4,748,108,334	4,748,108,334
Other Components of Equity	22	6,915,288,031	3,218,096,325	4,075,642,662	2,293,120,542
Retained Earnings		2,990,073,369	2,327,573,999	1,773,614,805	1,369,840,065
Equity Attributable to Equity Holders of the Parent		14,653,469,734	10,293,778,658	10,597,365,801	8,411,068,941
Non-Controlling Interest		1,169,367,850	1,003,479,433	-	-
Total Equity		15,822,837,584	11,297,258,091	10,597,365,801	8,411,068,941
Non-current Liabilities					
Interest Bearing Loans and Borrowings	23	6,246,747,700	8,199,548,739	9,167,260,449	10,603,858,481
Deferred Tax Liabilities	24	2,042,325,097	1,107,083,521	923,941,783	489,519,484
Employee Benefit Obligations	25	699,050,763	666,289,845	276,748,806	259,084,763
		8,988,123,560	9,972,922,105	10,367,951,038	11,352,462,728
Current Liabilities					
Trade and Other Payables	26	1,938,262,248	1,909,338,080	1,076,281,363	1,132,361,719
Dividend Payable		1,509,632,702	91,176,933	1,400,551,797	73,144,253
Interest Bearing Loans and Borrowings	23	7,590,045,963	6,011,703,946	4,263,102,675	3,460,143,254
Income Tax Payable	27	348,485,366	71,930,530	231,862,481	22,977,995
Bank Overdraft	28.2	3,045,985,138	2,716,949,746	2,367,333,910	2,563,497,602
		14,432,411,417	10,801,099,235	9,339,132,226	7,252,124,823
Total Equity and Liabilities		39,243,372,561	32,071,279,431	30,304,449,065	27,015,656,493

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

Sgd.

Ajith Karunaratne

Director Finance

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 58 through 120 form an integral part of these Financial Statements.

26 July 2022

Colombo

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March	Attributable to Equity Holders of the Parent										
	GROUP	Stated Capital	Fair Value Reserve of Financial Assets at FVOCI	Revaluation Reserve	Other Reserve	Retained Earnings	Foreign Currency Translation Reserve	Total	Non-Controlling Interest	Total Equity	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
As at 1 April 2020	4,748,108,334	7,799,793	3,384,550,012	(863,976,833)	2,683,467,360	-	9,959,948,665	901,355,165	10,861,303,830		
Profit for the Year	-	-	-	-	1,531,236,445	-	1,531,236,445	213,381,398	1,744,617,843		
Other Comprehensive Income	-	(540,39,864)	801,027,773	-	(67,076,053)	(670,556)	679,241,301	34,490,153	713,731,454		
Total Comprehensive Income	-	(540,39,864)	801,027,773	-	1,464,160,392	(670,556)	2,210,477,746	247,871,551	2,458,349,297		
Acquisition of Subsidiary	-	-	-	-	-	-	-	338,000,105	338,000,105		
Acquisition of Non-Controlling Interests	-	-	-	(56,593,999)	-	-	(56,593,999)	(65,225,988)	(121,819,988)		
Interim Dividends 2020/21	-	-	-	-	(1,820,053,753)	-	(1,820,053,753)	-	(1,820,053,753)		
Subsidiaries Dividends to Minority Shareholders	-	-	-	-	-	-	-	(114,321,402)	(114,321,402)		
As at 31 March 2021	4,748,108,334	(46,240,071)	4,185,577,785	(920,570,832)	2,327,573,999	(670,556)	10,293,778,658	1,003,479,433	11,297,258,091		
Profit for the Year	-	-	-	-	3,503,939,215	-	3,503,939,215	299,358,836	3,803,298,051		
Other Comprehensive Income	-	(137,340,542)	3,836,867,046	-	2,394,144	(2,333,463)	3,699,587,184	98,526,839	3,798,114,023		
Total Comprehensive Income	-	(137,340,542)	3,836,867,046	-	3,506,333,359	(2,333,463)	7,203,526,399	397,885,675	7,601,412,074		
Acquisition of Non-Controlling Interests	-	-	-	(1,335)	-	-	(1,335)	(239,290)	(240,624)		
Interim Dividends 2021/22	-	-	-	-	(2,843,833,990)	-	(2,843,833,990)	-	(2,843,833,990)		
Subsidiaries Dividends to Minority Shareholders	-	-	-	-	-	-	-	(231,757,969)	(231,757,969)		
As at 31 March 2022	4,748,108,334	(183,580,613)	8,022,444,831	(920,572,167)	2,990,073,369	(3,004,019)	14,653,469,734	1,169,367,850	15,822,837,584		

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 58 through 120 form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March	Stated Capital	Revaluation Reserve	Retained Earnings	Fair Value Reserve of Financial Assets at FVOCI	Total
COMPANY	Rs.	Rs.	Rs.	Rs.	Rs.
As at 1 April 2020	4,748,108,334	1,827,032,313	1,359,730,605	-	7,934,871,252
Profit for the Year	-	-	1,878,695,055	-	1,878,695,055
Other Comprehensive Income	-	466,088,229	(48,531,842)	-	417,556,387
Total Comprehensive Income	-	466,088,229	1,830,163,213	-	2,296,251,442
Interim Dividends 2020/2021	-	-	(1,820,053,753)	-	(1,820,053,753)
As at 31 March 2021	4,748,108,334	2,293,120,542	1,369,840,065	-	8,411,068,941
Profit for the Year	-	-	3,256,453,361	-	3,256,453,361
Other Comprehensive Income	-	1,819,233,549	(8,844,632)	(36,711,427)	1,773,677,490
Total Comprehensive Income	-	1,819,233,549	3,247,608,729	(36,711,427)	5,030,130,851
Interim Dividends 2021/2022	-	-	(2,843,833,990)	-	(2,843,833,990)
As at 31 March 2022	4,748,108,334	4,112,354,091	1,773,614,805	(36,711,427)	10,597,365,801

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 58 through 120 form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS

Year ended 31 March	Note	Group		Company	
		2022	2021	2022	2021
		Rs.	Rs.	Rs.	Rs.
Cash Flows From Operating Activities					
Profit Before Income Tax Expense		4,772,201,773	1,610,978,185	3,755,917,455	1,823,481,085
Adjustments for					
Depreciation	9	1,390,819,802	1,342,099,529	628,791,580	596,621,281
Amortisation of Right of Use Assets	10.2	155,105,590	178,900,256	94,640,802	91,293,496
Profit Realisation on Investment in Associates	3.2	-	(30,000,000)	-	-
Net Loss on Disposal of Property, Plant and Equipment	3.2	1,568,875	3,881,409	218,561	2,255,694
Provision for Bad and Doubtful Debts	5	10,141,658	29,850,197	10,192,327	208,898
Provision and Inventory Write-off		15,643,475	4,727,708	-	-
Provision for Retirement Gratuity	25.1	116,083,585	126,361,485	49,033,481	49,096,281
Unrealized Foreign Currency Exchange Gain		715,308	-	(1,576,002)	-
Fair Value movement in Financial Investment	4.2	(7,078,142)	-	-	-
Finance Cost	4.1	1,273,987,647	1,433,382,356	1,189,910,434	1,373,921,685
Finance Income	4.2	(240,131,906)	(236,921,004)	(62,033,595)	(74,328,094)
Dividend Income		-	(5,410,428)	(2,345,493,836)	(1,617,051,213)
Operating Profit Before Working Capital Changes		7,489,057,663	4,457,849,694	3,319,601,208	2,245,499,113
Changes in Working Capital					
(Increase)/Decrease in Inventories		(351,566,653)	(1,388,661)	(96,525,960)	5,889,363
(Increase)/ Decrease in Trade and Other Receivables		71,211,725	85,299,992	73,642,249	(175,062,260)
(Increase)/ Decrease in Other Current Assets		(155,638,499)	80,593,991	(17,459,344)	(19,006,594)
Increase/ (Decrease) in Trade and Other Payables		144,566,734	(131,848,724)	41,217,459	12,162,885
Cash Generated From Operations		7,197,630,969	4,490,506,292	3,320,475,613	2,069,482,507
Income Tax Paid	27	(385,725,860)	(253,728,683)	(102,062,733)	(39,549,111)
Defined Benefit Plan Costs Paid	25	(79,412,824)	(96,397,140)	(42,120,686)	(52,624,267)
Finance Cost Paid		(1,197,723,934)	(1,433,382,356)	(1,582,601,085)	(1,399,444,711)
Net Cash From Operating Activities		5,534,768,350	2,706,998,114	1,593,691,107	577,864,418
Cash Flows From/(Used in) Investing Activities					
Acquisition of Property, Plant and Equipment		(1,228,216,152)	(1,525,906,693)	504,094,532	(890,700,187)
Acquisition of Right of use Assets		-	(9,790,891)	-	(2,889,954)
Investment in Financial Instruments		(219,383,802)	-	(99,911,427)	-
Increase in Interest in Subsidiaries		-	-	(240,625)	(121,819,987)
Proceeds from Disposal of Property, Plant and Equipment		20,275,772	37,620,773	15,577,024	22,338,623
Interest and Guarantee Income Received		115,783,584	229,043,707	47,547,228	74,328,094
Dividends Received		-	5,410,428	1,600,534,624	1,617,051,213
Net Cash Flow due to Acquisition of Subsidiaries		-	27,555,476	-	-
(Increase)/ Decrease in Loans Granted to Related Parties		(2,433,284,369)	53,715,739	(702,051,968)	50,856,403
Net Cash Flows From/(Used in) Investing Activities		(3,744,824,968)	(1,182,351,461)	357,360,324	749,164,205
Cash Flows From/(Used in) Financing Activities					
Dividends Paid		(1,516,426,447)	(1,777,339,397)	(1,516,426,447)	(1,777,339,397)
Dividends Paid to Minority Shareholders		(140,709,744)	(104,570,198)	-	-
Proceeds from Interest Bearing Borrowings		3,261,429,442	3,019,746,664	862,671,640	1,679,248,255
Repayment of Interest Bearing Borrowings		(3,632,067,677)	(1,855,311,850)	(1,123,304,242)	(1,303,202,288)
Repayment of Lease Obligations		(237,898,513)	(245,622,146)	(114,180,445)	(101,059,703)
Acquisition of Non Controlling Interests		(240,625)	(121,819,987)	-	-
Net Cash Flows From/ (Used in) Financing Activities		(2,265,913,563)	(1,084,916,914)	(1,891,239,495)	(1,502,353,132)
Net Increase/(Decrease) in Cash and Cash Equivalents		(475,970,180)	439,729,734	59,811,936	(175,324,509)
Cash and Cash Equivalents at the Beginning of the Year		(1,731,268,802)	(2,170,998,536)	(2,032,785,019)	(1,857,460,510)
Cash and Cash Equivalents at the End of the Year	28	(2,207,238,982)	(1,731,268,802)	(1,972,973,083)	(2,032,785,019)

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 58 through 120 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(CSE).

1.4 Date of Authorization for Issue

The Financial Statements of Asiri Hospital Holdings PLC and its Subsidiaries for the year ended 31 March 2022 was authorised for issue in accordance with a resolution of the Board of Directors on 26 July 2022.

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. 07 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 lands and buildings, investment properties, fair valued through other comprehensive income financial assets, which have been measured at fair value.

Going Concern

The Management has made an assessment of the Group’s ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. The assessment includes the existing and anticipated effects from the current economic crisis, the circumstances of the external environment, and the consequences of the COVID-19 pandemic on significant assumptions that are sensitive or susceptible to change, or are inconsistent with historical trends.

The Group evaluated its 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 Group 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 Group’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. Certain comparative figures have been reclassified in order to conform to the presentation for the current period. Such reclassifications were made to improve the quality of presentation and do not affect previously reported profit or equity.

2.2 Basis of Consolidation

The Consolidated Financial Statements encompass Company, Its Subsidiaries (together referred to as the “Group”) and the Group 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 2022 of the following subsidiary companies are included in the Consolidated Financial Statements.

Company	Effective Holding 2022	Effective Holding 2021	Principal Activities
1. Asiri Central Hospitals Ltd	99.09%	99.06%	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	79.96%	79.96%	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.
8. Asiri AOI Cancer Centre (Pvt) Ltd	39.98%	39.98%	The principal activities of the Company are to carry out cancer treatment services.
9. Asiri Myanmar Limited	100%	100%	The principal activities of the Company are to investment in medical diagnostic opportunities in South and South East Asia and has not commenced its operations.
10. Asiri Diagnostic Services (Asia) Pte. Ltd	100%	100%	The principal activities of the Company are to investment in medical diagnostic opportunities in South and South East Asia and has not commenced its operations.

NOTES TO THE FINANCIAL STATEMENTS

The total profits or 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.

2.3 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. Capital work in progress is stated at cost less accumulated impairment.

Fair value related disclosures for assets measured at fair value are summarized in the Note 16.1 to the Financial Statements.

Deferred Tax Assets

Deferred tax assets are recognised for 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.

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 24).

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 25).

Leases

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

Provision for Expected Credit Losses of Financial Assets

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. (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 at the functional currency spot rate ruling at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date.

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

NOTES TO THE FINANCIAL STATEMENTS

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 Group 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 16 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 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

The Company's income tax on operating profit shall be charged at a concessionary tax rate of 15%. However, other income is liable for income tax at 24%.

Asiri Hospital Galle (Pvt) Ltd

The profits of Asiri Hospital Galle (Pvt) Ltd for the year charged at 20%. However, other income is liable for income tax at 24%.

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
- Asiri AOI Cancer Centre (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 derecognition 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 Leases

Estimating the Incremental Borrowing Rate

The Group 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 Group 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 Group '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

NOTES TO THE FINANCIAL STATEMENTS

of the lease. The Group 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 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.

2.4.8 Borrowing Costs

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

2.4.9 Financial Instruments - Initial Recognition and Subsequent Measurement

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.

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 other 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 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.

NOTES TO THE FINANCIAL STATEMENTS

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 18

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

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition 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.

2.4.10 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 impairment testing for an asset

is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount 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. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to Other Comprehensive Income. For such properties, the impairment is recognised in Other Comprehensive Income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit or Loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised.

Impairment losses relating to goodwill cannot be reversed in future periods. Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

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 and 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 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 externally funded.

b) Defined Contribution Plans:

Employees' Provident Fund and Employee' Trust Fund

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

2.4.15 Revenue

The Group 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 expects to be entitled in exchange for those services or goods.

The Group 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

NOTES TO THE FINANCIAL STATEMENTS

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

2.4.16 Contract Assets

Contract assets are Group's right to consideration in exchange for goods or services that the Group 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.

2.4.16.1 Contract Liabilities

Contract liabilities are Group's obligation to transfer goods or services to a customer for which the Group 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 has been disclosed in trade and other payable Note 26.

2.4.17 Dividend Income

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

2.4.18 Other Income

Other income is recognised in the Statement of Profit or Loss as it accrues.

2.4.19 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.

2.4.20 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.

2.4.21 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.

2.4.22 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.

2.4.23 Earnings Per Share (EPS)

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.

2.4.24 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.

2.4.25 Statement of Cash Flow

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

2.5 New And Ammended Standard

2.5.1 Amendments to SLFRS 16 – COVID – 19 Related Rent Concessions beyond 30 June 2021

In 4 December 2020, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued Covid-19-Related Rent Concessions - amendment to SLFRS 16 Leases. The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession

from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under SLFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, in 28 June 2021, CA Sri Lanka extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021.

2.6 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 Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

2.6.1 Amendments to LKAS 16 Property, Plant & Equipment : Proceeds before Intended Use

In 25 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued LKAS 16 Property, Plant and Equipment – Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

2.6.2 Amendments to SLFRS 3 Business Combinations : Updating a reference to conceptual framework

In 23 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to SLFRS 3 Business Combinations - Updating a Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

An exception was also added to the recognition principle of SLFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of LKAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, it was decided to clarify existing guidance in SLFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

NOTES TO THE FINANCIAL STATEMENTS

2.6.3 SLFRS 1 First-time Adoption of Sri Lanka Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to SLFRS standards process, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued an amendment to SLFRS 1 First-time Adoption of International Financial Reporting Standards (SLFRS 1). The amendment permits a subsidiary that elects to apply paragraph D16(a) of SLFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to SLFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of SLFRS 1.

2.6.4 SLFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to SLFRS standards process, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued an amendment to SLFRS 9 Financial Instruments (SLFRS 9). The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

3. REVENUE AND OTHER INCOME

3.1 Revenue

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Healthcare Services	20,758,203,366	14,326,057,612	8,247,266,910	5,457,241,415
Sale of Pharmaceutical Goods	1,565,917,792	1,458,465,180	512,121,447	681,097,881
	22,324,121,158	15,784,522,792	8,759,388,357	6,138,339,296

3.1.a Segment Information

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

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

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

The following table presents the revenue and other income generated by the Group's segments for the year ended 31st March 2022 and comparative figures for the year ended 31st March 2021:

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Pre Care	9,149,252,016	7,004,149,780	4,609,361,888	1,863,477,693
Post Care	11,608,951,351	7,321,907,832	3,637,905,022	3,593,763,722
Pharmaceutical	1,565,917,791	1,458,465,180	512,121,447	681,097,881
	22,324,121,158	15,784,522,792	8,759,388,357	6,138,339,296

3.1.b Timing of Revenue Recognition

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Services and Goods Transferred at a Point In Time	10,715,169,807	8,462,614,960	5,121,483,335	2,544,575,574
Services Transferred Over Time	11,608,951,351	7,321,907,832	3,637,905,022	3,593,763,722
	22,324,121,158	15,784,522,792	8,759,388,357	6,138,339,296

NOTES TO THE FINANCIAL STATEMENTS

3.2 Other Income

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Rental Income	98,780,799	77,625,054	41,262,233	27,802,506
Share of Profit from Jointly Operating Laboratories	61,131,717	59,799,037	61,131,717	59,799,037
Net Loss on Disposal of Property, Plant and Equipment	(1,568,875)	(3,881,409)	(218,561)	(2,255,694)
Exchange Gain/(Loss) on Foreign Currency	22,579,745	4,628,818	2,679,846	(131,557)
Sundry Income	45,656,106	26,873,897	16,286,606	14,448,458
Gain on Disposal of Investment in Associates	-	30,000,000	-	-
	226,579,493	195,045,397	121,141,841	99,662,750

4. FINANCE COST/ INCOME AND DIVIDEND INCOME

4.1 Finance Cost

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Interest Expense on Bank Borrowings	1,027,866,425	1,098,312,799	462,458,216	525,530,435
Interest Expense on Inter Company Borrowings	1,156,205	-	515,558,713	591,945,022
Bank Charges on Interest Bearing Loans	22,207,478	26,179,213	7,535,206	13,104,762
Interest on Bank Overdrafts	171,272,464	247,064,711	161,225,652	188,938,170
Lease Interest	51,485,075	61,825,633	38,820,846	33,843,468
Guarantee Expense	-	-	4,311,802	20,559,828
	1,273,987,647	1,433,382,356	1,189,910,434	1,373,921,685

4.2 Finance Income

Interest Income	240,131,906	236,921,004	44,483,670	49,115,049
Guarantee Income	-	-	17,549,926	25,213,045
Fair Value movement in Financial Investment	7,078,142	-	-	-
Dividend Income	-	5,410,428	-	-
	247,210,049	242,331,432	62,033,595	74,328,094

4.3 Dividend Income

Dividend from Subsidiaries	-	-	2,345,493,836	1,617,051,213
	-	-	2,345,493,836	1,617,051,213

5. PROFIT BEFORE TAX

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

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Included in Cost of Sales				
Depreciation	674,720,175	650,268,040	241,082,799	222,960,747
Staff related Expenses including the following:-	3,470,837,302	2,678,184,312	1,224,574,611	1,006,886,979
- Defined Contribution Plan Costs - EPF and ETF	279,585,472	250,818,773	100,081,730	93,053,856
Included in Administrative Expenses				
Depreciation	716,099,626	691,831,489	387,708,781	378,999,973
Staff related Expenses including the following :-	1,188,634,177	943,099,169	428,045,080	377,304,237
- Defined Benefit Plan Costs - Gratuity	116,083,585	126,361,485	49,691,081	49,096,281
- Defined Contribution Plan Costs - EPF and ETF	64,519,460	62,117,007	21,730,084	23,206,753
Directors' Fees and Remuneration	44,520,000	29,168,000	23,356,500	16,625,760
Amortization of Right of Use Assets	155,105,590	178,900,256	94,640,802	91,293,496
Donations	5,840,554	2,205,590	1,332,221	120,590
Legal Fees	11,685,532	7,463,613	2,652,240	572,958
Audit Fees and Reimbursable Expense	5,494,500	4,279,903	1,990,450	940,791
Included in Selling and Distribution Costs				
Advertising Expenses	150,427,673	150,872,290	59,747,124	32,262,386
Impairment of Trade Debtors	10,141,658	29,850,197	10,192,327	208,898

NOTES TO THE FINANCIAL STATEMENTS

6. INCOME TAX

The Major Components of Income Tax Expense are as follows :

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Current Income Tax				
Current Income Tax charge	725,398,921	206,831,088	372,651,590	-
(Over)/Under Provision in Respect of Previous Years	(21,263,854)	(189,792,739)	(19,152,494)	11,610,162
Deferred Income Tax				
Deferred Taxation recognised in Profit or Loss (Note 24)	264,768,655	(150,678,006)	145,964,998	(66,824,132)
Tax Expense reported in the Statement of Profit or Loss	968,903,722	(133,639,658)	499,464,094	(55,213,970)
Deferred Income Tax				
Deferred Taxation Recognised in Other Comprehensive Income (Note 24)	670,472,921	(579,084,544)	288,457,301	(344,566,308)
Tax Expense reported in the Statement of Other Comprehensive Income	670,472,921	(579,084,544)	288,457,301	(344,566,308)

6.1 Reconciliation between Tax Expense and Accounting Profit

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Accounting Profit before Tax	4,772,201,773	1,610,978,185	3,755,917,455	1,823,481,085
Dividend Income from Group Companies	2,345,493,836	1,617,051,213	-	-
Other Consolidation Adjustments	(46,152,470)	(17,145,811)	-	-
Profit after adjustment	7,071,543,139	3,210,883,588	3,755,917,455	1,823,481,085
Exempt Profits	-	(5,410,429)	-	-
Investment Income	(925,557,839)	(943,989,907)	(85,745,903)	(50,998,106)
Resident Dividend	(2,345,493,836)	(1,617,051,213)	(2,345,493,836)	(1,617,051,214)
Adjusted Accounting Profit chargeable to Income Taxes	3,800,491,465	644,432,039	1,324,677,717	155,431,765
Deductible Expenses	(2,589,184,477)	(2,379,876,634)	(1,457,318,793)	(1,348,191,662)
Non Deductible Expenses	2,153,905,104	2,158,751,194	1,071,227,464	1,020,450,247
Assessable Income From Investment	3,168,675,595	2,802,080,252	2,431,239,739	1,668,049,320
Set off against Tax Losses	(1,842,665,371)	(1,892,328,779)	(724,025,091)	(1,495,739,670)
Taxable Income	4,691,222,315	1,333,058,071	2,645,801,035	-

Tax has been computed at 14% for all standard rate companies (including listed companies), at 15% for Central Hospital Ltd and 20% for Asiri Galle Hospital (Pvt) Ltd.

Income Tax at 14%	561,484,204	73,919,711	367,276,922	-
Income Tax at 15%	28,897,755	-	-	-
Income Tax at 20%	-	-	-	-
Income Tax at 24%	135,016,962	132,911,377	5,374,668	-
Current Income Tax charge	725,398,921	206,831,088	372,651,590	-

NOTES TO THE FINANCIAL STATEMENTS

7. EARNINGS PER SHARE

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

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

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Profit Attributable to Equity Holders of the Parent Company	3,503,939,215	1,531,236,445	3,256,453,361	1,878,695,055
Basic Earnings per Share	3.08	1.35	2.86	1.65
	Group		Company	
	2022	2021	2022	2021
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

8. DIVIDENDS

Declared during the year

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Equity Dividends on Ordinary Shares :				
- Dividend Per Share	2.50	1.60	2.50	1.60
- Interim Dividend	2,843,833,990	1,820,053,753	2,843,833,990	1,820,053,753

9. PROPERTY, PLANT AND EQUIPMENT

9.1 Group

9.1.1 Gross Carrying Amounts

	Balance As at 01.04.2021 Rs.	Additions Rs.	Transfers Rs.	Revaluation Rs.	Disposal / Derecognition Rs.	Balance As at 31.03.2022 Rs.
At Cost or Valuation						
Land	6,089,290,000	-	-	1,005,860,000	-	7,095,150,000
Buildings	13,032,740,620	69,553,193	(139,157,798)	3,622,166,820	(115,642,565)	16,469,660,270
Medical Equipment	8,334,907,782	619,205,450	10,183,140	-	(28,499,999)	8,935,796,373
Plant & Machinery	1,337,926,198	40,106,088	27,550,000	-	(7,035,423)	1,398,546,863
Furniture and Fittings	1,213,739,412	120,463,962	-	-	(15,785,881)	1,318,417,493
Motor Vehicles	239,678,411	46,975,000	63,800,000	-	(311,630)	350,141,781
Sundry Equipment	2,055,097,265	175,155,028	27,687,390	-	(20,891,404)	2,237,048,279
	32,303,379,688	1,071,458,720	(9,937,268)	4,628,026,820	(188,166,902)	37,804,761,058
Capital Work in Progress	60,442,102	156,757,432	(206,111,250)	-	-	11,088,283
Total Value of Assets	32,363,821,790	1,228,216,152	(216,048,518)	4,628,026,820	(188,166,902)	37,815,849,341

9.1.2 Accumulated Depreciation

	Balance As at 01.04.2021 Rs.	Charge for the Year Rs.	Transfers Rs.	Disposal / Derecognition Rs.	Balance As at 31.03.2022 Rs.
Buildings	-	282,910,562	(282,910,562)	-	-
Medical Equipment	4,317,160,839	674,720,175	-	(26,283,805)	4,965,597,209
Plant & Machinery	894,436,277	61,078,098	3,062,043	(3,886,627)	954,689,790
Furniture and Fittings	735,294,339	120,576,888	130	(10,492,752)	845,378,604
Motor Vehicles	134,801,627	32,323,701	32,747,832	(311,630)	199,561,529
Sundry Equipment	1,028,637,777	219,210,379	-	(9,704,876)	1,238,143,280
Total Depreciation	7,110,330,858	1,390,819,802	(247,100,557)	(50,679,690)	8,203,370,413

Transfers include the accumulated depreciation amounting to Rs.282 Mn (2021 - Rs.266Mn) as at revaluation date that was eliminated against the gross carrying amount of the Revalued Assets.

NOTES TO THE FINANCIAL STATEMENTS

9.2 Company

9.2.1 Gross Carrying Amounts

	Balance As at 01.04.2021 Rs.	Additions Rs.	Transfers Rs.	Revaluation Rs.	Disposal / Derecognition Rs.	Balance As at 31.03.2022 Rs.
At Cost or Valuation						
Land	2,945,000,000	-	-	490,300,000	-	3,435,300,000
Buildings	6,116,200,000	27,965,247	(48,653,357)	1,618,830,674	(115,642,565)	7,598,700,000
Medical Equipment	2,593,053,401	191,677,373	27,894,328	-	(14,825)	2,812,610,277
Plant & Machinery	240,647,154	5,827,948	-	-	-	246,475,102
Furniture and Fittings	505,529,999	59,476,525	1,504	-	(5,564,154)	559,443,874
Motor Vehicles	117,239,244	-	63,800,000	-	-	181,039,244
Sundry Equipment	1,314,660,091	129,002,787	24,858,913	-	(16,270,791)	1,452,250,999
	13,832,329,889	413,949,880	67,901,388	2,109,130,674	(137,492,335)	16,285,819,496
Capital Work-in-Progress	26,354,156	90,144,652	(116,498,807)	-	-	-
Total Value of Assets	13,858,684,045	504,094,532	(48,597,419)	2,109,130,674	(137,492,335)	16,285,819,496

9.2.2 Accumulated Depreciation

	Balance As at 01.04.2021 Rs.	Charge for the Year Rs.	Transfers Rs.	Disposal / Derecognition Rs.	Balance As at 31.03.2022 Rs.
Buildings	-	131,413,923	(131,413,923)	-	-
Medical Equipment	883,796,008	241,082,799	-	(14,584)	1,124,864,223
Plant & Machinery	36,411,093	24,995,317	-	-	61,406,410
Furniture and Fittings	183,846,544	65,820,534	130	(718,113)	248,949,095
Motor Vehicles	47,388,962	18,839,789	32,747,832	-	98,976,583
Sundry Equipment	503,292,305	146,639,218	-	(5,321,489)	644,610,034
Total Depreciation	1,654,734,912	628,791,580	(98,665,961)	(6,054,186)	2,178,806,345
Total Depreciation	1,654,734,912	628,791,580	(98,665,961)	(6,054,186)	2,178,806,345

Transfers include the accumulated depreciation amounting to Rs.131 Mn(2021-123Mn) as at revaluation date that was eliminated against the gross carrying amount of the Revalued Assets and Motor vehicle transfer from Lease Assets amounting to 63 Mn and capitalise the WIP amounting to 116 Mn.

9.3 Net Book Values

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Land	7,095,150,000	6,089,290,000	3,435,300,000	2,945,000,000
Buildings	16,469,660,270	13,032,740,620	7,598,700,000	6,116,200,000
Medical Equipment	3,970,199,163	4,017,746,943	1,687,746,054	1,709,257,393
Plant & Machinery	443,857,073	443,489,922	185,068,691	204,236,061
Furniture and Fittings	473,038,888	478,445,073	310,494,779	321,683,455
Motor Vehicles	150,580,252	104,876,784	82,062,662	69,850,283
Sundry Equipment	998,904,999	1,026,459,487	807,640,965	811,367,786
	29,601,390,645	25,193,048,829	14,107,013,151	12,177,594,977
Capital Work in Progress	11,088,283	60,442,102	-	26,354,156
Total Carrying Amount of Property, Plant and Equipment	29,612,478,928	25,253,490,931	14,107,013,151	12,203,949,133

9.4 During the year, the Group acquired Property, Plant and Equipment to the aggregate value of Rs. 1,276,875,962/- (2021- Rs. 1,525,906,692/-). Cash payments amounting to Rs. 1,276,875,962/- (2021-Rs 1,525,906,692/-) 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.526,536,860/- (2021- Rs 890,700,187/-). Cash payments amounting to Rs.526,536,860/- (2021-Rs 890,700,187/-).

9.5 Group Property, Plant and Equipment with a carrying value of Rs. 19,382,500,000/- (2021 - Rs. 10,467,078,867./-) have been pledged as security for term loans obtained , details of which are disclosed in Note 23.3.

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

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.4,200Mn (2021- Rs. 3,967 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. 734 Mn (2021 - Rs. 664 Mn).

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

	Group/Company 2021/2022
Buildings	Over 50-60 Years
Furniture and Fittings	Over 10 Years
Medical Equipments	Over 10 Years
Plant and Machineries	Over 10 Years
Motor Vehicles	Over 5-8 Years
Sundry Equipments	
Computer and Office Equipments	Over 4-5 Years
Short Life Assets	Over 2-3 Years
Others	Over 10 Years

NOTES TO THE FINANCIAL STATEMENTS

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

	Group			
	Cost	Cumulative Depreciation	Net Carrying Amount	Net Carrying Amount
		If Assets were Carried at Cost	2022	2021
	Rs.	Rs.	Rs.	Rs.
Class of Assets				
Freehold Lands	1,791,129,658	-	1,791,129,658	1,791,129,658
Buildings	11,477,758,645	8,790,592,567	9,887,257,903	9,805,113,816
	13,268,888,303	8,790,592,567	11,678,387,560	11,596,243,473

	Company			
	Cost	Cumulative Depreciation	Net Carrying Amount	Net Carrying Amount
		If Assets were Carried at Cost	2022	2021
	Rs.	Rs.	Rs.	Rs.
Class of Assets				
Freehold Lands	799,140,898	-	799,140,898	799,140,898
Buildings	5,848,264,526	475,971,259	5,372,293,267	5,375,680,735
	6,647,405,424	475,971,259	6,171,434,165	6,174,821,633

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

Company	Location	Extent	Effective Date of Valuation	Method of Valuation	Range of Estimates for Significant Unobservable Inputs		Fair Value Measurement
					Per perch Value - Rs. Mn.	Per square feet Value - Rs.	
Property Valuations by G. W. G. Abeygunawardene (Chartered Valuation Surveyor)							
Asiri Hospital Holdings PLC	No 181, Kirula Road, Colombo.05	245.38 Perch	31st March 2022	Land - CM*	14.00	-	3,435,300,000
		2 Buildings 118,209 square feet		Buildings - DRC*	-	5,100 - 11,850	3,350 - 9,600
	No 907, Peradeniya Road, Kandy	1 Building 346,641 square feet	31st March 2022	Buildings - DRC	-	11,400 - 23,150	7,000 - 19,650
Asiri Surgical Hospital PLC	No 21, Kirimandala Mawatha, Narahenpita	3 Buildings 368,124 square feet	31st March 2022	Buildings - DRC	-	4,880 - 11,580	3,250 - 9,930
	No 21, Kirimandala Mawatha, Narahenpita	2 Floors 6,710 square feet	31st March 2022	Buildings - DRC	-	38,500	32,000
Asiri Hospital Matara (Pvt) Ltd	No 15, Dharmapala Mawatha, Uyanwatta	241.50 Perch	31st March 2022	Land - CM	1.10 - 1.40	-	310,700,000
		2 Buildings 68,810 square feet		Buildings - DRC	-	1,500 - 10,000	600 - 8,500
Central Hospital Ltd	No 114, Norris Canal Road, Colombo.10	181.03 Perch	31st March 2022	Land - CM	13.00	11.00 to 12.00	2,353,400,000
		1 Building 453,842 square feet		Buildings - DRC	-	3,750 - 12,500	2,000 - 10,000
Asiri Hospital Galle (Pvt) Ltd	No.59, Wackwella, Galle	153.20 Perch	31st March 2022	Land - CM	6.50	4.00 to 5.00	995,800,000
		4 Buildings 45,252 square feet		Buildings - DRC	-	5,000 - 12,500	2,500-9,750

* CM- Comparison Method under Market Approach, DRC - Depreciated Replacement Cost Method under Cost Approach
Unobservable inputs are positively correlated with fair values.

NOTES TO THE FINANCIAL STATEMENTS

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 2022.

10.2 Right of Use Assets

	Group				Company		
	2022				2022		
	Leasehold Properties	BOI Lands	Motor Vehicles	Total	Leasehold Properties	Motor Vehicles	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At the beginning of the year	1,223,524,842	22,820,900	63,514,055	1,309,859,797	915,560,017	31,052,168	946,612,186
Additions and improvements	157,689,647	-	-	157,689,647	135,236,259	-	135,236,259
Amortisation for the year	(149,621,714)	(296,376)	(5,187,500)	(155,105,590)	(94,640,802)	-	(94,640,802)
Assets transfer to PPE	(547,500)	-	(31,052,168)	(31,599,668)	-	(31,052,168)	(31,052,168)
At the end of the year	1,231,045,274	22,524,524	27,274,387	1,280,844,185	956,155,474	-	956,155,474

	Group				Company		
	2021				2021		
	Leasehold Properties	BOI Lands	Motor Vehicles	Total	Leasehold Properties	Motor Vehicles	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At the beginning of the year	1,269,247,236	23,177,155	75,045,038	1,367,469,429	905,107,736	37,695,038	942,802,774
Additions and improvements	121,860,343	-	299,387	122,159,730	95,102,907	-	95,102,907
Amortisation for the year	(166,713,632)	(356,255)	(11,830,369)	(178,900,256)	(84,650,627)	(6,642,869)	(91,293,496)
Derecognition of lease assets prior to the expiry date of agreement	(869,106)	-	-	(869,106)	-	-	-
At the end of the year	1,223,524,841	22,820,900	63,514,055	1,309,859,796	915,560,017	31,052,168	946,612,185

10.3 Leasehold Property as at 31 March 2022 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 29th 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 04th October 2006.
- 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 No 907, Peradeniya Road, Kandy for a period of 50 years commencing from 18th January 2015.

11. GOODWILL

	Group	
	2022	2021
	Rs.	Rs.
At the beginning of the year	609,654,071	609,654,071
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	
	2022	2021
	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

11.1 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 to determined VIU of the CGUs 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.

NOTES TO THE FINANCIAL STATEMENTS

12. INVESTMENT IN SUBSIDIARY COMPANIES

12.1 Quoted

Company	2022	2021	2022		2021	
	Direct Holding		Carrying Value	Market Value	Carrying Value	Market Value
	%	%	Rs.	Rs.	Rs.	Rs.
Asiri Surgical Hospital PLC	79.96	79.96	2,796,871,687	6,338,331,195	2,796,871,687	5,831,264,699
			2,796,871,687	6,338,331,195	2,796,871,687	5,831,264,699

12.2 Un-quoted

Company	2022	2021	2022	2021
	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	261,780,971
Central Hospital Ltd	99.73	99.73	7,119,787,789	7,119,787,789
Asiri Central Hospitals Ltd	99.09	99.08	1,709,285,384	1,709,044,759
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	100	133	133
Asiri Myanmar Limited	100	100	1	1
			9,544,545,678	9,544,305,053
Carrying Value of Investment in Subsidiaries			12,341,417,365	12,341,176,740

12.3 The Shares of Subsidiary Companies owned by Asiri Hospital Holdings PLC were pledged on behalf of the loans and overdraft facilities obtained by the Company. (Refer Note 23.5)

12.4 Material partly-owned subsidiaries

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

Proportion of Equity Interest held by Non-Controlling Interests:

	2022	2021
	%	%
Company Name		
Asiri Surgical Hospital PLC	20.04%	20.04%
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	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Revenue	5,446,729,057	3,898,338,863	59,534,483	58,619,344
Cost of Services	(3,192,664,407)	(2,507,690,676)	(44,723,441)	(37,344,351)
Profit for the Year	1,206,380,906	784,647,219	2,830,515	6,640,142
Total Comprehensive Income for the Year	1,642,868,235	947,981,812	3,050,289	6,446,952
Attributable to Non-Controlling Interests	329,228,432	189,974,192	1,020,627	2,472,617

Summarised Statement of Financial Position as at 31 March:

	Asiri Surgical Hospital PLC		Asiri Diagnostics Services (Pvt) Ltd	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Current Assets	3,638,272,434	2,552,669,085	45,505,312	53,440,442
Non-Current Assets	6,544,297,421	5,698,415,960	369,746,818	386,560,255
Current Liabilities	3,087,503,975	1,280,531,468	28,878,974	39,385,479
Non-Current Liabilities	2,006,560,929	2,415,156,018	19,923,388	19,923,388
Total Equity	5,088,504,953	4,555,397,561	326,635,449	325,638,310
Attributable to:				
Equity Holders of Parent	4,068,775,878	3,642,502,442	217,343,228	217,307,083
Non-Controlling Interests	1,019,729,074	912,895,120	109,292,221	109,274,046

NOTES TO THE FINANCIAL STATEMENTS

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

	Asiri Surgical Hospital PLC		Asiri Diagnostics Services (Pvt) Ltd	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Cashflow from / (used) in Operating Activities	955,275,352	474,858,694	(9,536,321)	2,259,121
Cashflow from / (used) in Investing Activities	(1,127,403,732)	(180,029,223)	22,155,022	22,179,830
Cashflow from / (used) in Financing Activities	104,081,710	(163,512,816)	(7,699,246)	(23,177,350)
Net increase / (decrease) in Cash and Cash Equivalents	(68,046,670)	131,316,655	4,919,456	1,261,601

13. OTHER NON CURRENT ASSETS

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Security Deposits	62,408,163	54,472,751	36,426,161	28,490,753
	62,408,163	54,472,751	36,426,161	28,490,753

14. NON CURRENT FINANCIAL ASSETS

14.1 Quoted/Non Quoted Equity Investments

	Note	Group			
		2022	2021	2022	2021
		Number of Shares	Number of Shares	Fair Value Rs.	Fair Value Rs.
Investment in Equity Securities					
Quoted Equity Investments	14.1	7,199,917	3,606,952	356,326,932	293,258,010
Non Quoted Equity Investments	14.3	3,000,000	3,000,000	30,000,000	30,000,000
Total Investment in Equity Securities		10,199,917	6,606,952	386,326,932	323,258,010
	Note	Company			
		2022	2021	2022	2021
		Number of Shares	Number of Shares	Fair Value Rs.	Fair Value Rs.
Investment in Equity Securities					
Quoted Equity Investments	14.1	2,000,000	-	63,200,000	-
Non Quoted Equity Investments	14.3	3,000,000	3,000,000	30,000,000	30,000,000
Total Investment in Equity Securities		5,000,000	3,000,000	93,200,000	30,000,000

14.2 Investment in Equity Securities-Quoted

	Group			
	2022 Number of Shares	2021 Number of Shares	2022 Fair Value Rs.	2021 Fair Value Rs.
Seylan Bank PLC	2,000,000	-	63,200,000	-
National Development Bank PLC	5,199,917	3,606,952	293,126,932	293,258,010
Total Investment in Equity Securities-Quoted	7,199,917	3,606,952	356,326,932	293,258,010

	Company			
	2022 Number of Shares	2021 Number of Shares	2022 Fair Value Rs.	2021 Fair Value Rs.
Seylan Bank PLC	2,000,000	-	63,200,000	-
	2,000,000	-	63,200,000	-

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
At the Beginning of the Year	293,258,010	360,695,200	-	-
Investments Made During the year	219,383,802	-	99,911,427	-
Fair Value Loss	(161,016,255)	(67,437,190)	(36,711,427)	-
Share Allotment as Scrip Dividends	4,701,375	-	-	-
At the End of the Year	356,326,932	293,258,010	63,200,000	-

NOTES TO THE FINANCIAL STATEMENTS

14.3 Investment in Equity Securities-Non Quoted

	Group/Company			
	2022	2021	2022	2021
	Number of	Number of	Fair	Fair
	Shares	Shares	Value	Value
			Rs.	Rs.
Digital Health (Pvt) Ltd	3,000,000	3,000,000	30,000,000	30,000,000
	3,000,000	3,000,000	30,000,000	30,000,000

15. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

15.1 Financial Assets

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Financial Assets at Fair value through OCI (Equity Instruments)				
Non Current Financial Assets	386,326,932	323,258,010	93,200,000	30,000,000
Financial Assets at Amortised Cost				
Trade and Other Receivables	707,745,547	789,098,929	467,203,227	551,037,804
Loans Granted to Related Parties	4,237,404,138	1,679,771,446	716,672,052	133,717
Cash and Cash Equivalents	838,746,156	985,680,944	394,360,827	530,712,583
Carrying Value of Financial Assets	6,170,222,773	3,777,809,329	1,671,436,107	1,111,884,103
Fair Value of Financial Assets	6,170,222,773	3,777,809,329	1,671,436,107	1,111,884,103

15.2 Financial Liabilities

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Financial Liabilities at Amortised Cost				
Interest Bearing Loans and Borrowings	13,836,793,663	14,211,252,684	13,430,363,124	14,064,001,735
Trade and Other Payables	1,938,262,248	1,909,338,080	1,076,281,363	1,132,361,719
Bank Overdraft	3,045,985,138	2,716,949,746	2,367,333,910	2,563,497,602
Carrying Value of Financial Liabilities	18,821,041,049	18,837,540,510	16,873,978,396	17,759,861,057
Fair Value of Financial Liabilities	18,821,041,049	18,837,540,510	16,873,978,396	17,759,861,057

The management assessed that, cash in hand and at bank, loans granted to related parties, trade and other receivables, trade and other payables, 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 Group/Company.

15.3 Fair Value of Financial Liabilities Not Carried at Fair Value

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

15.4 Group

	Carrying Amount		Fair Value (Level 2)	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Financial Liabilities				
Loans and Borrowings-Non Current	6,246,747,700	8,199,548,738	6,246,747,700	8,199,548,738

15.5 Company

	Carrying Amount		Fair Value (Level 2)	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Financial Liabilities				
Loans and Borrowings-Non Current	9,657,648,196	10,603,858,481	9,167,260,449	10,603,858,481

NOTES TO THE FINANCIAL STATEMENTS

16. 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.

16.1 Group

Assets Measured at Fair Value:

	31 March			
	2022	Level 1	Level 2	Level 3
	Rs.	Rs.	Rs.	Rs.
Financial Assets at Fair value through OCI	386,326,932	356,326,932	-	30,000,000
Land and Buildings	23,564,810,270	-	-	23,564,810,270

	31 March			
	2021	Level 1	Level 2	Level 3
	Rs.	Rs.	Rs.	Rs.
Financial Assets at Fair value through OCI	323,258,010	293,258,010	-	30,000,000
Land and Buildings	19,126,450,172	-	-	19,126,450,172

Company

Assets Measured at Fair Value:

	31 March			
	2022	Level 1	Level 2	Level 3
	Rs.	Rs.	Rs.	Rs.
Financial Assets at Fair value through OCI	93,200,000	63,200,000	-	30,000,000
Land and Buildings	11,034,000,000	-	-	11,034,000,000

	31 March			
	2021	Level 1	Level 2	Level 3
	Rs.	Rs.	Rs.	Rs.
Financial Assets at Fair value through OCI	30,000,000	-	-	30,000,000
Land and Buildings	9,061,200,000	-	-	9,061,200,000

17. INVENTORIES

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Chemical and Test Materials	155,952,614	116,676,314	91,603,355	73,641,103
Pharmaceuticals and Surgical	791,248,827	498,451,152	192,922,546	116,932,673
Consumables	54,853,990	51,823,481	15,027,133	12,453,298
Allowance for Obsolete Inventory	(1,835,241)	(2,653,935)	-	-
	1,000,220,190	664,297,012	299,553,034	203,027,074

18. TRADE AND OTHER RECEIVABLES**18.1 Trade and Other Receivables**

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Trade Debtors	696,867,772	759,720,395	217,299,795	224,876,544
Related Parties (Note 18.2)	25,484,283	39,017,548	47,902,161	174,742,207
Less - Impairment of Trade Debtors	(54,229,151)	(52,575,157)	(11,331,327)	(1,880,454)
	668,122,905	746,162,786	253,870,629	397,738,297
Other Debtors - Related Parties (Note 18.3)	1,592,479	1,379,532	183,842,043	136,482,303
Staff Loans	10,423,402	11,530,187	7,195,930	9,031,075
Other Receivables	27,606,761	30,026,424	22,294,625	7,786,129
	707,745,547	789,098,929	467,203,227	551,037,804

18.1.1 Movement in Provision for Trade and Other Receivables

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
At the Beginning of the Year	52,575,157	43,397,808	1,880,454	1,693,988
Provision for Impairment of Trade and Other Receivables	10,141,658	29,850,197	10,192,327	208,898
Written offs During the Year	(8,487,663)	(20,672,848)	(741,454)	(22,432)
At the End of the Year	54,229,151	52,575,157	11,331,327	1,880,454

NOTES TO THE FINANCIAL STATEMENTS

18.2 Trade Debtors - Related Parties

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Parent Company				
Softlogic Holdings PLC	2,028,213	906,793	472,368	3,001,157
Subsidiaries				
Central Hospital Ltd	-	-	10,124,523	98,080,742
Asiri Surgical Hospital PLC	-	-	7,079,635	7,842,172
Asiri Diagnostics Services (Pvt) Ltd	-	-	9,561,632	13,336,878
Asiri Hospital Matara (Pvt) Ltd	-	-	3,363,994	20,245,724
Asiri Hospital Galle (Pvt) Ltd	-	-	13,849,930	31,518,835
Asiri AOI Cancer Centre (Pvt) Ltd	-	-	-	716,699
Companies under Common Control				
Softlogic Life Insurance PLC	15,978,007	26,542,308	3,450,079	-
Softlogic Retail (Pvt) Ltd	454,825	617,017	-	-
Jendo Innovations (Pvt) Ltd	-	3,034,760	-	-
Softlogic Communication Services (Pvt) Ltd	71,000	52,000	-	-
Softlogic Computers (Pvt) Ltd	-	19,500	-	-
Softlogic Corporate Services (Pvt) Ltd	-	13,000	-	-
Softlogic Finance PLC	-	13,000	-	-
Softlogic Pharmaceuticals (Pvt) Ltd	175,496	-	-	-
Softlogic Automobiles (Pvt) Ltd	117,000	-	-	-
Softlogic Information Technologies (Pvt) Ltd	47,000	234,000	-	-
Softlogic International (Pvt) Ltd	201,000	34,500	-	-
Softlogic Restaurants (Pvt) Ltd	251,090	2,778,446	-	-
Softlogic City Hotels (Pvt) Ltd	3,606,700	194,400	-	-
Softlogic Supermarkets (Pvt) Ltd	1,909,205	4,209,686	-	-
Softlogic BPO Services (Pvt) Ltd	34,558	147,587	-	-
Softlogic Destination Management (Pvt) Ltd	24,500	-	-	-
Softlogic Mobile Distribution (Pvt) Ltd	19,500	-	-	-
Softlogic Brands (Pvt) Ltd	18,899	-	-	-
Odel PLC	547,290	220,550	-	-
	25,484,283	39,017,548	47,902,161	174,742,207

18.3 Other Debtors - Related Parties

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Parent Company				
Softlogic Holdings PLC	1,589	-	1,589	-
Subsidiaries				
Asiri Hospital Matara (Pvt) Ltd	-	-	11,029,105	-
Central Hospital Ltd	-	-	20,990,324	14,125,508
Asiri Surgical Hospital PLC	-	-	115,587,353	105,471,239
Asiri Diagnostics Services (Pvt) Ltd	-	-	6,641,508	4,207,017
Asiri Hospital Galle (Pvt) Ltd	-	-	19,254,730	-
Asiri AOI Cancer Centre (Pvt) Ltd	-	-	629,448	-
Asiri Myanmar Limited	-	-	3,219,879	8,036,347
Asiri Diagnostic Services (Asia) Pte. Limited	-	-	4,897,217	3,262,661
Companies under Common Control				
Softlogic Retail (Pvt) Ltd	-	1,379,532	-	1,379,532
Softlogic Supermarkets (Pvt) Ltd	1,590,890	-	1,590,890	-
	1,592,479	1,379,532	183,842,043	136,482,303

19. OTHER CURRENT ASSETS

Advances, Deposits and Prepayments

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Advances, Deposits and Prepayments	461,835,281	313,238,396	147,488,562	137,706,227
Other Tax Receivables	45,708,970	88,457,145	-	42,810,277
	507,544,251	401,695,541	147,488,562	180,516,504

NOTES TO THE FINANCIAL STATEMENTS

20. LOANS GRANTED TO RELATED PARTIES

	Relationship	Group		Company	
		2022	2021	2022	2021
		Rs.	Rs.	Rs.	Rs.
Softlogic Holdings PLC	Parent Company	3,513,567,207	1,679,771,446	460,435,203	133,717
Softlogic Retail (Pvt) Ltd	Companies under Common Control	723,836,931	-	256,236,849	-
		4,237,404,138	1,679,771,446	716,672,052	133,717

The interest for the Loans granted to Related Parties were charged based on AWPLR Plus Margin. Outstanding balances as at the year end unsecured and settlement occurs in cash.

21. STATED CAPITAL

	2022		2021	
	Number	Rs.	Number	Rs.
Balance at the Beginning of the Year	1,137,533,596	4,748,108,334	1,137,533,596	4,748,108,334
Balance at the End of the Year	1,137,533,596	4,748,108,334	1,137,533,596	4,748,108,334

22. OTHER COMPONENTS OF EQUITY

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Revaluation Reserve	8,022,444,831	4,185,577,785	4,112,354,091	2,293,120,542
Fair Value Reserve of Financial Assets at FVOCI	(183,580,613)	(46,240,071)	(36,711,427)	-
Other Reserve	(920,572,167)	(920,570,832)	-	-
Foreign Currency Translation Reserve	(3,004,019)	(670,556)	-	-
Balance at End of the Year	6,915,288,031	3,218,096,325	4,075,642,662	2,293,120,542

Revaluation Reserve

Revaluation reserve consists of the net surplus on the revaluation of Lands and Buildings.

Fair Value Reserve of Financial Assets at FVOCI

Fair value reserve of financial assets at FVOCI includes changes in fair value of financial instruments designated as financial assets at FVOCI.

Other Reserve

Other reserve is used to recognise goodwill or gains from purchases on subsequent acquisitions of further equity interests in subsidiaries and gains or losses arising from partial and deemed acquisitions/disposals in its subsidiaries.

23. INTEREST BEARING LOANS AND BORROWINGS

Group	2022			2021		
	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 23.1)	1,815,174,084	5,964,365,839	7,779,539,923	1,935,615,482	7,963,805,697	9,899,421,179
Short Term Loans	5,679,139,354	-	5,679,139,354	3,906,445,896	-	3,906,445,896
Lease Liability (Note 23.2)	95,732,525	282,381,861	378,114,386	169,642,568	235,743,042	405,385,610
	7,590,045,963	6,246,747,700	13,836,793,663	6,011,703,946	8,199,548,739	14,211,252,685

23.1 Bank Loans - Group

	2022	2021
	Rs.	Rs.
At the Beginning of the Year	9,899,421,179	8,761,719,135
Acquisition of Subsidiary	-	268,055,051
Loan Obtained	31,429,442	2,292,268,628
Interest Charge	674,381,833	727,560,755
Repayments	(2,825,692,530)	(2,150,182,391)
At the End of the Year	7,779,539,923	9,899,421,179

23.2 Lease Liability

	2022			2021		
	Motor	Leasehold	Total	Motor	Leasehold	Total
	Vehicles	Properties		Vehicles	Properties	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
At the Beginning of the Year	16,030,960	389,354,660	405,385,610	32,500,335	444,312,961	476,813,296
Facility Obtained	-	159,142,214	159,142,214	-	112,368,839	112,368,839
Interest Charge	1,691,018	49,794,057	51,485,075	3,105,111	58,720,522	61,825,633
Repayments	(7,191,670)	(230,706,842)	(237,898,513)	(19,574,486)	(226,047,660)	(245,622,146)
At the End of the Year	10,530,307	367,584,081	378,114,386	16,030,960	389,354,660	405,385,610

23.2.1 Leasehold Land- Board of Investment of Sri Lanka (BOI) - Under Leasehold Properties

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 29th March 2000.

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.

NOTES TO THE FINANCIAL STATEMENTS

23.3 Long-Term Loan Details

Company	Lending institution	Nature of facility	Interest rate	Repayment term	Outstanding balance		Carrying value of collaterals	Security
					2022	2021		
					Rs. '000	Rs. '000	Rs. Mn.	
Asiri Surgical Hospital PLC	Commercial Bank of Ceylon PLC	Term loan	AWPLR plus margin	96 monthly installments commencing from April 2015	85,186	149,122	306.09	a) Primary concurrent mortgage bond for Rs. 125.00 Mn over hospital property at No. 181, Kirula Road, Narahenpita owned by Asiri Hospital Holdings PLC
								b) Corporate guarantee from Asiri Hospital Holdings PLC for Rs. 148.40 Mn
	DFCC Bank PLC	Term loan	AWPLR plus margin	72 monthly installments commencing after 12 months of grace period from March 2020	983,333	1,184,449	1,200.00	Corporate guarantee from Asiri Hospital Holdings PLC for Rs. 1,200.00 Mn
	Sampath Bank PLC	Term loan	AWPLR plus margin	60 monthly installments commencing after 6 months of grace period from December 2020	680,300	800,000	-	-
		Term loan	AWPLR plus margin	60 monthly installments commencing after 6 months of grace period from February 2021	176,900	200,000	-	-
Asiri A O I Cancer Centre (Pvt) Ltd	Hatton National Bank PLC	Term loan	AWPLR plus margin	48 equal monthly installments commencing after 12 months of grace period from August 2019	138,600	198,610	300.00	Corporate Guarantee from Asiri Surgical Hospital PLC for Rs. 300.00 Mn

Company	Lending institution	Nature of facility	Interest rate	Repayment term	Outstanding balance		Carrying value of collaterals	Security
					2022	2021		
					Rs. '000	Rs. '000	Rs. Mn.	
Central Hospitals Ltd	Bank of Ceylon	Term Loan	AWPLR plus margin	96 equal monthly installments commencing after 24 months of grace period from July 2014	57,002	178,762	57.00	Primary concurrent mortgage over the premises at No. 114, Norris Canal Road, Colombo - 10 owned by Central Hospitals Ltd
	Sampath Bank PLC	Term Loan	AWPLR plus margin	96 monthly installments commencing from December 2015	47,528	88,280	326.00	Corporate guarantee from Asiri Hospital Holdings PLC for Rs. 326.00 Mn
		Term Loan	AWPLR plus margin	120 monthly installments commencing from December 2015	449,200	564,400	449.20	Securitisation of all future credit/ debit card receivables of Central Hospitals Ltd
		Term Loan	AWPLR	60 monthly installments commencing after 3 months of grace period from July 2021	849,250	1,000,000	849.25	Securitisation of all future credit/ debit card receivables of Central Hospitals Ltd
	Commercial Bank of Ceylon PLC	Term loan	AWPLR plus margin	54 monthly installments commencing after 4 months of grace period from April 2019	667,978	935,830	1,250.00	Primary mortgage for Rs. 1,250.00 Mn over the premises at No. 907, Peradeniya Road, Kandy (Asiri Kandy Hospital) owned by Asiri Hospital Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS

Company	Lending institution	Nature of facility	Interest rate	Repayment term	Outstanding balance		Carrying value of collaterals	Security
					2022	2021		
					Rs. '000	Rs. '000	Rs. Mn.	
Asiri Hospital Matara (Pvt) Ltd	Nations Trust Bank PLC	Term loan	AWPLR plus margin	60 monthly installments commencing from October 2016	-	9,650	32.26	Assignment over AMEX receivables
		Term loan	AWPLR plus margin	24 monthly installments commencing from May 2019	32,264	16,818		
Asiri Hospital Galle (Pvt) Ltd	Sampath Bank PLC	Term Loan	AWPLR plus margin	108 monthly installments commencing after 12 months of grace period from March 2020	181,000	193,000	200.00	Additional mortgage for Rs. 200.00 Mn over the premises at No. 10, Wackwella Road, Galle owned by Asiri Hospital Galle (Pvt) Ltd
		Term Loan	AWPLR plus margin	108 monthly installments commencing after 24 months of grace period from October 2021	235,350	244,350	244.35	a) Primary mortgage for Rs. 158.00 Mn over the premises at No. 10, Wackwella Road, Galle owned by Asiri Hospital Galle (Pvt) Ltd
		Term Loan	AWPLR plus margin	48 monthly installments commencing after 12 months of grace period from December 2019	130,000	145,000	150.00	b) Additional mortgage for Rs. 86.35 Mn over the premises at No. 10, Wackwella Road, Galle owned by Asiri Hospital Galle (Pvt) Ltd
	Seylan Bank PLC	Term Loan	AWPLR plus margin	Corporate guarantee from Asiri Hospital Holdings PLC for Rs. 150.00 Mn				

23.4 Company

	2022			2021		
	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 23.4.1)	854,640,000	2,209,126,861	3,063,766,861	755,870,000	3,235,281,137	3,991,151,137
Short Term Loans	2,863,388,116	-	2,863,388,116	2,455,139,287	-	2,455,139,287
Loans due to Related Parties (Note 23.4.2)	490,387,747	6,707,333,069	7,197,720,816	192,542,850	7,179,557,803	7,372,100,653
	4,208,415,863	8,916,459,931	13,124,875,793	3,403,552,137	10,414,838,940	13,818,391,077
Lease Liability (Note 23.4.3)	54,686,812	250,800,518	305,487,330	56,591,117	189,019,541	245,610,658
	4,263,102,675	9,167,260,449	13,430,363,123	3,460,143,254	10,603,858,481	14,064,001,735

23.4.1 Bank Loans

	2021	2020
	Rs.	Rs.
At the Beginning of the Year	3,991,151,137	4,662,956,084
Loans Obtained	-	124,300,000
Interest Charge	267,448,362	372,842,766
Repayments	(1,194,832,636)	(1,168,947,712)
At the End of the Year	3,063,766,861	3,991,151,137

NOTES TO THE FINANCIAL STATEMENTS

23.4.2 Loans Due to Related Parties

	As at 01.04.2021 Rs.	Temporary Finance Obtained Rs.	Interest Charge Rs.	Repayments Rs.	As at 31.03.2022 Rs.
Asiri Surgical Hospital PLC	1,855,652,418	207,000,000	134,285,144	(240,384,377)	1,956,553,186
Asiri Diagnostics Services (Pvt) Ltd	316,861,991	-	22,683,840	(33,975,076)	305,570,755
Asiri Central Hospitals Ltd	2,375,648,892	115,000,000	156,055,057	(327,000,000)	2,319,703,950
Central Hospital Limited	2,686,123,797	85,000,000	193,175,434	(388,724,970)	2,575,574,262
Asiri Hospital Matara (Pvt) Ltd	137,813,555	55,671,640	8,202,833	(161,369,365)	40,318,663
	7,372,100,653	462,671,640	514,402,308	(1,151,453,788)	7,197,720,816

The interest for the Loans obtained from Related Parties were charged based on AWPLR Plus Margin. Outstanding balances as at the year end unsecured and repayment occurs in cash.

23.4.3 Lease Liability

	2022			2021		
	Motor Vehicles Rs.	Leasehold Properties Rs.	Total Rs.	Motor Vehicles Rs.	Leasehold Properties Rs.	Total Rs.
	At the Beginning of the Year	473,119	245,137,551	245,610,671	11,499,636	209,114,317
Facility Obtained	-	135,236,259	135,236,259	-	92,212,953	92,212,953
Interest Charge	1,179	38,819,666	38,820,845	679,411	33,164,057	33,843,468
Repayments	(474,299)	(113,706,146)	(114,180,445)	(11,705,927)	(89,353,776)	(101,059,703)
At the End of the Year	-	305,487,329	305,487,330	473,119	245,137,551	245,610,671

23.5 Long Term Loan Details

Company	Lending institution	Nature of facility	Interest rate	Repayment term	Outstanding balance		Carrying value of collaterals	Security
					2022	2021		
					Rs. '000	Rs. '000	Rs. Mn.	
Asiri Hospital Holdings PLC	Commercial Bank of Ceylon PLC	Term loan	AWPLR plus margin	96 monthly installments commencing from April 2015	450,016	750,316	-	74,454,026 shares of Central Hospitals Ltd owned by Asiri Hospital Holdings PLC
					20,700	82,860	20.70	Leeway available in the existing securities of the Commercial Bank of Ceylon PLC Loans.
					100,448	167,456	550.00	Corporate guarantee from Asiri Surgical Hospital PLC for Rs. 550.00 Mn
Asiri Hospital Holdings PLC	Commercial Bank of Ceylon PLC	Term loan	AWPLR plus margin	90 monthly installments after a grace period of 40 months from December 2015	420,420	504,492	2,750.60	Primary mortgage bond Rs. 2750.60 Mn over leasehold right of Kandy Hospital Property situated at 907 Peradeniya Road Kandy, more fully depicted as lot 1&2 in plan No 3856A owned by the company
					1,457,600	1,722,560	-	

NOTES TO THE FINANCIAL STATEMENTS

Company	Lending institution	Nature of facility	Interest rate	Repayment term	Outstanding balance		Carrying value of collaterals	Security
					2022	2021		
					Rs. '000	Rs. '000	Rs. Mn.	
	Sampath Bank PLC	Term loan	AWPLR plus margin	120 monthly installments commencing from December 2015	261,183	328,382	261.18	Securitisation of all future credit/ debit card receivables of Asiri Hospital Holdings PLC
		Term loan	AWPLR plus margin	108 monthly installments commencing after 12 months of grace period from March 2019	353,400	403,800	450.00	a) Third party primary mortgage bond for Rs. 450.00 Mn over hospital property at No. 10, Wackwella Road, Galle owned by Asiri Hospital Galle (Pvt) Ltd
	Hatton National Bank PLC	Term loan	AWPLR plus margin	48 equal monthly installments commencing from March 2017	-	31,250	-	

24 DEFERRED TAX ASSETS AND LIABILITIES

24.1 Net Deferred Tax Liability

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
At the Beginning of the Year	1,107,083,521	1,833,614,913	489,519,484	900,909,924
Acquisition of a Subsidiary	-	3,161,926	-	-
Charge Recognised in Statement of Profit or Loss (Note 25.2)	264,768,655	(150,678,006)	145,964,998	(66,824,132)
Charge Recognised in Statement of Other Comprehensive Income (Note 25.2)	670,472,921	(579,084,544)	288,457,301	(344,566,308)
At the End of the Year	2,042,325,097	1,107,083,521	923,941,783	489,519,484

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

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Revaluation of Land and Buildings	1,715,987,371	1,046,085,562	662,705,086	372,807,961
Accelerated Depreciation for Tax Purpose	451,802,801	400,014,607	300,760,211	235,249,092
Employee Benefit Liabilities	(100,818,305)	(96,561,505)	(38,744,833)	(36,271,867)
Losses Available for off set against Future Taxable Income	(23,302,452)	(242,183,033)	-	(82,103,571)
Impairment of Trade Receivables	(669,992)	(317,116)	-	-
Net of ROU Assets & Liability	(674,326)	45,006	(778,683)	(162,136)
	2,042,325,097	1,107,083,521	923,941,783	489,519,484

NOTES TO THE FINANCIAL STATEMENTS

24.2 Deferred Tax Charge/ (Release)

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Income statement				
Deferred tax Expense Arising From;				
Accelerated Depreciation for Tax Purposes	51,788,193	(5,635,284)	65,511,116	25,779,474
Deferred Tax Reversal due to Rate Change	-	(170,838,730)	-	(62,544,172)
Employee Benefit Liabilities	(4,827,912)	(6,736,548)	(1,033,142)	(4,206,494)
Benefit arising from Tax Losses	218,880,581	30,347,128	82,103,571	(23,914,801)
Others	(1,072,207)	2,185,427	(616,547)	(1,938,139)
	264,768,655	(150,678,005)	145,964,998	(66,824,132)
Other Comprehensive Income				
Deferred Tax Expense Arising From;				
Deferred Tax Reversal due to Rate Change	-	(607,301,754)	-	(354,736,868)
Revaluation of Land and Building to Fair Value	669,901,809	39,108,739	289,897,125	18,071,092
Actuarial Gain on Employee Benefit Liabilities	571,112	(10,891,529)	(1,439,824)	(7,900,532)
	670,472,921	(579,084,544)	288,457,301	(344,566,308)

24.3 Tax Losses Carried Forward

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Tax Losses Brought Forward	1,921,582,265	1,588,864,971	605,101,133	423,884,068
Adjustments on Finalisation of Liability	285,740,431	1,720,862,135	118,923,958	1,676,956,737
Acquisition of Subsidiary	-	449,326,160	-	-
Tax losses Arising During the Year	-	54,857,777	-	-
Utilisation of Tax Losses	(1,842,665,371)	(1,892,328,779)	(724,025,091)	(1,495,739,671)
	364,657,324	1,921,582,265	-	605,101,133

The Group has tax losses amounting to Rs. 364,657,324 (2021 - Rs1,921,582,265) available to offset against future taxable profits. Tax losses amounting to Rs. 214,416,518 (2021 - Rs.274,478,521) not utilised for recognition of deferred tax assets.

With the introduction of the Inland Revenue Act no. 24 of 2017, which is effective from 01st 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 31st March 2018 is deemed to be a loss incurred for the year of assessment commencing on or after 01st April 2018 and shall be carried forward up to 6 years.

25 EMPLOYEE BENEFIT LIABILITY

25.1 Retirement Benefit Obligations- Gratuity

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
At the Beginning of the Year	666,289,845	555,610,806	259,084,762	205,950,583
Acquisition of a Subsidiary	-	855,287	-	-
Employees Transferred in/(out)	-	-	466,793	229,792
Interest on Retirement Benefit Liability	43,308,534	51,380,903	16,840,510	18,742,246
Current Service Cost	75,350,842	74,980,582	31,535,371	30,354,035
Past Service (Income)/Cost	(2,575,792)	-	657,601	-
Actuarial (Gain)/Loss for the Year	(3,909,843)	79,859,407	10,284,456	56,432,374
Benefit Paid During the Year	(79,412,824)	(96,397,140)	(42,120,686)	(52,624,267)
Defined Benefit Obligation at the End of the Year	699,050,763	666,289,845	276,748,806	259,084,762
Charge/(Reversal) for the period - Income Statement				
Interest Charge for the year	43,308,534	51,380,903	16,840,510	18,742,246
Current Service Cost	75,350,842	74,980,582	31,535,371	30,354,035
Past Service (Income)/Cost	(2,575,792)	-	657,601	-
	116,083,585	126,361,485	49,033,481	49,096,281
Charge for the period - Other Comprehensive Income				
Actuarial (Gain)/Loss for the year	(3,909,843)	79,859,407	10,284,456	56,432,374
	(3,909,843)	79,859,407	10,284,456	56,432,374

- 25.2** Messrs. Actuarial and Management Consultants (Pvt) Ltd, Actuaries, carried out an actuarial valuation of the defined benefit plan gratuity as at 31st March 2022. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used are as follows:

	Group	
	2022	2021
Discount Rate	14% p.a	6.5% p.a
Salary Increase Rate	12% p.a	7.0% p.a
Staff Turnover Rate	27.0% across the board upto age 54 and thereafter zero.	20.0% across the board upto age 49 and thereafter zero.

The demographic assumptions underlying the valuation are retirement age of 60 years.

NOTES TO THE FINANCIAL STATEMENTS

25.3 Sensitivity to Assumptions Used

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

	Group		Company	
	2022	2021	2022	2021
Effect on the Defined Benefit Obligation Liability:				
Increase by one percentage point in discount rate	(20,856,411)	(24,637,310)	(8,273,219)	(9,588,458)
Decrease by one percentage point in discount rate	22,326,771	26,712,180	8,849,859	10,396,143
Effect on the Defined Benefit Obligation Liability:				
Increase by one percentage point in salary increment rate	25,615,612	29,379,382	10,143,553	11,461,025
Decrease by one percentage point in salary increment rate	(24,311,533)	(27,589,418)	(9,631,481)	(10,761,866)

25.4 The Following Payments are Expected Contributions to the Defined Benefit Plan in Future Years:

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Within the next 12 months	175,504,877	158,804,844	70,993,760	63,635,984
Between 1 to 2 years	229,734,283	173,311,197	87,377,127	64,323,267
Between 3 to 5 years	162,363,429	174,707,043	65,396,044	65,295,683
Between 6 to 10 years	102,562,762	119,969,375	42,044,884	50,050,543
Beyond 10 years	28,885,411	39,497,386	10,936,991	15,779,285
Total Expected Payments	699,050,763	666,289,845	276,748,807	259,084,762

25.5 Weighted Average Durations of Service

The Group's and the company's weighted average durations of service in is 3.6 years (2021-4.2 years) and 3.8 years (2021-4.4 years) respectively.

26. TRADE AND OTHER PAYABLES

26.1 Trade and Other Creditors

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Trade Payables	756,715,477	843,819,930	293,227,110	382,885,379
Trade Payable - Related Parties (Note 26.3)	30,441,129	50,196,002	279,521,599	276,609,089
Other Payables (Note 26.2)	1,151,105,642	1,015,322,148	503,532,654	472,867,251
	1,938,262,248	1,909,338,080	1,076,281,363	1,132,361,719

26.2 Other Payables

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Sundry Creditors Including Accrued Expenses	1,074,382,271	911,089,381	271,172,822	242,406,340
Other Payable Related Parties (Note 26.4)	46,651,896	73,162,867	230,582,799	223,886,236
Other Tax Payables	4,039,690	7,819,538	1,777,033	6,574,674
Contract Liabilities	26,031,786	23,250,361	-	-
	1,151,105,642	1,015,322,148	503,532,654	472,867,251

NOTES TO THE FINANCIAL STATEMENTS

26.3 Trade Payable - Related Parties

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Parent Company				
Softlogic Holdings PLC	12,780,480	24,815,882	-	-
Subsidiaries				
Asiri Surgical Hospital PLC	-	-	224,475,545	230,960,393
Asiri Diagnostics Services (Pvt) Ltd	-	-	17,305,067	3,926,691
Central Hospital Ltd	-	-	35,234,247	34,443,691
Asiri Hospital Matara (Pvt) Ltd	-	-	237,604	6,155,559
Asiri Hospital Galle (Pvt) Ltd	-	-	557,888	1,122,756
Companies under Common Control				
Softlogic Life Insurance PLC	1,472,096	2,343	-	-
Softlogic BPO Services (Pvt) Ltd	3,665,571	8,953,506	-	-
Softlogic Communications (Pvt) Ltd	-	-	-	-
Softlogic Corporate Services (Pvt) Ltd	-	1,607,412	-	-
Softlogic Finance PLC	561,534	708,718	-	-
Softlogic Supermarkets (Pvt) Ltd	-	561,165	-	-
Softlogic Computers (Pvt) Ltd	1,148,214	1,737,705	-	-
Softlogic Information Technologies (Pvt) Ltd	840,203	3,091,256	-	-
Softlogic Retail (Pvt) Ltd	1,378,502	8,132,682	-	-
Softlogic Asset Management (Pvt) Ltd	450,000	-	-	-
Future Automobiles (Pvt) Ltd	291,681	548,986	-	-
Softlogic Information System (Pvt) Ltd	2,266,487	-	-	-
Softlogic Automobiles (Pvt) Ltd	-	690	-	-
Softlogic Destination Management (Pvt) Ltd	4,500	-	-	-
Softlogic Pharmaceuticals (Pvt) Ltd	4,364,390	-	1,287,067	-
Softlogic Supermarkets (Pvt) Ltd	764,381	-	424,181	-
Softlogic Restuarants (Pvt) Ltd	335,752	-	-	-
Nextage (Pvt) Ltd	117,338	35,658	-	-
	30,441,129	50,196,002	279,521,599	276,609,089

26.4 Other Payable - Related Parties

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Parent Company				
Softlogic Holdings PLC	17,118,359	47,136,690	16,644,279	47,136,690
Subsidiaries				
Asiri Surgical Hospital PLC	-	-	175,374,627	84,233,059
Asiri Diagnostics Services (Pvt) Ltd	-	-	30,587	9,289,528
Central Hospital Ltd	-	-	11,579,503	40,839,008
Asiri Hospital Matara (Pvt) Ltd	-	-	571,479	76,229
Asiri Central Hospitals Ltd	-	-	-	-
Asiri Hospital Galle (Pvt) Ltd	-	-	747,351	9,050,546
Asiri AOI Cancer Centre (Pvt) Ltd	-	-	395,000	7,235,000
Companies under Common Control				
Softlogic Asset Management (Pvt) Ltd	320,000	-	320,000	-
Softlogic Automobiles (Pvt) Ltd	321,216	-	321,216	-
Future Automobiles (Pvt) Ltd	794,477	155,549	794,477	155,549
Softlogic BPO Services (Pvt) Ltd	16,879,586	11,140,986	16,327,322	11,140,986
Softlogic Communications (Pvt) Ltd	4,389	4,389	4,389	4,389
Softlogic Computers (Pvt) Ltd	2,482,544	548,041	1,261,194	548,041
Softlogic Corporate Services (Pvt) Ltd	707,327	496,027	261,900	496,027
Softlogic Finance PLC	895,383	416,062	814,565	416,062
Softlogic Supermarkets (Pvt) Ltd	-	5,188,442	-	5,188,442
Softlogic Pharmaceuticals (Pvt) Ltd	787,572	-	659,451	-
Softlogic Information Technologies (Pvt) Ltd	2,268,694	2,286,207	1,749,282	2,286,207
Softlogic Restuarants (Pvt) Ltd	9,000	-	9,000	-
Softlogic Mobile Distribution (Pvt) Ltd	176,062	-	176,062	-
Softlogic Life Insurance PLC	69,416	-	67,073	-
Softlogic Retail (Private) Ltd	3,458,580	5,790,474	2,400,948	5,790,474
Softlogic Rewards (Pvt) Ltd	359,292	-	73,094	-
	46,651,896	73,162,867	230,582,799	223,886,236

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

NOTES TO THE FINANCIAL STATEMENTS

27 INCOME TAX PAYABLE

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Balance at Beginning of the Year	71,930,530	380,597,337	22,977,995	50,916,945
Provision for Income Tax During the Year (Note 6)	725,398,921	206,831,088	372,651,590	-
Utilisation of Tax Refunds	(41,854,375)	(71,976,472)	(42,551,877)	-
(Over)/Under Provision and Adjustments (Note 6)	(21,263,854)	(189,792,739)	(19,152,494)	11,610,162
Payments made During the Year	(385,725,860)	(253,728,683)	(102,062,733)	(39,549,111)
Balance at the End of the Year	348,485,366	71,930,530	231,862,481	22,977,995

28. CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT

28.1 Favorable Cash and Cash Equivalents Balance

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Cash in Hand and at Banks	351,607,274	702,829,005	89,300,086	247,860,644
Short Term Investments less than 3 months	487,138,883	282,851,939	305,060,741	282,851,939
	838,746,156	985,680,944	394,360,827	530,712,583

28.2 Unfavorable Cash and Cash Equivalents Balance

Bank Overdraft	(3,045,985,138)	(2,716,949,746)	(2,367,333,910)	(2,563,497,602)
Total Cash and Cash Equivalents for the Purpose of the Cash Flow Statement	(2,207,238,982)	(1,731,268,802)	(1,972,973,083)	(2,032,785,019)

29 COMMITMENTS AND CONTINGENCIES

29.1 Capital Expenditure Commitments

There were no material commitments outstanding as at 31 March 2022 for future capital expenditure except for the below,

	Group	
	2022	2021
	Rs.	Rs.
Capital Expenditure Commitments	3,838,276	225,081,725
	3,838,276	225,081,725

29.2 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.66 Mn, Rs.46Mn and 104Mn respectively exist as at the reporting date. (2021 - Asiri Hospital Holdings PLC - Rs. 41 Mn, Asiri Surgical Hospital PLC -Rs. 13.2 Mn, Central Hospital Ltd - Rs. 100Mn)

H.C. (Civil) 417/2015/MR- Krishnan Thangaraj Vs. Asiri Central Hospitals Limited, Oraz International Property Developers and Construction (Private) Limited 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.

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

(b) Guarantees

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

	Company	
	2022	2021
	Rs.	Rs.
Guarantees Value	3,117,090,000	3,184,400,000
	3,117,090,000	3,184,400,000

Outstanding Banking Facilities as at 31st March 2022 is Rs.1,909,381,241 (2021- Rs.1,927,710,573)

29.3 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 August 2022 at the Court of Appeal.

NOTES TO THE FINANCIAL STATEMENTS

30 EVENTS OCCURRING AFTER THE REPORTING DATE

There were no material events that occurred after the reporting date that require adjustments or disclosure to the Financial Statements except below.

The Government of Sri Lanka in its Budget for 2022 proposed a one-time tax, referred to as a surcharge tax, at the rate of 25% to be imposed on any companies that have earned a taxable income in excess of LK Rs. 2,000 million for the year of assessment 2020/2021. The tax is imposed by the Surcharge Tax Act No. 14 of 2022 which was passed by the Parliament of Sri Lanka on 7th April 2022. As the law imposing the surcharge tax was enacted after the reporting period end, the financial statements for the year ended 31 March 2022 do not reflect the tax liability pending further evaluation.

31 RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

31.1 Transactions with Related Entities

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Subsidiaries				
At the beginning of the Year	-	-	(7,492,589,290)	(7,637,759,993)
Repayment of Temporary Finance Obtained and Fund Transfers	-	-	1,151,453,788	1,156,290,789
Temporary Finance Obtained	-	-	(462,671,640)	(529,950,000)
Interest Charged	-	-	(514,402,308)	(591,945,022)
Guarantee Income	-	-	17,549,926	25,213,045
Sale of Goods/Services/Intercompany Transfers	-	-	61,684,782	139,388,115
Sale/(Purchase) of Non-Current Assets	-	-	(8,996,161)	-
Channeling Fee Collected by Related Party/ (Company on Behalf of the Related Party)	-	-	(100,286,820)	(77,228,087)
Settlements	-	-	(435,683,554)	728,225
Expenses incurred by the Company on Behalf of Related Party	-	-	345,940,843	22,673,637
At the end of the Year	-	-	(7,438,000,435)	(7,492,589,290)
Associates/Joint Ventures				
At the beginning of the Year	-	248,166,069	-	99,526,045
Derecognition of Investment in Associate	-	(372,269,769)	-	(223,629,745)
Sale/(Purchase) of Goods/Services	-	-	-	-
Channeling Fee Collected by Related Party	-	124,103,700	-	124,103,700
Expenses incurred by the Company on Behalf of Related Party	-	-	-	-
Settlements	-	-	-	-
At the end of the Year	-	-	-	-

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Parent Entity				
Opening Balance 01 April	1,608,725,668	1,849,272,521	(44,001,816)	78,203,386
Repayment of Temporary Finance Obtained, Fund Transfers	(120,615,485)	-	-	-
Temporary Finance Granted	3,121,682,258	443,964,433	460,435,203	-
Interest Charged	219,611,285	180,051,718	31,845,915	48,000,483
Sale/(Purchase) of Goods/Services	82,332,402	(86,567,654)	-	-
Settlements	(1,211,609,940)	(688,536,179)	44,426,105	(80,746,513)
Expenses incurred by the Company on Behalf of Related Party	(193,434,644)	(89,459,172)	(48,440,525)	(89,459,172)
At the end of the Year	3,506,691,545	1,608,725,668	444,264,881	(44,001,816)
Affiliate Companies				
At the beginning of the Year	(11,916,011)	(134,888,765)	(24,646,644)	(167,935,409)
Temporary Finance Granted/(Obtained)	1,006,236,849	-	256,236,849	-
Interest Charged	28,556,383	194,732,234	10,956,301	-
Sale/(Purchase) of Goods/ Services	140,197,220	(203,687,272)	79,274,335	(159,797,038)
Settlements	(131,954,467)	131,927,792	94,092,068	319,097,370
Expenses Incurred by the Company on behalf of Related Party/ (Related Party on behalf of the Company)	(350,423,645)	-	(181,586,313)	(16,011,567)
At the end of the Year	680,696,330	(11,916,011)	234,326,597	(24,646,644)
Transactions with Key Management Personnel and Their Close Family Members				
At the beginning of the Year	-	-	-	-
Sale/(Purchase) of Goods/ Services	-	-	-	-
At the end of the Year	-	-	-	-
Balance as at 31 March	4,187,387,875	1,596,809,657	(6,759,408,959)	(7,561,237,751)
Included Under Trade Receivables (Note 18.1)	25,484,283	39,017,548	47,902,161	186,041,214
Included Under Other Receivables (Note 18.3)	1,592,479	1,379,532	183,842,043	125,183,296
Included Under Loans granted to Related Parties (Note 20)	4,237,404,138	1,679,771,446	716,672,052	133,717
Included Under Interest Bearing Loans and Borrowings (Note 23.4)	-	-	(7,197,720,816)	(7,372,100,653)
Included Under Trade Payables (Note 26.3)	(30,441,129)	(123,358,870)	(279,521,599)	(73,162,867)
Included Under Other Payables (Note 26.4)	(46,651,896)	-	(230,582,799)	(427,332,458)
	4,187,387,875	1,596,809,657	(6,759,408,959)	(7,561,237,751)

NOTES TO THE FINANCIAL STATEMENTS

31.2 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.

31.3 Non-Recurrent Related Party Transactions

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 31st March 2022 Audited Financial Statements, which required additional disclosures in the 2021/22 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.

31.4 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 31st March 2022 audited financial statements, which required additional disclosures in the 2021/22 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.

31.5 Compensation of Key Management personnel*

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Short Term Employee Benefits	44,520,000	29,168,000	23,356,500	16,625,760
	44,520,000	29,168,000	23,356,500	16,625,760

*Key management personnel include Board of Directors of Asiri Hospital Holdings PLC, its subsidiaries and Parent Company.

31.6 Other Transactions

Company

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

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

32. 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.

32.1 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.

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Financial Assets at Amortised Cost				
Loans Granted to Related Parties	4,237,404,138	1,679,771,446	716,672,052	133,717
Trade and Other Receivables	707,745,547	789,098,929	467,203,227	551,037,804
Cash and Cash Equivalents	838,746,156	985,680,944	394,360,827	530,712,583
Total Credit Risk Exposure	5,783,895,840	3,454,551,320	1,578,236,107	1,081,884,103
Financial Assets Designated at Fair Value Through OCI (Equity Instruments)				
Investment in Quoted/Unquoted Equity Securities	386,326,932	323,258,010	93,200,000	30,000,000
Total Equity Risk Exposure	386,326,932	323,258,010	93,200,000	30,000,000
Total	6,170,222,773	3,777,809,329	1,671,436,107	1,111,884,103

Loans Granted to Related Parties

Loans to related parties is made up of working capital loans which are given to Softlogic Holdings PLC and Softlogic Retail (Pvt) Ltd as per the agreements made. Those agreements state the necessary provisions on the repayment and recovery of those loans. The interest for the Loans granted to Related Parties were charged based on AWPLR Plus Margin. Outstanding balances as at the year end unsecured and settlement occurs in cash.

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 outstandings of major customers are, where feasible, covered by bank guarantees or other forms of credit insurance.

NOTES TO THE FINANCIAL STATEMENTS

Group	Total	Neither Past Due nor Impaired	Past Due but not Impaired			Impaired > 365 days
			31 - 60 days	61 - 90 days	91 - 365 days	
2022						
Gross Trade Receivable Balance	723,944,535	390,840,200	131,671,965	47,373,064	104,133,098	49,926,209
Less - Impairment	(54,229,151)	-	-	-	(4,118,115)	(50,111,035)
	669,715,384	390,840,200	131,671,965	47,373,064	100,014,982	(184,827)
2021						
Gross Trade Receivable Balance	800,117,475	426,193,375	131,014,413	71,546,490	102,150,674	69,212,523
Less - Impairment	(52,575,157)	-	-	-	-	(52,575,157)
	747,542,318	426,193,375	131,014,413	71,546,490	102,150,674	16,637,366
Company						
Company	Total	Neither Past Due nor Impaired	Past Due but not Impaired			Impaired > 365 days
			31 - 60 days	61 - 90 days	91 - 365 days	
2022						
Gross Trade Receivable Balance	449,043,999	218,365,711	118,187,020	25,354,174	52,213,227	34,923,867
Less - Impairment	(11,331,327)	-	-	-	(4,107,363)	(7,223,964)
	437,712,672	218,363,711	118,187,020	25,354,174	48,105,864	27,699,903
2021						
Gross Trade Receivable Balance	536,101,054	136,604,079	124,113,570	42,370,078	193,804,068	39,209,259
Less - Impairment	(1,880,454)	-	-	-	-	(1,880,454)
	534,220,600	136,604,079	124,113,570	42,370,078	193,804,068	37,328,805

Gross Trade Receivable balance is consisted with External and Related parties trade and other debtors. The requirement for impairment is analysed at each reporting date on an individual basis for major clients. The calculation is based on actual historical data.

Cash and Cash Equivalents

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.

32.2 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 favorable 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	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Financial Assets at Variable Interest Rates	4,237,404,138	1,679,771,446	716,672,052	133,717
Financial Liabilities at Variable Interest Rates	13,437,979,277	13,723,007,075	13,104,175,793	13,735,531,077
Net Financial Assets/(Liabilities) at Variable Interest Rates	(9,200,575,139)	(12,043,235,628)	(12,387,503,741)	(13,735,397,360)

Interest Rate Sensitivity

The following table demonstrates sensitivity to a reasonably possible change in interest rates on net financial assets /(liabilities) at variable interest rates. 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	Company
		Rs.	Rs.
2022	+ 380	(492,068,416)	(539,980,798)
	- 380	492,068,416	539,980,798
2021	+ 400	(570,726,680)	(604,450,211)
	- 400	570,726,680	604,450,211

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

NOTES TO THE FINANCIAL STATEMENTS

32.3 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 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.

	Note	Group	
		2022	2021
		Rs.	Rs.
Other Non Current Financial Assets			
Financial Assets at Fair Value Through OCI	14	386,326,932	323,258,010
		386,326,932	323,258,010

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	Effect on Equity
	%	Rs.	Rs.
2022			
Quoted/Unquoted Equity Investments	+20	77,265,386	77,265,386
	-20	(77,265,386)	(77,265,386)
2021			
Quoted/Unquoted Equity Investments	+10	32,325,801	32,325,801
	-10	(32,325,801)	(32,325,801)

32.4 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, finance leases and 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. This risk has been managed by maintaining a balance between bank overdrafts, bank loans, and inter company borrowings. The Company is in position to maintain the short term financial obligation through the roll over the short term maturity date by using funds provided by the Group Companies, roll over the Bank Overdrafts facilities and Deferment of Intercompany Payables.

The Company has 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 PLC securing the following banking facilities obtained by the Group entities. (Please refer Note 29.2)

As at 31 March	Group		Company	
	2022	2021	2022	2021
Cash in Hand and at Banks	838,746,156	985,680,944	394,360,827	530,712,583
Total Liquid Assets	838,746,156	985,680,944	394,360,827	530,712,583
Current Portion of Interest Bearing Borrowings	7,502,870,493	5,708,924,267	4,464,442,031	4,067,427,449
Bank Overdrafts	3,045,985,138	2,716,949,746	2,367,333,910	2,563,497,602
Total Liabilities	10,548,855,631	8,425,874,013	6,831,775,941	6,630,925,052
Net Debt	(9,710,109,475)	(7,440,193,069)	(6,437,415,114)	(6,100,212,469)

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

	Group				Company			
	2022				2022			
	Interest Bearing Loans and Borrowings (External Borrowings)	Lease Liability	Trade and Other Payables	Total	Interest Bearing Loans and Borrowings (External Borrowings)	Lease Liability	Trade and Other Payables	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
0-12 Months	7,502,870,493	104,553,091	1,934,222,559	9,541,646,143	4,464,442,031	69,202,361	1,076,281,363	5,609,925,755
1-5 years	6,230,787,275	211,831,918	-	6,442,619,194	2,403,630,291	171,065,269	-	2,574,695,560
>5 years	688,058,678	72,760,536	-	760,819,214	194,087,590	72,760,536	-	266,848,126
Total	14,421,716,446	389,145,546	1,934,222,559	16,745,084,551	7,062,159,912	313,028,166	1,076,281,363	8,451,469,440

NOTES TO THE FINANCIAL STATEMENTS

	Group				Company			
	2021				2021			
	Interest Bearing Loans and Borrowings (External Borrowings)	Lease Liability	Trade and Other Payables	Total	Interest Bearing Loans and Borrowings (External Borrowings)	Lease Liability	Trade and Other Payables	Total
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
0-12 Months	5,708,924,267	191,841,011	1,901,518,541	7,802,283,819	4,067,427,449	77,012,976	1,125,787,044	5,270,227,469
1-5 years	7,705,757,848	289,102,150	-	7,994,859,998	2,880,118,239	236,750,093	-	3,116,868,332
>5 years	1,268,733,080	38,673,910	-	1,307,406,990	674,846,413	38,673,910	-	713,520,323
Total	14,683,415,194	519,617,071	1,901,518,541	17,104,550,806	7,622,392,101	352,436,979	1,125,787,044	9,100,616,125

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 31st March 2022. 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.

	Group		Company	
	2022	2021	2022	2021
Net Debt	17,982,294,893	17,851,859,567	16,479,617,570	17,229,148,473
Equity	15,822,837,584	11,297,258,091	10,597,365,800	8,411,068,940
Capital and Total Net Debt	33,805,132,477	29,149,117,658	27,076,983,370	25,640,217,413
Gearing Ratio	53%	61%	61%	67%

Supplementary Information

Shareholder Information	122
Five Year Summary	124
Economic Value Added Statement	126
Notice of Meeting	127
Form of Proxy	131
Corporate Information	IBC

SHAREHOLDER INFORMATION

GENERAL

Stated Capital as at 31 March 2022 was Rs. 4,748,108,334/-

STOCK EXCHANGE LISTING

The ordinary shares of Asiri Hospital Holdings PLC were listed in the Colombo Stock Exchange of Sri Lanka since June 1986.

PUBLIC SHAREHOLDING

- Public Holding Percentage was 14.76% as at 31 March 2022.
- The number of public shareholders as at 31 March 2022 was 5,462.
- Float adjusted market capitalisation as at 31 March 2022 was Rs 6,296,248,454/-
- The Company is in compliance with option 3 of the Listing Rules 7.14.1 (a) which requires 7.5% minimum public holding percentage and 500 minimum public shareholders.

DISTRIBUTION OF SHAREHOLDING

Number of shares held	31 March 2022			31 March 2021		
	Number of shareholders	Holding	Holding %	Number of shareholders	Holding	Holding %
1 – 1,000	2,793	785,230	0.07	2,777	824,555	0.07
1,001 – 10,000	1,677	6,809,730	0.60	1,773	7,214,816	0.64
10,001 – 100,000	792	27,755,697	2.44	840	28,792,043	2.53
100,001 – 1,000,000	185	47,793,381	4.20	197	51,175,829	4.50
Over 1,000,000	24	1,054,389,558	92.69	26	1,049,526,353	92.26
Total	5,471	1,137,533,596	100	5,613	1,137,533,596	100

COMPOSITION OF SHAREHOLDERS

Category	31 March 2022			31 March 2021		
	Number of shareholders	Holding	Holding %	Number of shareholders	Holding	Holding %
Individual	5,302	114,314,335	10.05	5,426	118,258,607	10.4
Institutional	169	1,023,219,261	89.95	187	1,019,274,989	89.6
Total	5,471	1,137,533,596	100	5,613	1,137,533,596	100
Resident	5,434	772,632,793	67.92	5,573	731,389,459	64.3
Non-resident	37	364,900,803	32.08	40	406,144,137	35.7
Total	5,471	1,137,533,596	100	5,613	1,137,533,596	100

TWENTY LARGEST SHAREHOLDERS OF THE COMPANY AS AT 31 MARCH 2022 ARE AS FOLLOWS.

	Name	Shares	%
1	SOFTLOGIC HOLDINGS PLC	626,054,757	55.04
2	MERRILL LYNCH PIERCE FENNER & SMITH-TPG GROWTH III SF PTE LTD	328,258,328	28.86
3	BBH-TUNDRA SUSTAINABLE FRONTIER FUND	30,000,000	2.64
4	MR. CHAMINDA DILANTHA WEERASINGHE (DECEASED)	9,375,000	0.82
5	SOFTLOGIC LIFE INSURANCE PLC-A/C NO. 04 (PARTICIPATING FUND)	9,000,000	0.79
6	SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	7,851,792	0.69
7	MR. PUJITHA PUNSIRI SUBASINGHE	7,306,566	0.64
8	SOFTLOGIC LIFE INSURANCE PLC-A/C NO. 05 (NON-PARTICIPATING FUND)	5,956,877	0.52
9	EMPLOYEES TRUST FUND BOARD	4,245,693	0.37
10	DR. WELAGEDARA MUDIYANSELAGE SWARNAMALI WELAGEDARA	3,375,000	0.30
11	MR. AHAMED UMAR MANIKU	3,219,350	0.28
12	MR. HEWA KOMANAGE JAYANTHA DHARMADASA	2,908,650	0.26
13	SRI LANKA INSURANCE CORPORATION LTD-GENERAL FUND	2,807,417	0.25
14	DR. LUHUBANDUWADUGE DON ABO CLAUDIUS LUVIS	2,741,720	0.24
15	MR. AJITH HARINDRA WEERASURIYA	2,100,000	0.18
16	MR. MOHAMED FAIZER HASHIM	2,081,160	0.18
17	MISS THEJA THUSHARI WEERASINGHE	1,746,630	0.15
18	CBHK S/A PLATINUM BROKING COMPANY LIMITED	1,168,881	0.10
19	MR. GAJATH CHRYSANTHA GOONETILLEKE	1,133,260	0.10
20	MRS. YOGESWARI WIJAYARATNAM	1,074,010	0.09
	Other	85,128,505	7.39
	Total	1,137,533,596	100.00

SHARE TRADING INFORMATION

	2021/22	2020/21
Highest (02/01/2022)	60	34.60
Lowest (01/04/2021)	24.50	14.40
As at year end (31/03/2022)	37.50	25.50
Number of Trades	9280	10728
Number of shares traded	66,840,138	51,544,899
Value of the Shares Trades (LKR)	2,111,416,609	1,454,703,894
Market Capitalization (LKR)	42,657,509,850	29,007,106,698
Earnings per share (LKR)	3.08	1.35
Dividend per share (LKR)	2.50	1.60
Net assets per share (LKR)	12.88	9.05
P/E Ratio	12.18	18.89

FIVE YEAR SUMMARY

Year ended 31 March	2022	2021	2020	2019	2018
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Income Statement					
Revenue	22,324,121	15,784,523	15,510,422	13,476,097	12,025,178
Cost of Sales	(11,923,489)	(8,994,513)	(8,499,001)	(7,140,008)	(6,476,262)
Gross Operating Profit	10,400,632	6,790,010	7,011,421	6,336,089	5,548,916
Share of Profit from Jointly Operating Laboratories	61,132	59,799	75,264	79,003	89,716
Administration & Distribution Expenses	(4,828,232)	(4,183,026)	(4,232,558)	(3,403,040)	(3,052,839)
Profit from Operations	5,633,532	2,666,783	2,854,127	3,012,052	2,585,793
Other Income	165,448	135,246	154,140	158,064	821,163
Share of Profit /(Loss) of Associate/ Joint Venture		-	704	73	(3,609)
Profit Before Interest & Tax	5,798,979	2,802,029	3,008,972	3,170,189	3,403,347
Finance Income	247,210	242,331	191,700	73,911	65,791
Finance Expenses	(1,273,988)	(1,433,382)	(1,789,974)	(877,065)	(869,506)
Profit Before Tax	4,772,202	1,610,978	1,410,697	2,367,035	2,599,632
Tax (Expense)/Reversal	(968,904)	133,640	(492,490)	(575,311)	(699,567)
Profit After Tax	3,803,298	1,744,618	918,207	1,791,723	1,900,064
Non-Controlling Interest	(299,359)	(213,381)	(110,211)	(109,171)	(161,545)
Profit after Non-Controlling Interest & tax	3,503,939	1,531,236	807,996	1,682,552	1,738,519
Balance Sheet					
Property, Plant & Equipment	29,612,479	25,253,491	24,270,835	21,552,376	18,035,916
Right of Use Assets	1,280,844	1,309,860	1,367,469	-	-
Investment Property	-	-	215,000	193,724	-
Investment in Associate/Joint Venture	-	-	32,245	31,625	31,558
Intangible Assets	609,654	609,654	609,654	609,654	548,707
Non Current Assets	62,408	54,473	54,293	-	-
Other Non Current Financial Assets	386,327	323,258	360,695	323,946	345,762
Inventories	1,000,220	664,297	665,626	452,519	523,341
Trade and Other Receivables	707,746	789,099	902,178	724,620	534,427
Other Current Assets	507,544	401,696	538,201	1,192,134	413,748
Loans Granted to Related Parties	4,237,404	1,679,771	1,733,487	1,458,627	-
Cash and Cash Equivalents	838,746	985,681	1,448,291	242,986	1,297,340
Total Assets	39,243,373	32,071,279	32,197,975	26,782,211	21,730,795

Year ended 31 March	2022	2021	2020	2019	2018
	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	8,022,445	4,185,578	3,384,550	2,846,611	2,376,640
Fair Value Reserve of Financial Assets at FVOCI	(183,581)	(46,240)	7,800	(7,676)	79,448
Reserve on Consolidation	(920,572)	(920,571)	(863,977)	(862,299)	(862,299)
Retained Earnings	2,990,073	2,327,574	2,683,467	1,951,119	1,149,357
Foreign Currency Translation Reserve	(3,004)	(671)	-	-	-
Non-Controlling Interest	1,169,368	1,003,479	901,355	792,320	700,717
Total Equity	15,822,838	11,297,258	10,861,304	9,468,184	8,191,971
Amount due on Leasehold Property	378,114	405,386	476,813	22,057	26,129
Interest Bearing Borrowings & Bank Overdraft	16,504,664	16,522,817	16,054,493	12,247,449	10,486,102
Deferred Tax Liabilities	2,042,325	1,107,084	1,833,615	1,644,386	1,312,292
Employee Benefit Obligations	699,051	666,290	555,611	484,451	465,672
Trade Creditors	1,938,262	1,909,338	1,996,831	809,275	569,383
Other Payables	1,858,118	163,107	419,309	2,106,411	679,246
Total Equity & Liabilities	39,243,373	32,071,279	32,197,975	26,782,211	21,730,795
Net Cash From Operating Activities	5,534,768	2,706,998	2,764,395	904,246	2,580,345
Net Cash Flows Used in Investing Activities	(3,744,825)	(1,182,351)	(4,330,673)	(3,651,124)	(1,879,670)
PBIT/Turnover (%)	26	18	19	24	22
GP Margin (%)	47	43	45	47	46
Return on Equity (%)	24	15	8	20	23
Return on Assets (%)	11	5	3	7	9
Dividend Pay Out (%)	81.16	118.86	-	54.05	39.26
Debts to Equity	1.07	1.50	1.52	1.29	1.28
Interest Cover	4.75	2.12	1.79	3.70	3.99
Quick Asset Ratio	0.44	0.36	0.39	0.40	0.44
Dividend Per Share	2.50	1.60	0.00	0.80	0.60
Net Assets Value per Share	12.88	9.05	8.76	7.63	6.59
Earnings per Share	3.08	1.35	0.71	1.48	1.53

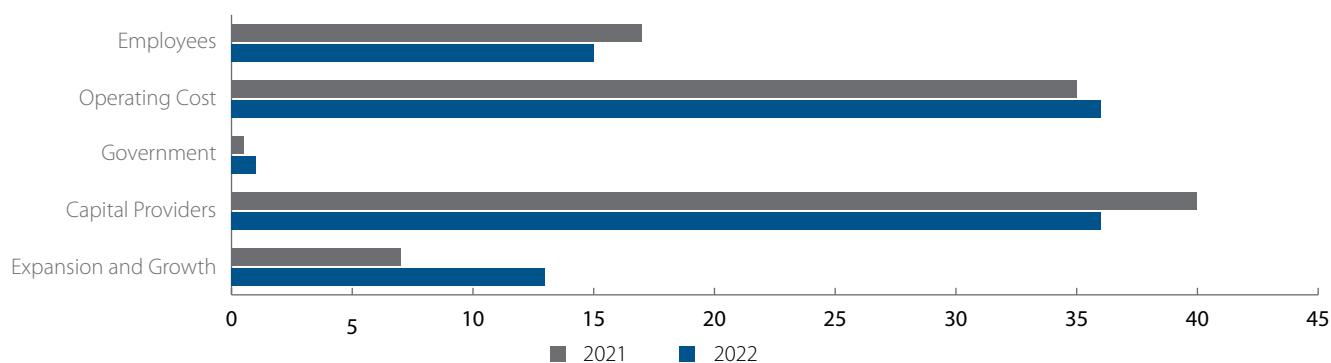
ECONOMIC VALUE ADDED STATEMENT

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-2022	%	31-Mar-2021	%
	Rs. '000		Rs. '000	
Direct Economic Value Generated				
Turnover	8,759,388	78%	6,138,339	77%
Finance Income	62,034	1%	74,328	1%
Dividend Income	2,345,494	20%	1,617,051	21%
Other Income	121,142	1%	99,663	1%
	11,288,058	100%	7,929,382	100%
Economic Value Distributed				
To Employees				
Employee wages & Benefits	1,652,620	15%	1,384,191	17%
Operating Cost				
Other Operating Expenses	4,060,641	36%	2,745,827	35%
To Government				
Taxes Paid	102,063	1%	39,549	0%
To Providers of Capital				
To lenders as Interest	1,189,910	11%	1,373,922	17%
To Shareholders as dividends	2,843,834	24%	1,820,054	23%
Expansion & Growth				
Depreciation	628,969	6%	601,961	8%
Retained Earnings	810,021	7%	(36,121)	0%
	11,288,058	100%	7,929,381	100%

DISTRIBUTION OF ECONOMIC VALUE ADDED (%)



NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the 42nd ANNUAL GENERAL MEETING of ASIRI HOSPITAL HOLDINGS PLC will be held on Friday, the 19th August 2022 at 10.30 a.m at the Auditorium of Central Hospital Limited (4th Floor), No.114, Norris Canal Road, Colombo 10 by shareholder participants assembling either physically or through audio visual means for the following purposes:

- (1) To receive and consider the Annual Report of the Board of Directors and Financial Statements of the Company and of the Group for the year ended 31st March 2022 together with the Report of the Auditors thereon.
- (2) To ratify the First Interim Dividend of LKR 1.30 per share paid on 7th December 2021 and Second Interim Dividend of LKR 1.20 per share paid on 28th April 2022 as the final Dividend for the year ended 31st March 2022.
- (3) To re-elect Dr. K. M. P Karunaratne who retires by rotation in terms of Article 24(6) of the Articles of Association, as a Director of the Company.
- (4) To re-elect Mr. V. Bali who retires by rotation in terms of Article 24(6) of the Articles of Association, as a Director of the Company.
- (5) To pass the ordinary resolution set out below to re appoint Mr. G.L.H Premaratne who is 74 years of age, as a Director of the Company.
“ IT IS HERERBY 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 74 years of age and that he be and is hereby reappointed as a Director of the Company in terms of Section 211 of the Companies Act No. 07 of 2007”
- (6) To re-appoint Messrs Ernst & Young as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.
- (7) To authorise the Directors to determine and make donations for the year ending 31st March 2023 and up to the date of the next Annual General Meeting.

By Order of the Board,
ASIRI HOSPITAL HOLDINGS PLC

Sgd.
SOFTLOGIC CORPORATE SERVICES (PVT) LTD.
Company Secretaries

26 July 2022
Colombo

Notes

1. A Shareholder who is entitled to participate, speak and vote at the meeting is entitled to appoint a proxy to attend and vote on behalf of him/her.
2. A proxy need not be a Shareholder of the Company.
3. The Form of Proxy is enclosed for this purpose.
4. Shareholders are advised to follow the Guidelines and Attendance Registration Process for the Annual General Meeting available on the Corporate Website of the Company and the Website of the Colombo Stock Exchange.

Table with 5 columns and 20 rows. All cells are empty.

FORM OF PROXY

I/We.....
of
being * member/members of Asiri Hospital Holdings PLC , do hereby appoint
.....(holder of N.I.C No.)
of or (whom falling)

Mr. A.K.Pathirage	whom failing
Dr. S. Selliah	whom failing
Dr. K.M.P Karunaratne	whom failing
Mr. G.L.H Premaratne	whom failing
Mr. S.A.B Rajapaksa	whom failing
Mr. S.Ahangama	whom failing
Mr. V.Bali	whom failing
Mr. A.N Thadani	whom failing

as *my/our proxy to attend at the Annual General Meeting of the Company to be held on Friday, the 19th August 2022 at 10.30 a.m at the Auditorium of Central Hospital Limited (4th Floor), No.114, Norris Canal Road, Colombo 10 and any adjournment thereof and at every poll which may be taken in consequence thereto.

	For	Against
(1) To receive and consider the Annual Report of the Board of Directors and the Financial Statements of the Company and of the Group for the year ended 31st March, 2022 together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
(2) To ratify the First Interim Dividend of LKR 1.30 per share paid on 7th December 2021 and Second Interim Dividend of LKR 1.20 per share paid on 28th April 2022 as the final Dividend for the year ended 31st March 2022.	<input type="checkbox"/>	<input type="checkbox"/>
(3) To re-elect Dr. K. M. P Karunaratne who retires by rotation in terms of Article 24(6) of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(4) To re-elect Mr. V. Bali who retires by rotation in terms of Article 24(6) of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(5) To pass the ordinary resolution set out below to re appoint Mr. G.L.H Premaratne who is 74 years of age, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
“ IT IS HERERBY 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 74 years of age and that he be and is hereby reappointed as a Director of the Company in terms of Section 211 of the Companies Act No. 07 of 2007”	<input type="checkbox"/>	<input type="checkbox"/>
(6) To re-appoint Messrs Ernst & Young as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
(7) To authorise the Directors to determine and make Donations for the year ending 31st March 2023 and up to the date of the next Annual General Meeting.	<input type="checkbox"/>	<input type="checkbox"/>

.....
Signature

.....
Date

Note: (1) *Please delete the inappropriate words.
(2) A proxy need not be a shareholder of the Company.
(3) Instructions as to completion are noted on the reverse hereof.

FORM OF PROXY

INSTRUCTIONS FOR COMPLETION

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.
2. The completed Proxy should be forwarded to the Company for deposit at the Registered Office through the Company Secretaries, Softlogic Corporate Services (Pvt) Ltd, No.14, De Fonseka Place, Colombo 05, marked "ASIRI HOSPITAL HOLDINGS PLC – Annual General Meeting" or email corporateservices@softlogic.lk not later than 48 hours before the time appointed for the Meeting.
3. In forwarding the completed and duly signed Proxy to the Company, please follow the Guidelines and Attendance Registration Process for the Annual General Meeting available on the Corporate Website of the Company and the Website of the Colombo Stock Exchange.
4. The Proxy shall –
 - (a) In the case of an individual be signed by the shareholder or by his attorney, and if signed by an attorney, a notarially certified copy of Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.
 - (b) In the case of a Company or Corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the Company or Corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute. (as applicable)
5. Please indicate with a 'X' how the Proxy should vote on each resolution. If no indication is given, the Proxy in his/her discretion will vote as he/she thinks fit.

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. S. Ahangama

AUDIT COMMITTEE

Mr. S. Ahangama – Chairman
Independent Non-Executive Director

COMMITTEE MEMBERS

Mr G L H Premaratne
Independent Non-Executive Director
Mr S A B Rajapaksa
Independent Non-Executive Director

FREQUENCY OF MEETINGS

Committee meets 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. S. Ahangama
Independent Non-Executive Director

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 Port City Hospital (Pvt) Ltd.
No. 14, De Fonseka Place, Colombo 5

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

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 PLC
National Development Bank PLC
Seylan Bank PLC
DFCC Bank PLC

