

Celebrating

Asiri Hospital Holdings PLC | Annual Report 2015/16



Celebrating Life



🕒 Read this Annual Report online

www.asirihealth.com



As we close another landmark year in our over 30 years at the helm of private sector healthcare in Sri Lanka, Asiri Hospital Holdings stands proud of its medical and technological achievements to date and is more optimistic about its future than at any other stage.

We recognize that life is to be celebrated and that longevity without quality of life is an empty prize - that health expectancy is as important as life expectancy. As such, this annual report features our new logo and identity, which is a symbol of our recommitment to the most modern and highest standards in healthcare, to nurture long and healthy lives.

Asiri Hospital Holdings PLC
Celebrating Life

Contents

Our Business

004	About Us
005	Vision, Mission & Values
006	Performance Highlights
008	Group Profile
009	Group Quality Focus
012	Chairman's Review
018	CEO's Review
024	Board of Directors
029	Group Senior Management Team
030	Group Consultant Medical Team

Our Performance

034	Operational Review
036	Asiri Hospital Holdings PLC
040	Asiri Surgical Hospital PLC
042	Central Hospital Ltd
046	Asiri Hospital Matara (Pvt) Ltd
048	Asiri Hospital Kandy (Pvt) Ltd
050	Asiri Laboratories

Our Governance

054	Sustainability Report
068	Corporate Governance
072	Risk Management
078	Ethics Committee Report
079	Audit Committee Report
080	Remuneration Committee Report
081	Related Party Transactions Review Committee Report
082	Statement of Directors' Responsibility
083	Annual Report of the Board of Directors' on the affairs of the Company

Financial Information

088	Financial Calendar
089	Independent Auditor's Report
090	Statement of Profit or Loss
091	Statement of Comprehensive Income
092	Statement of Financial Position
094	Statement of Changes in Equity
096	Statement of Cash Flows
098	Notes to the Financial Statements
153	Economic Value Added Statement
154	Shareholder Information
156	Five Year Summary
158	Notice of Meeting
159	Form of Proxy
IBC	Corporate Information

Focusing on each of our core competencies, the Group continued to raise the bar in providing excellence in healthcare via unparalleled technology, superior expertise and incomparable care.



For more information, visit:
www.asirihealth.com

Providing caring and quality healthcare

It has been an extraordinary journey of care for over three decades; a journey constructed on a strong platform of superior quality, uncompromising standards, distinctive knowledge, unmatched competencies and unparalleled excellence. For Asiri Health, which comprises a network of entities that promote excellence in care, being a pioneer in the healthcare industry, championing contemporary state of the art medical care is a natural phenomenon. This is the reason we have embraced the ethos of 'Live More' to reflect the umbrella of care we espouse.

Keeping innovation and the pioneering spirit at the fore is an innate characteristic of our parent, the multi-industry conglomerate of the Softlogic Group whose

very persona is about spearheading new ideas, unique pathways and groundbreaking avenues. It is this that has seen Asiri Health expand its wings to collate Asiri Medical Hospital, Asiri Surgical Hospital, Asiri Central Hospital, Asiri Hospital Matara and Asiri Laboratories on a singular platform of medical excellence.

Constantly innovating dynamics that adopt global healthcare best practices and standards of excellence, Asiri Health's envious honour roll of accreditations and accolades pushes boundaries to expand its vision and build a sustainable healthcare fabric that holistically champions the country's citizenry to 'Live More'.

About Us



The Hospital mainly provides total in-patient care consisting of;

- Medical
- Maternity
- Paediatric
- Critical care

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

Vision

Values

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

Mission

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

How we're doing

Performance Highlights

Rs. 9,952 Mn 

Revenue

+16%

Rs. 4,561 Mn 

Gross Profit

+15%

46%

Gross Profit Margin

Rs. 1,970 Mn 

Net Operating Income

+18%

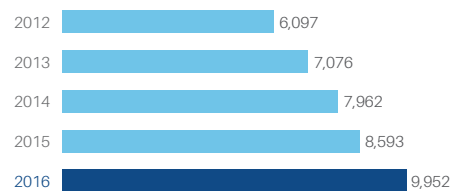
20%

Net Operating Income Margin

	2015/16	2014/15
Revenue (Rs. Mn)	9,952.38	8,593.47
Gross Profit (Rs. Mn)	4,560.73	3,952.30
Pre-tax Profit (Rs. Mn)	1,582.79	1,743.39
Net Profit (Rs. Mn)	1,388.97	1,582.65
Return on Equity (%)	20.18	21.97
Return on Assets (%)	8.28	8.69
Debt/Equity	1.15	1.16
Interest Cover	3.21	3.85
Quick Asset Ratio	0.64	0.63
Earnings per Share (Rs.)	1.06	1.29
Dividend per Share (Rs.)	1.94	0.50
Dividend Pay Out (%)	182.70	38.79
Net Asset Value per Share (Rs.)	5.21	5.48
P/E Ratio	22.64	15.67
Market Capitalisation (Rs. Mn)	27,300.81	22,201.66

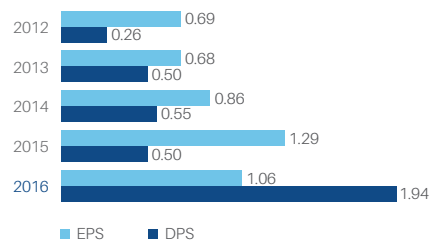
Revenue Growth

(Rs Mn)



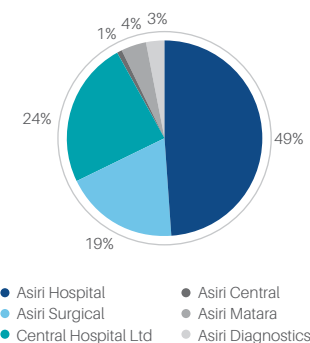
EPS/DPS

(Rs)

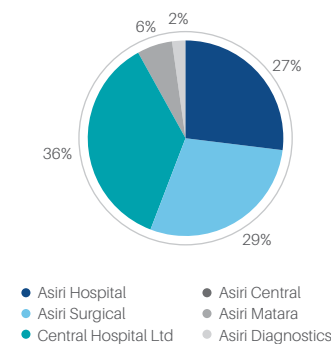


Revenue and Earnings Contributions

EBIT Breakdown



Revenue Breakdown



Group Profile



Asiri Hospital Holdings PLC

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



Asiri Surgical Hospital PLC

With a bed capacity of 165, Asiri Surgical Hospital offers specialized surgical care and treatments using the latest medical technology, inclusive of several Intensive Care units, Emergency Treatment services, Modern Operating Theatre suites, fully fledged Urology services and a state of the art Heart Centre which offers world class cardiac care. It is recognized as the most technologically advanced private hospital in the country.



Central Hospital Ltd

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



Asiri Hospital Matarra (Pvt) Ltd

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



Asiri Hospital Kandy (Pvt) Ltd

Set up to construct and operate the Group's newest Hospital in Kandy. This 140 bed multi discipline hospital housing state of the art technology, some of which will most certainly be a first for the Central Province and manned by a highly specialised team. The Hospital is to commence operations in 2018.



Asiri Laboratories

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

Group Quality Focus



ISO 14001 : 2004
Environmental Management System
[The hospital is in the process of implementing the new version of ISO 14001 : 2015]



ISO 9001 : 2008
Quality Management System
Asiri Laboratories



ISO 15189
ML 009-01

ISO 15189 : 2012
Requirements for Quality and Competence - Medical Laboratories
Laboratory of Asiri Medical Hospital



ISO 9001 : 2008
Quality Management System
Human Resource Department of Asiri Medical Hospital



ISO 14001 : 2004
Environmental Management System
[The hospital is in the process of implementing the new version of ISO 14001 : 2015]



ISO 9001 : 2008
Quality Management System
[The hospital is in the process of implementing the new version of ISO 9001 : 2015]



OHSAS 18001 : 2007
Occupational Health and Safety Management System
[The hospital is in the process of renewing this Certification]



ISO 22000 : 2005
Food Safety Management System
Food and Beverages Department of Asiri Surgical Hospital



ISO 9001 : 2008
Quality Management System
Human Resource Department of Asiri Surgical Hospital



ISO 14001 : 2004
Environmental Management System



ISO 9001 : 2008
Quality Management System



OHSAS 18001 : 2007
Occupational Health and Safety Management System



ISO 22000 : 2005
Food Safety Management System
Food and Beverages Department of Asiri Central Hospital



ISO 9001 : 2008
Quality Management System
Laboratory & Human Resource Department of Asiri Central Hospital



ISO 9001 : 2008
Quality Management System
Human Resource Department of Asiri Hospital Matara



The image features a collage of green plants and foliage, including what appears to be a redwood tree trunk and various leafy plants. This collage is partially obscured by geometric shapes: a bright blue triangle in the top right, a dark blue triangle in the bottom right, and a white triangle in the bottom left. The text 'Celebrating Life' is centered in the dark blue triangle.

Celebrating Life

*Adding value,
changing lives*

We work for you

Chairman's Review

“Asiri Health now brings the entirety of our operations under a single umbrella, ensuring that we collectively work towards the common code of ‘Live More’”



Ashok Pathirage
Chairman/Managing Director



Asiri Hospital Holdings PLC has just begun a brand new chapter in its over thirty year history in Sri Lanka with a much awaited brand re-launch. Our consolidated corporate brand Asiri Health challenges Sri Lankans to, 'Live More'. Once again, it is my great pleasure to present to you the Annual Report and Statement of Accounts for the year ending March 31st 2016.

In welcoming you to the 36th Annual General Meeting of the Group, I am also proud to declare that your Company has been at the forefront of the private healthcare industry, maintaining its position of leadership with four state of the art hospitals contributing the best of healthcare to the country. Our pioneering initiatives continue to be the foundation of this best in class care we always espouse. Hence despite the period under review being challenging, we have been relentless in our pursuits of giving our stakeholders some of the region's and in some cases the world's best options in quality healthcare.

The Asiri Brand

One of our most exciting initiatives this year was the launch of the new face of Asiri, which we

Chairman's Review



“The Group continued to raise the bar in providing excellence in healthcare via unparalleled technology, superior expertise and incomparable care”

brought forth in a well articulated exercise across our Group. Asiri Health now brings the entirety of our operations under a single umbrella, ensuring that we collectively work towards the common code of ‘Live More’, personifying a better quality of life. We have crafted our identity through the four strong pillars that depict our brand; the human hand depicting care, the shield epitomizing protection, the capital A stating that Asiri is the alpha in healthcare and the ubiquitous cross of health.

It is this commitment to a brand of uncompromising healthcare on all fronts that gave your Company the accolade of a CIMA-LMD 100 Award in the Healthcare Sector, based on the turnover of leading listed companies in Sri Lanka for 2014/15. This places us at the helm of the corporate leaderboard in healthcare Sri Lanka, reiterating solid and stable financial foundations, while ensuring that our unique brand of healthcare exemplifies a platform of excellence.

In tandem with the new branding, your Group will continue to offer the most advanced healthcare solutions in the country.

Construction of our hospital in Kandy is now well underway as is the purpose built construction of the new building at Kirula road which will enhance the laboratory facilities adding space and convenience to the equation of our daily operation. Our reputation of being a quality healthcare provider with cutting edge technology is further established with our Group collectively performing the highest number of Cardiac surgeries and Neurosurgical procedures in the country, as well as having a well established keyhole by-pass surgical unit and a neurosciences unit that remains Sri Lanka's premier Spine and Brain Center, into which we have just invested in a cutting edge neuro-navigation system.

Last year, our Group of hospitals wore the laurel of successfully performing the first bone marrow transplant in Sri Lanka. This year our pioneering breakthroughs continued with the first in dextrocardiac surgery using minimally invasive coronary surgery and the first in the country to have Zika PCR testing facilities.

The reputation we have etched in healthcare in Sri Lanka has also

been recognized beyond our shores. One of the most exciting recognitions we received this year was a powerful nod from the Royal College of Surgeons to conduct its international examination pertaining to spine and brain competencies at the Central Hospital's Neurosciences Center.

The Healthcare Industry in brief

According to a Fitch Ratings report published in 2015, the dynamics of an aging population (currently estimated at over 9% over 65 years of age and growing) will see the public healthcare sector burdened beyond capacity. Additionally, non-communicable diseases being on the rise due to dietary and lifestyle changes, as a result of rapid urbanization, will lead to growing demand for the private sector healthcare. This sector will also benefit from rising per capita income enabling more people to afford paid healthcare.

Under the current trajectory, Sri Lanka is just a few years away from reaching the status of a Middle Income Country. Hence, while per capita healthcare spend of US \$102 is significantly below the average per capita spend of US \$465 for middle income

"In tandem with the new branding, your Group will continue to offer the most advanced healthcare solutions in the country"

countries, there is immense potential for growth in the medium term for the private sector healthcare. A key constraint facing the industry however is the shortage of skilled medical professionals and support teams.

While Sri Lanka's healthcare industry is dominated by the public sector due to the country's policy of universal healthcare, the public sector accounts for 75% of the available bed capacity. However, private healthcare accounts for more than 60% of the outpatient services and a larger percentage of the population utilizes private laboratory services. Private hospitals have boosted their share in bed capacity, expanding at a

compounded annual growth rate of 21% compared with just 10% in the public sector.

The top five private hospitals in Sri Lanka account for 45% of the private sector bed capacity, which means that further private sector investment not only in bed infrastructure but also in diagnostics, laboratory services and outpatient care will be pragmatic given the prevailing gaps in the public healthcare system. There's a favourable demand outlook, strong operating cash flow generation and modest margins in the private healthcare sector which has seen continued investment by the leading players.

Chairman's Review

Group Financial Overview

While details of the Group's financial operations can be seen further on in this report, it is pertinent to note that your Company continued to perform significantly well, despite various challenges emerging, especially aligned with the private healthcare industry becoming intensely competitive. Our astute management focus in sustaining our profitability and operating margins despite extensive refurbishment, renovations and new investment is well observed in the consistent results posted.

The Group recorded YoY growth of 16% recording Rs 9.9 Bn in its gross revenue, supported by robust performance by the Central Hospitals' performance, which continued to strengthen its quantitative and qualitative fundamentals to showcase sustained growth. Profit after tax for the Group is recorded at Rs 1.4 Bn.

The investments into our new ventures have been considerable, but these are investments which we consider astute and imperative, given the opportunities emerging in Sri Lanka's healthcare milieu. The Rs 4.5 Bn investment into

the newest hospital under our umbrella, Asiri Hospitals Kandy and a further Rs 260 Mn to upgrade the Kirula Road facility all involve pragmatic management and a visionary plan to implement and execute.

Operational Review

Each of the entities within our Group performed well, primarily due to the Asiri Group of Hospitals relentlessly pursuing the ethos of becoming a center of health excellence in the country. Focusing on each of our core competencies, the Group continued to raise the bar in providing excellence in healthcare via unparalleled technology, superior expertise and incomparable care. Observing the tangible increase in results and to brand loyalty from our stakeholders, we do believe we are continuing to etch a strong path of growth for your Group.

Central Hospitals continued to perform impressively in the private healthcare space in the country. The fully fledged cardiac center is now a highly sought after facility in the country, having broken the boundaries of competition due to the advanced technology,

medical expertise and after care forming the competitive edge. As mentioned prior, the Neurosciences Unit which is now equipped with one of the country's most sophisticated neuro-navigation systems, has also carved a niche in this specialist area, obtaining kudos from the UK based globally recognized Royal College of Surgeons as well. The unit which spearheaded bone marrow transplants in the country, is now well established in the expertise of bone marrow cancer, while the hospital is also proud to have established a first of its kind stroke unit.

Central Hospitals also continued to raise the benchmark in its infection control plan, setting for itself ambitious targets, all subjected to stringent audits which are showing programme is successful.

Asiri Surgical in the meanwhile penned its name indelibly in the annals of medical history once again by performing Sri Lanka's first dextrocardiac surgery. The procedure performed on this congenital condition and believed to occur in one in 12,000 people, used minimally invasive coronary surgery which uses fibre optics, cameras and minimally invasive

technology as imperative tools for ultimate success of the surgery. This showcases the hospital's extensive medical facilities, equipment and expertise, augmenting the expansive range of services and treatment which includes several ICUs, emergency treatment services, trauma care and a Wellness center.

Asiri Matara, the largest private hospital in the southern province has a collective bed capacity of 60 beds and has gained an enviable presence as the best baby and maternity care hospital in the region. The noteworthy channelling base, preventive healthcare and quality nursing care have seen our revenue, showing an impressive 26% growth compared to last year.

Asiri Laboratories, augmented its thirty year history of introducing pioneering technology into the country expanding its presence via a hub network working, using a regional centralized model that covers a wider geographic presence. This makes Asiri Laboratories the largest laboratory network in Sri Lanka offering the largest menu of 3,000 tests, most of which are used and accessed by almost the entirety of the private healthcare sector in the country.

“Each of the entities within our Group performed well, primarily due to the Asiri Group of Hospitals relentlessly pursuing the ethos of becoming a center of health excellence”

The Journey Ahead

The quality consciousness we imbue into our everyday operations will continue to be the strong truss in our journey ahead. Our focus on remaining well informed of emerging paradigms in the global healthcare sector including competencies, expertise, know how, facilities, equipment and technology will form the rudiments for our future framework. Ensuring that we constantly improve the benchmarks we have set in

maintaining standards, facilities and superior care, a host of new initiatives are being planned in the short and medium term to expand our ‘Asiri Health’ footprint across the country. Being accredited by the Joint Commission International is one of the most crucial facets in our quality journey given that this is the most comprehensive and rigorous healthcare accreditation in the world.

We will be concentrating on developing our presence in the medical tourism space, primarily

as our newly introduced bariatric surgery has become a popular medical procedure in medical tourism globally. We will be leveraging on the synergies of Asiri Surgical Hospital’s expertise in bariatric surgery and the fully fledged cosmetic center at Central Hospital. Another area we will focus on is in developing our prowess in liver transplants and cardiac surgery, especially the minimally invasive coronary surgery and enhancing cancer therapy. The new building at Kirula road is billed for completion in September 2016, on 19,000 square feet enhancing the laboratory facilities and other services.

From a macro perspective, it is imperative that the country increases the penetration of medical insurance as this will assuage some of the fallout that may be seen in the immediate with a possible crunch on disposable income in the coming year.

In Appreciation

My fellow directors have enabled me to helm this exciting journey of carving an indelible presence in the private healthcare industry of Sri Lanka, I thank them sincerely for their confidence in

me. Deserving of applause is the unwavering commitment and dynamism displayed by our team of professional doctors, nursing and support teams who constitute the backbone to our sustained success and position at the forefront of the healthcare industry.

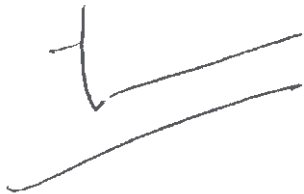
With our vision of becoming the center of medical excellence in the country, we are confident that our shareholders, customers, valued business partners and the communities we work with, will continue to uphold us as a partner to ‘Live More’. The reputation we have forged to continue augmenting the healthcare space by continually investing in infrastructure especially in cutting edge technology and state of the art equipment will undoubtedly from the blueprint in pushing us towards catering to the healthcare needs of the South Asian region.

Ashok Pathirage
Chairman/Managing Director

Defining new paradigms

CEO's Review

"I'm proud to report that each of the four hospitals within the group as well as our diagnostics arm posted very noteworthy performances"



Dr. Manjula Karunaratne
Group Chief Executive Officer



Looking back on a year of consistent growth and the opening of new chapters, I am pleased to present the Annual Report and Statement of Accounts for Asiri Hospital Holdings, whose performance has been robust despite a milieu of some challenges. The macro environment is certainly panning out better than the years prior and the healthcare industry is burgeoning, given the investment being infused into infrastructure, knowledge and competencies. In this background, the Asiri Group of Hospitals has embarked on a pragmatic framework of re-branding, infrastructure development, reiterated quality focus and expansion of diagnostic competencies that will strengthen the foundation of our unique brand of healthcare excellence.

Having seen a great year of impressive growth, I'm proud to report that each of the four hospitals within the group as well as our diagnostics arm posted very noteworthy performances, well above forecast budgets and displaying visionary outlook, strength in strategy and stability in foundations. We've managed our cost bases very prudently, despite facing some hurdles beyond our control including the negativities of



“Our team of extraordinary specialists, medical personnel, nurses and support teams remain the backbone to making this Group the market leader in healthcare”

the depreciating rupee translating to high cost of funds pertaining to our borrowings and the costs related to the importation of equipment, which is imperative for the quality of healthcare we espouse, increasing significantly. This also meant a relative constraint on profit margins which however, through astute cost management, the Group contained within workable limits.

Group pre-tax profit at the end of this period under review is detailed at Rs 1.6 Bn. Each of the hospitals pulled in significant weight into this top line growth with Asiri Hospitals doing exceptionally well.

Our customer portfolio continues to increase YoY, ever since the thirty year legacy of Asiri was etched into the healthcare annals of the country. Asiri today connotes the concept of quality healthcare built on a platform of uncompromising excellence. For this Group therefore, the time had come to further augment our presence among our stakeholders, reiterating that our brand of healthcare is not only unique, but is also continually cognizant of evolving paradigms, infusing those into the way we work to ultimately give our stakeholders the best in healthcare. Thus, re-launching

ourselves as Asiri Health is meant to open those chapters by bringing our synergies under a collective umbrella, in which the precept of 'Live More' which formulates the corporate tag line promotes our stakeholders to live better and live fully.

Working on a vision to become a leading healthcare provider in South Asia, we strongly believe that being the largest private healthcare conglomerate in the land, this re-branding makes us set our benchmarks even higher. With collective bed strength, technological innovations and medical expertise being the best in the country, coupled with the country's best diagnostics speciality and reach, Asiri Health defines the highest paradigms in clinical standards which I believe will be further augmented, with the JCI Accreditation for which audits and certification will be completed soon. Add the pioneering features that remain inherent in our persona given that the Group has trail-blazed the widest number of technological introductions into the industry and the broad recognition received for being the definer of clinical milestones, our position of leadership continues to strengthen, with the Group being regarded as

an iconic role model in the healthcare space.

Investing in Healthcare

It has certainly been a year for etching the Asiri Group of Hospitals' position as a true pioneer for the industry, given we not only spearheaded some technological trailblazers, but also began infrastructure developments that will surely reinforce our presence as a quality healthcare provider.

The Rs 4.5 Bn investment in the hill capital will soon see the name of Asiri Hospital Kandy added to its option of private healthcare services. This is bound to completely transform the healthcare milieu in this city and its surrounds, primarily as private healthcare in Kandy is currently limited to essential specialties. With the 140 bed hospital equipped with some of the latest technology and facilities in the country, supported by a responsive and accurate diagnostics network, we also hope to gather the synergies of the specialists that this Group has under its umbrella. Once completed this fully fledged tertiary care hospital, which will also have its own coronary care unit, will be introducing some of the more specialized competencies, to ensure that vital medical capabilities will

be added to the portfolio available for the entirety of the central region. Asiri Kandy is billed for completion in 2018.

Our 260 Mn investment into Asiri Hospital is well on its way to completion by September this year. The contemporary and technologically advanced environment designed for this hospital will see it come on par with any worthy international facility. With our diagnostics arm expanding its presence in this locale, given the centrality, convenience and spacious environs, our brand promise of making quality healthcare accessible to all, is further entrenched.

Having observed the foreign expenditure on liver transplants expended by at least fifty Sri Lankans who travel abroad for liver transplants annually and the drain that has on the foreign exchange of the country, we made a conscious decision to establish a dedicated liver transplant unit at Asiri Surgical. This unit is scheduled to commence operation by the 3rd quarter of 2016/17.

Working on an integrated network concept of satellite labs, fast track centers, collection centres,

franchisees and third party collection centres, a strategic decision was made this year to expand the network for Asiri Laboratories own Collection Centers over a period of three years. This long term investment will have centers located in key strategic locations to ensure easy access and uncompromising quality of service, while a number of fully fledged laboratories around the country will also be invested in. The ultimate aim is to establish a hub and spoke model which will enable faster response times with accurate results, with the added benefit of both patient and doctor having access to the information online.

The year that was

We ended the year on a high note, with a very significant entry in the medical journals under industry firsts. Dextrocardia surgery, using minimally invasive coronary surgery is a definite first in the country, requiring unique knowledge and expertise, as well as specialized technology which only Asiri Surgical possesses in Sri Lanka. This is doubly significant as the minimally invasive coronary surgery for this condition was introduced just five years ago to the world and is performed in only a few centers around the world.

CEO's Review

Asiri Laboratories, with its multiple ISO certifications has reiterated its position as the stalwart market leader in the country and is the most sought after service provider to the entire healthcare industry. It is truly the country's largest, fastest, most technologically advanced and most expansive laboratory which has undoubtedly become the preferred choice among physicians and specialists around the country. With the country's largest menu of 3,000 tests, we have retained our pioneer's cap this year too, being the first and only laboratory in the country to introduce the Zika PCR test as well as the HIV 4th Generation Test and CA 125 - 2nd Generation Test. We serve a sum of 1.2 million patients per annum through 11,000 tests per day.

The Central Hospital too continues to stamp its mark as a young, but noteworthy contender in the industry performing Sri Lanka's first ever bone marrow transplant last year. Additionally, the hospital houses a one of a kind Interventional Cath Lab, the very first Biplaner laboratory in Sri Lanka. Asiri Central Hospital now offers interventional radiology using minimally invasive techniques to diagnose and treat various pathologies. This is a widely used technique in the developed world, while Asiri Central Hospital is

the only facility in Sri Lanka to offer it. The Hospital has also asserted its position as Sri Lanka's premier spine and brain center, having added a highly technologically advanced neuro-navigation system and being accredited as an International Examination Center for the prestigious Royal College of Surgeons.

Asiri Surgical, the Alpha in the private healthcare and an innovation leader has now added a new 3.0 Tesla MRI system to its portfolio. The state of the art machine performs at high levels of accuracy and speed, enabling quick, detailed diagnoses. The machine scans 'silently' making the patient experience very comfortable. Bypass surgery for heart through 'keyhole' was introduced to Sri Lanka last year and has a 100% success rate of all cases. The structured Bariatric surgery programme too has been performing very well, while which has now expanded our portfolio of interventional radiology using minimally invasive techniques to diagnose and treat various pathologies specialty competencies has expanded our portfolio significantly.

Asiri Matara has had a very successful year. It is the largest private hospital in the southern

province with its 60 bed capacity and a massive channelling base. It has established itself as having the best baby and maternity care in the region and is a strong player under the Asiri banner advocating preventive healthcare while providing a high standard of nursing care to its in-patients.

Being the leader in healthcare excellence is our prerogative. Our team of extraordinary specialists, medical personnel, nurses and support teams remain the backbone to making this Group the market leader in healthcare. While our specialists are the crème de la crème in their specialties, it is our nurses who ensure that the after care of our patients is second to none. Trained for a rigorous three years while excellence in care is continually imbued through theory, practicals and on-the-job training initiatives, the qualifying nurses are undoubtedly some of the best in the land, given the high quality of knowledge and skills they possess and the cardinal Asiri values which they impart. The nursing care at the Asiri Group of Hospitals remains unparalleled and must be commended for being the conduit that surely brings out our ethos to 'Live More'.

We remain extremely cognizant of the rise in Non-communicable Diseases (NCDs) which has turned the spotlight on Sri Lanka's rapidly ageing population and increasing sedentary lifestyles. According to the Non-communicable Disease Unit of the Ministry of Health, NCDs are the leading cause of death globally, much more than other causes combined with 80% of the deaths occurring in low and middle income countries. This makes Sri Lanka most vulnerable given that the major risk factors for NCDs smoking, excessive consumption of alcohol, obesity, unhealthy diets and sedentary lifestyles are all very prevalent in the country. These lifestyle factors are also those that can be managed and we believe that the private sector can play a vital role in the prevention of such risks through timely health screenings, awareness on wellness and having the necessary facilities and expertise to complement the public healthcare sector in delivering the necessary advice and services. We have been implementing and supporting awareness campaigns and establishing services based on wellness, prevention and prompt medical assistance, encouraging those susceptible to these risks to avail themselves of the facilities

"The Rs 4.5 Bn investment in the hill capital will soon see the name of Asiri Hospital Kandy..."

available with us, an initiative that has been very successful.

Looking forward

We are very excited about the prospects lined up for the Group. With a new hospital in the fray, another being refurbished, our diagnostics network taking on a more expansive footprint and innovations and technological advancement prompting new areas of focus, the future is certainly on an upward trajectory. Our immediate focus is on completing the Joint Commission International Accreditation for Asiri Central Hospital, an accolade that will energize our efforts of quality excellence. Having already established ourselves in some areas as prompting firsts in the region

and for introducing to Sri Lanka revolutionary technology and services, mostly available only in developed countries, we believe that this international accreditation will position us on a platform of global excellence, given that only 700 elite hospitals worldwide have this accreditation.

While this will enable us to further cement our status as a center of medical excellence in foreign markets, we are looking at augmenting our medical tourism market share as we realize there is significant scope in the Asian region to grow our footprint.

We have also commenced negotiations to build and operate a fully-fledged Oncology unit

including a Linear accelerator at Asiri Surgical, which will make for yet another trailblazing unit with best in class technology and facilities. This center will commence operation by the 1st quarter of 2017/18. Another imperative addition will be the establishment of the country's most modern Liver Transplant Facility, for which strategies are currently underway. Asiri Matara will soon be expanding its CT scan services with an acquisition of a 16 slice CT scanner, while also expanding its room capacity and infrastructure in the existing channelling complex.

Appreciations

My appreciation is extended to the Chairman and Board of Directors for the confidence they have placed in me as the CEO of this dynamic Group, extending continued support and guidance to ensure that goals and objectives are met. I am also grateful to each of our medical experts, nursing and support teams who have collectively contributed to the noteworthy results you see in this report today and for ensuring that Asiri Health becomes synonymous with the concept of excellence in healthcare. Thanks are extended also to our shareholders, who have displayed immense loyalty and confidence in the Group and supported us in our pragmatic

plans that will place as a center of excellence in this region.

The year ahead is surely one of promise as the Group has been identifying emerging potential and opportunities that can be capitalized on. We do believe we have now formulated the crucial blueprint for growth and are now engaged in painting in the canvas to enable us deliver quality healthcare based on the values embedded in the four pillars of protection, prevention, leadership and unsurpassed care embedded in our new brand, Asiri Health.

Dr. Manjula Karunaratne
Group Chief Executive Officer

Board of Directors

Seated

Mr. Ashok Pathirage
Chairman/Managing Director

Standing from Left to Right

Dr. Manjula Karunaratne
Group Chief Executive Officer

Dr. Sivakumar Selliah
Deputy Chairman

Mr. Samantha Rajapaksa
Director





Seated

Mr. Harris Premaratne
Director

Standing from Left to Right

Mr. Vishal Bali
Director

Mr. Vishwarupe Narain
Director

Mr. Jeremy Huxtable
Director

Board of Directors

Mr. Ashok Pathirage

Chairman/Managing Director

Ashok Pathirage is one of the top business leaders of the country. He is the founder member and Chairman/Managing Director of the Softlogic Group. Softlogic has its business interests in Retail, Healthcare, Financial Services, ICT, Leisure and restaurant operations with 47 companies employing over 9,000 people. Pathirage is also Chairman/Managing Director of Softlogic Finance PLC, Softlogic Capital PLC, Asian Alliance Insurance PLC and Odel PLC which are all listed public companies on the Colombo Stock Exchange. He is also the Deputy Chairman of National Development Bank PLC and the Chairman of NDB Capital Holdings Limited.

Dr. S Selliah

(MBBS, M.Phil)

Deputy Chairman

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

diverse fields which include manufacturing, healthcare, plantations, packaging, insurance, logistics and retail.

Dr. Selliah is a Director of Lanka Tiles PLC, Softlogic Holdings PLC, HNB Assurance PLC, Lanka Walltiles PLC, Horana Plantation PLC, ODEL PLC, ACL Cables PLC and Lanka Ceramic PLC. He is also the Deputy Chairman of Central Hospital Ltd. and the Chairman of Cleanco Lanka (Pvt) Ltd and JAT Holdings (Pvt) Ltd.

Dr. Selliah serves on the Remuneration Committee, Audit Committee, Strategic Planning Committee & Investment Committee of some of the companies listed above.

Dr. Manjula Karunaratne

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

Group Chief Executive Officer

Dr. Karunaratne was appointed to the Board of Asiri Hospital Holdings PLC and Asiri Surgical Hospital PLC in 2006, and is currently Chief Executive Officer of the Asiri Hospitals Group. He also serves on the Boards

of Central Hospital Ltd, Asiri Central Hospitals Ltd., Asiri Hospital Matara (Pvt) Ltd., Asiri Diagnostics Services (Pvt) Ltd. and Asiri Hospital Kandy (Pvt) Ltd. He previously held the positions of Medical Director, Asiri Hospital Holdings PLC and was Group Chief Operating Officer, Asiri Hospitals Group. Dr. Karunaratne is a Specialist in Sports/Orthopedic Medicine. He possesses over 25 years of professional medical experience both in Sri Lanka and overseas, and is responsible for the overall medical policy of the Group.

Mr. Harris Premaratne Director

A leading banking professional Mr. Harris Premaratne who is already on the Board of Softlogic Group companies including Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC, Asiri Central Hospitals Ltd. and Central Hospital Ltd., is appointed as the Deputy Chairman of the Softlogic Finance PLC effective 1st January 2015.

Mr. Premaratne has over 42 years of banking experience with expertise in the areas of

Trade Services, Trade Finance, Corporate Credit, Corporate Finance, Recoveries and

Correspondent Relations, and was the Senior Deputy General Manager Corporate Banking at Commercial Bank PLC, former Chief Executive Officer of Cargills Bank and Managing Director of Sampath Bank PLC. In addition, he was a Director of the Sri Lanka Credit Information Bureau (CRIB) and was the Chairman of the Technical Advisory Committee of the Sri Lanka Banks' Association.

He is an Associate of the Chartered Institute of Bankers of London and a former President of the Sri Lanka Banker's Association.

Mr. Samantha Rajapaksa Director

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

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

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

He returned to Sri Lanka in 2008 to take up the appointment as Group Director of Kshatriya Holdings PLC and thereafter joined as a Group Director of the Softlogic Group responsible for group business development initiatives and as Director/Chief Executive Officer of Softlogic Communications Ltd handling the Nokia operations in Sri Lanka and the Maldives.

Samantha is currently the Group Managing Director of Associated Motorways (Pvt) Ltd., which is today a fully owned subsidiary of the Al-Futtaim Group of the United Arab Emirates.

He also currently holds Directorships on the Boards of Asiri Hospital Holdings PLC and Asiri Surgical Hospital PLC, where he also Chairs the respective Audit Committees.

Mr. Jeremy Huxtable Director

Mr. Huxtable was appointed to the position of Group Chief Officer – Enterprise Business of Dialog Axiata PLC with effect from 19th April, 2012. He counts a total of 18 years industry experience in telecommunications on the backdrop of a multi-country and multi-sector management career spanning over three decades.

Mr. Huxtable joined the Group Senior Management Team of Dialog following a stint close upon 7 years as the Managing Director of Suntel Ltd. Prior to taking the helm at Suntel in 2005, he held several senior management positions in the Scandinavian region with Orange International, the mobile arm of France Telecom including that of CEO of Orange Sweden, a 3G green-field start up and that of Director for Strategy

and Planning at Orange Denmark. Prior to joining Orange, he held the position of Vice President at Fortunecity.com an internet start-up that was listed on the German Neuer Market.

Mr. Huxtable also serves as a Board Member of Asiri Hospital Holdings PLC.

Mr. Vishwarupe Narain Director

Mr. Narain is Partner and Managing Director for TPG Growth, a global private equity firm and is based in Mumbai.

He is currently serves on the boards of AGS, Sutures India, Flexituff International, India Transact, Global Gene Corp, Landmark Cars and Landmark Automobiles (Pvt) Ltd.

Prior to joining TPG Growth in 2007, Mr. Narain was an investor with Bessemer Venture Partners in New York. Previous to that, Mr. Narain was an Engagement Manager in McKinsey's Private Equity Practice in Palo Alto and London. Mr. Narain

joined McKinsey from Deloitte Consulting, where he was a Senior Consultant.

He has a Master of Technology from the Indian Institute of Technology, Delhi and an M.B.A., from the Graduate School of Business at Stanford University.

Mr. Narain's non-profit activities include an advisory board role at Spic Macay, an organization working to preserve and promote classical Indian music. Selected as a Young Global Leader (2014), he is an active member of the World Economic Forum and is a part of the South Asia Bridge initiative to bring together business communities across borders under the WEF banner. Vish was also nominated as an Aspen Fellow in 2014 and is a member of the Aspen Leadership Institute.

A semi-professional sitar player and adventure travel enthusiast, Mr. Narain has worked in 20 countries and travelled to over 75 nations.

Board of Directors

Mr. Vishal Bali

Director

Vishal Bali brings with him 24 years of experience in building and leading global healthcare delivery organizations through organic and M&A driven strategic growth initiatives across Asia Pacific. His experience of managing a billion dollar integrated healthcare delivery organisation comprising Hospitals, Diagnostics, Primary Care and Daycare Specialty 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.

Vishal is currently Asia Head - Healthcare, TPG Growth which is amongst the leading private equity firms globally.

Prior to his current assignment Vishal 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 a presence across 12 countries and a human capital base of more than 20,000 people. His earlier roles also include CEO for Fortis Healthcare International in Singapore and CEO for Fortis Hospitals in India. His past assignment also includes spearheading the growth and transformation of Wockhardt Hospitals from a single hospital to one of India's largest specialty hospital chains as its CEO & Managing Director. Vishal 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. Vishal completed his Bachelors in Science and Post-graduation in Business from Bombay University and completed an advance program 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 recognized industry public speaker.

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

Group Senior Management Team



Seated from Left to Right

Dr. Shiranee Goonawardene - Medical Director - Asiri Medical Hospital
Ms. Mihiri Cabandugama - Head of Strategic Planning and Business Development
Mrs. Hasanthi De Saram Karandagaspitiya - Group Head - Human Resources & Human Resource Development
Mr. Kosala Dissanayake - Director Administration
Mrs. Thelani Weerasinghe - Director Nursing
Mrs. Rochelle de Silva - Director Marketing

Standing from Left to Right

Mr. Nipuna Mediwake - Chief Financial Officer
Mr. Nihal Rathnayake - Director Operations - Asiri Central Hospital
Mr. Neil Priyath John - Director Laboratory Services
Dr. Ruwan Senatilleke - Medical Director - Asiri Surgical Hospital
Mr. Nalin Pasqual - General Manager - Asiri Hospital Matara
Dr. Harsha Baranage - Medical Director - Asiri Central Hospital

Group Consultant Medical Team



Seated from Left to Right

Prof. L R Amarasekara - Consultant Histopathologist
Dr. Rohini Ranwala - Clinical Director/Dept. of Neuroscience - Asiri Central Hospital
Dr. Sumedha Amarasekara - Consultant Orthopaedic Surgeon
Dr. Saman Perera - Consultant Radiologist
Dr. Kantha Samarawickrema - Consultant Radiologist
Dr. Thurul Attygalle - Resident Physician Stroke Unit
Dr. Dishna De Silva - Consultant Pediatrician
Dr. Maya Atapattu - Consultant Mycologist

Standing from Left to Right

Dr. Dinesh De Silva - Consultant Eye Surgeon
Dr. Rangika Goonaratne - Consultant Eye Surgeon
Dr. S D Athukorala - Consultant Clinical Bacteriologist
Dr. Menik Goonewardhene - Consultant Neonatologist
Dr. Rajeeva Pieris - Consultant Cardiothoracic Surgeon
Prof. Vajira Dissanayake - Consultant Medical Geneticist
Dr. Lakmali Paranahe - Consultant Interventional Radiologist
Dr. Chrisantha Mendis - Consultant/Head Dept. of Anaesthesiology - Asiri Central Hospital



Seated from Left to Right

Dr. Natasha Peiris - Consultant Resident Physician
 Dr. Gulpa Subasinghe - Consultant Radiologist
 Dr. Gayani Senanayake - Consultant Anaesthesiologist
 Dr. Shantha Hettiarachchi - Consultant/Head Dept. of Radiology - Asiri Group
 Dr. Stella Fernando - Consultant Anaesthesiologist
 Dr. Darshani Amarasinghe - Consultant Anaesthesiologist
 Dr. Sunil Perera - Consultant/Head Dept. of Neuroscience - Asiri Central Hospital
 Dr. Anil Perera - Consultant/Head Dept. of Anaesthesiology - Asiri Medical & Asiri Surgical Hospital

Standing from Left to Right

Dr. Lallindra Gooneratne - Director / Bone Marrow Transplant & Clinical Haematology Unit - Asiri Central
 Dr. Gamini Jayaweera - Consultant/Head Dept. of Transfusion Medicine - Asiri Group
 Dr. Vivek Guptha - Senior Consultant Cardiothoracic Surgeon
 Dr. Thushara Fernando - Consultant Anaesthesiologist
 Dr. Nihal Wijewardhana - Consultant Interventional Radiologist
 Dr. Philomena Chandrasiri - Consultant Microbiologist/Head of Infection Control
 Dr. Samantha De Silva - Consultant Neonatologist
 Dr. Ajith Karunaratne - Consultant Cardiothoracic Surgeon - (Absent)





Celebrating Life

*Making the difference
to Sri Lankan lives*

Delivering superior care

Operational Review

"The Group performed admirably well this year, despite intense competition"

Group Overview

Having garnered the prestige of winning the coveted CIMA-LMD 100 Award, in the Healthcare Sector, Asiri Hospital Holdings continued its championing mission of delivering superior care in a milieu of innovation, knowledge gain, premier infrastructure and expansion. The year also saw the Group embark on a re-branding chapter to further elucidate this ethos, placing the Group under the collective umbrella of Asiri Health, positioned to deliver our care on the philosophy of, 'Live More'. This to us articulates the quintessence of the Group's ideals, constructing our foundation on ensuring that lives of all our stakeholders are positively impacted with better standards of healthcare and more awareness on better living, to live more.

We are now the largest healthcare provider in the country with a total of

over 600 beds across our network of four hospitals including our first outstation hospital in Matara. It is also pertinent to note that given the Group's collective technological, expertise and knowledge capabilities, we perform the highest number of cardiac surgeries and Neurosurgical procedures in the country. The decision to expand our network stems therefore, from the conscious efforts of wanting to have quality healthcare accessible to everyone, an effort that will soon see us opening the first state of the art healthcare facility in Kandy in 2018.

The Group performed admirably well this year, despite intense competition. A factor that has enabled us to continue posting consistent results is the Group's constant focus on upping benchmarks, setting very high standards for ourselves, which naturally has resulted in high

demand for our healthcare. Revenue this year saw growth of 16%, with gross profit also displaying a similar growth of 15%. Gross profit is posted at Rs 4.6 Bn this year, comparing favourably to last year's Rs 4 Bn, while revenue stands at Rs 9.9 Bn, compared to Rs 8.6 Bn in 2014/15.

Operating expenses did see an increase, a natural phenomenon given our expansion avenues for both Asiri Hospital and Asiri Matara and the imperative capacity building and germane administrative costs required for the Group. While the established hospitals contributed considerably to bottom line growth, Matara too added fillip by performing exceptionally well in its first year of operation, as did Asiri Laboratories.

According to a Fitch Ratings analysis published in September 2015, it itemised the Group's strengths as being the solid brand name, state of the art facilities, the largest bed strength, one of the few large hospitals to have ventured into geographical expansion and the higher profitability compared to peers. Asiri Laboratories also gained credence in this report which stated that in operating the largest laboratory network in the country with an impressive market share of over 60%, the presence

in this high margin business and emphasis on cost efficiencies all add a competitive edge to the Group's supremacy.

Operating Environment

From a country perspective, Sri Lanka's total healthcare expenditure as a percentage of total GDP is one of the lowest in the world, although the country does boast of a free to all universal healthcare system. According to the Central Bank of Sri Lanka, total government expenditure on healthcare amounted to Rs 177.8 Bn in 2015, considerably higher than Rs 138.4 Bn in 2014. However due to the public sector healthcare system having a dearth of some diagnostics, medicines and technology in some areas, private healthcare spend continues to rise, remaining well above government spend. Despite this, healthcare spend per capita in Sri Lanka is significantly higher than in most other Asian and middle income countries, reflected in the high hospital bed penetration of 3.7 beds per 1,000 population, more aligned to developed countries where bed penetration is approximately 5.

It is indeed significant that the human resources and physical infrastructure of the state sector continued to improve with the sector having

19,429 doctors, which is a ratio of 1:1,079 persons, 32,272 qualified nurses which means a nurse for every 650 persons and a total of 76,781 beds across 610 government hospitals. Another facet in the healthcare collective in the country is the Ayurveda segment which has grown in stature and is becoming increasingly popular as a form of alternative medicine. There were 1,187 qualified Ayurvedic physicians working in 99 government Ayurvedic hospitals housing 4,926 beds, while the total number of registered Ayurvedic physicians was 22,672 as at end 2015.

In elaborating on the private healthcare sector, the CBSL Annual Report 2015 states that increased income levels, changing lifestyles and a greater preference to receiving health services in a more comfortable environment has increased the demand for private health care. Convenient access to medical consultants and the use of the latest technology with state of the art facilities and equipment also attribute to the popularity. There are a total of 241 private hospitals registered with the Private Health Services Regulatory Council.

With the country having performed exceptionally well in achieving the health related MDGs 2015 in



Asiri Hospital Holdings was adjudged the Healthcare Sector leader according to CIMA-LMD 100, the annual publication detailing Sri Lanka's leading listed companies.

child mortality, maternal mortality, reproductive health and in combating epidemics such as malaria, the indicators are certainly some of the best in the region and stack well against developed nation counterparts as well. Maternal mortality has declined to 30 in 2015, while child mortality is just 10. Stringent immunisation programmes have seen almost 100% coverage of Rubella, the MMR (measles, mumps, rubella) and it is significant that Sri Lanka now qualifies as a Malaria-free country. The country has also maintained a low HIV/AIDS record.

The Government continues to emphasise its stance on building a healthy citizenship which saw

it adopt a number of new health policies including the National Policy and Strategy on Health of Young Persons, which supports the already established policies of the National Policy on Maternal and Child Health, National Nutrition Policy, Population and Reproductive Health Policy, National HIV/AIDS Prevention Policy and Non Communicable Diseases (NCDs) Policy. The National Medicines Regulatory Authority Act and the National Policy on Alcohol Control was also approved this year, the latter incorporating the country's obligations under the WHO Global Plan to reduce mortality caused by NCDs by 25% by 2025.

Operational Review

Asiri Hospital Holdings PLC





Revenue

27%

Rs 2.7 Bn

This year contribution to the Group's revenue stream



Pre-tax Profitability

Rs 729 Mn

This year pre-tax profitability shown an impressive performance

Building on the collective branding of Asiri Health, one of the biggest initiatives embarked upon by Asiri Hospital this year was the construction of the building of 19,000 square feet.

Holding aloft a legacy of three and half decades, Asiri Hospital, the very first hospital under the aegis of the Asiri Group, is truly one that sets the pace for the country's healthcare industry. From its inception in 1980, the hospital was renowned for being the champion of new technology, advanced medical expertise and imparting superior care. The focus on quality has seen the hospital push boundaries, amassing international quality standards and certifications that have continued to push the benchmarks of not only the hospital but the entire industry, upwards.

Quantitatively the hospital has performed well this year contributing Rs 2.7 Bn, which is 27% to the Group's revenue stream. Pre-tax profitability this year amounted to Rs 729 Mn, all of which point towards an impressive performance this year.

Building on the collective branding of Asiri Health, one of the biggest initiatives embarked upon by Asiri Hospital this year was the construction of the new building of 19,000 square feet. With an investment of over Rs 260 Mn and billed for completion

in September 2016, the four storeyed building will house a basement car park, enhanced laboratory facilities on the ground floor including an ergonomically designed report issuing counter, ECG facilities and a phlebotomy facility. The administrative office will have more spacious surrounds on the first floor and second floor, the latter which will also have a roof terrace.

Having built for ourselves a reputation of housing Centers of Excellence for a number of competencies, the need for vigilance on emerging paradigms on both expertise and technology, drove us to work on some initiatives to enhance our care philosophy. The operating theatres in the hospital underwent a comprehensive refurbishment and upgrade, aligning it with the best the country has to offer. Similarly, the neo-natal ICU gained the addition of new ventilators further nurturing our unique brand of care built on the truss of Live More.

Installing our second fully automated blood culture system has surely augmented the state of the art technology available in rapid diagnostics at the

Operational Review

Asiri Hospital Holdings PLC

"With the planned addition of all the convenience factors including enhanced laboratory facilities, ease of obtaining reports and spaciousness added to the equation of our daily operations"

microbiology unit of the hospital. With the ability to detect bacteria much faster than conventional sub-culturing, the new machine identifies even a single bacterium through a fluorescent technique, sometimes even as quickly as within three hours, this used to take more than 24 hours. Also having a machine for mycobacterial culture, we are able to differentiate between mycobacterium tuberculosis and other non-tuberculous mycobacteria, by performing an antibiotic sensitivity test to identify multi-drug resistant tuberculosis.

With the planned addition of all the convenience factors including enhanced laboratory

facilities, ease of obtaining reports and spaciousness added to the equation of our daily operations, our customers will undoubtedly experience the full gains of Asiri Health and our holistic brand tenets. Plans are also underway to strengthen our maternity and child health competencies with further state of the art technological innovations and facilities being introduced. All these will surely augment profitability and key performance indicators which we believe will continue on its strong trajectory over the next year, establishing a robust foundation for long term sustainable growth.



Visual of proposed new building at Asiri Medical Hospital

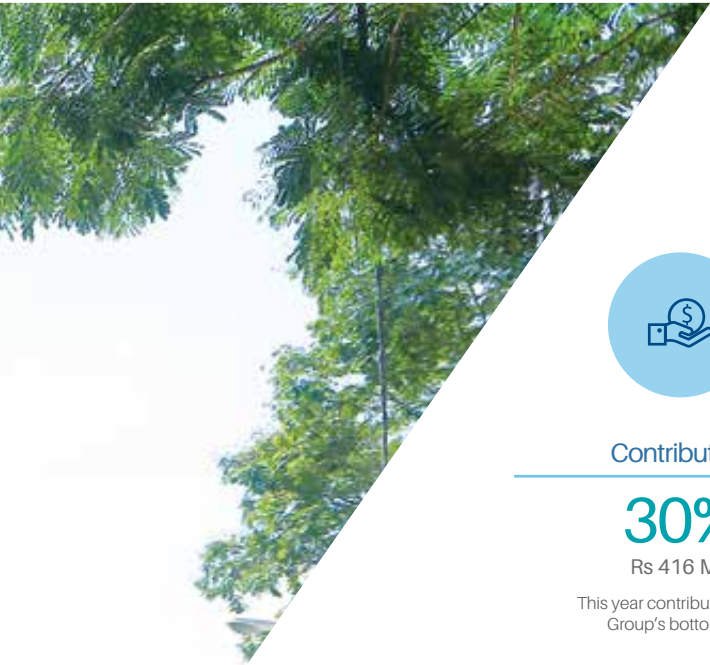
Plans are also underway to strengthen our maternity and child health competencies with further state of the art technological innovations and facilities being introduced.



Operational Review

Asiri Surgical Hospital PLC





Asiri Surgical has cut a dynamic swathe in the private healthcare industry in Sri Lanka with its inherent need to pioneer, innovate and explore.



Contribution

30%

Rs 416 Mn

This year contribution to the Group's bottom line



Revenue

10%

Rs 2.92 Bn

Company achieved a significant growth in revenue from last year

Being the only dedicated surgical hospital in the country, Asiri Surgical has cut a dynamic swathe in the private healthcare industry in Sri Lanka with its inherent need to pioneer, innovate and explore. This led the hospital to be the first in the country to perform minimally invasive coronary dextrocardia surgery, a congenital heart condition that occurs generally in one person in 12,000. The specialised knowledge available within the hospital was well recognised with this ground-breaking procedure and also highlighted our capacity in specialised surgical instruments including fibre optics, cameras and minimally invasive technology which are now available in Sri Lanka through our hospital.

This year we added a new 3.0 Tesla MRI system at Asiri Surgical, a state of the art machine that performs at high levels of accuracy and speed, enabling quick diagnoses with the added benefit of scanning 'silently'.

We are also the only established tertiary care centre performing minimally invasive surgery for multiple graft heart by-passes, a complex procedure that requires exceptional skill which is imparted by an experienced surgeons and consultants, reinforced by a specialised nursing and support

team. Another competency that Asiri Surgical has gained prowess and recognition in is the highly complex procedures of bariatric surgery, which sees a minimum of one surgical procedure performed monthly.

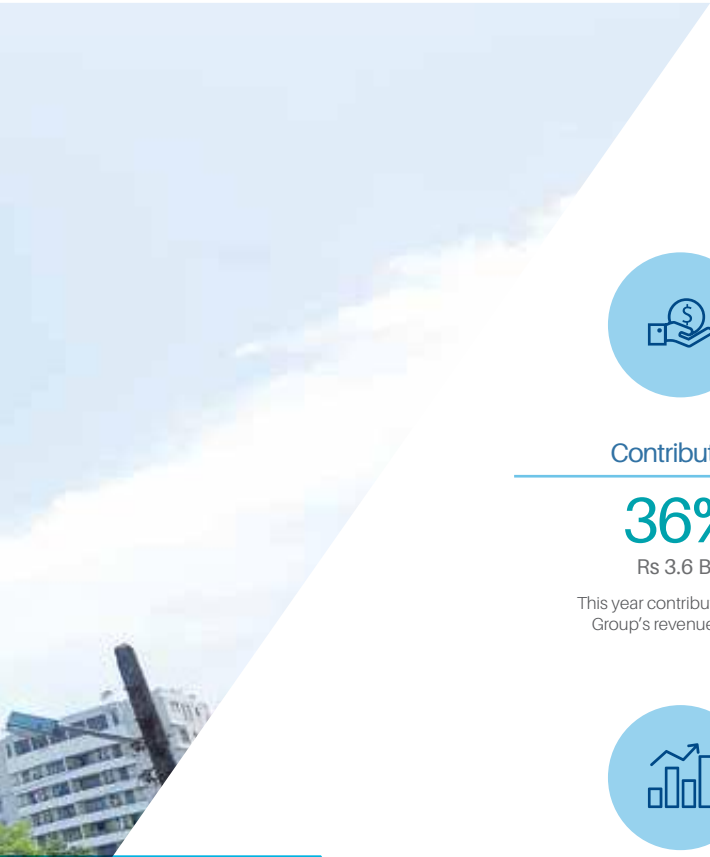
From a profitability perspective, this hospital has done exceptionally well this year. Capitalising on the niche areas we have now forged and strengthened, revenue gained an impressive boost to stand at Rs 2.9 Bn, which is a growth of 10% over last year's Rs 2.7 Bn. Profitability for the hospital is posted at Rs 416 Mn from Rs 408 Mn last year. The hospital thus contributed a significant 30% to the Group's bottom line.

Continuing to maintain a strong focus on international standards of care, health and safety intertwined with the Asiri Health tenet of Live More, we will continue to forge our infinite focus on strengthening and adding to our specialised competencies. In pursuing this, plans for a new fully-fledged Oncology unit equipped with a state of the art linear accelerator is due for completion by the 1st quarter of 2017/18, while the country's most advanced modern Liver Transplant Facility will soon become a reality.

Operational Review

Central Hospital Ltd





The Neurosciences Center, which has firmly established itself as a Center of Excellence gained the prestigious accreditation of an International Examination Center, from the Royal College of Surgeons UK.



Contribution

36%

Rs 3.6 Bn

This year contribution to the Group's revenue stream



Revenue

26%

Rs 0.7 Bn Increase

Company recorded an impressive growth in revenue from last year

Presenting a noteworthy year in both quantitative and qualitative performance, as the flagship hospital under the Asiri Health umbrella, Central Hospital's reputation is now well entrenched beyond the country's shores.

The Neurosciences Center, which has firmly established itself as a Center of Excellence gained the prestigious accreditation of an International Examination Center, from the Royal College of Surgeons UK. Having the first and only technologically advanced neuro-navigation system in the country used in the most complex brain surgery procedures, surely helped the College make this vital decision.

It is this Center that spearheaded bone marrow transplants in the country, equipped to conduct Allogenic Transplants and treat blood and bone marrow related disorders, etching yet another pioneering chapter for the healthcare industry. These facilities are well aligned to the Asiri ethos of Live More, as it is a great boon for young children diagnosed with thalassemia as a bone marrow transplant is the lifesaving solution for them. We are also very gratified that we were able to use this specialty and the facilities to assist

disadvantaged children referred to us by the National Thalassemia Unit, by performing bone marrow transplants free of charge on five children, giving them a new lease of life.

The competencies and technology within the unit are now being used to treat a host of other diseases including severe aplastic anaemia, non-Hodgkins lymphoma and a number of genres of leukaemia including acute lymphoblastic leukaemia and acute myeloid leukaemia. Another treatment area that gains fillip through the Center is in genetic blood and immune system disorders; sickle cell anaemia, thalassaemia and some deficiency states being some.

Continuing this trailblazing streak, Central Hospitals holds the prestige of having established the country's first of its kind stroke unit too and the very first Biplaner Digital Catheterisation Laboratory in Sri Lanka, the only interventional Cath Lab of its kind. We are now well on par with facilities imparted by modern hospitals in the developed world, offering interventional radiology using minimally invasive techniques for diagnosis and the treatment of various pathologies.

Operational Review

Central Hospital Ltd

"Financial performance this year echoed the success the hospital has showcased in all its key areas"

Our Cardiac Center of Excellence established last year has become one of the most sought after cardiac facilities in the country. Yet another first of its kind for Sri Lanka, the Center has broken boundaries in introducing advanced technology and equipment manned by experienced cardiac professionals to perform any cardiac related procedure in a quality driven professional care milieu.

In adding cosmetic surgery to our collective of diverse excellence and the establishment of the Kidney Unit, Central Hospital is well positioned to take full advantage of the burgeoning medical tourism industry, the country is pursuing. Both genres are complex and our

hospital has continued to notch great successes which form an impressive springboard for us to grow into this facet of business.

Financial performance this year echoed the success the hospital has showcased in all its key areas, contributing 36% to the Group's revenue with Rs 3.6 Bn. The new initiatives and the already established competencies infused a revenue of Rs 3.6 Bn, growing 26% from last year's Rs 2.8 Bn.

Given the hard-nosed emphasis the hospital has always displayed in being more than compliant with the stringent international standards and best practices it has, the quality conscience rides high on the agenda of imparting

our unique brand of healthcare. Infection prevention and control for instance is a constantly improving bar, with an annual plan that sets benchmarks continuously higher.

Central Hospital's thus raised parameters embedded in its infection control plan, driven by ambitious targets, stringent audits which have proven the programme very successful. A dedicated infection control unit drives an annual plan with ambitious targets set for the year, including hand hygiene and healthcare associated infections seeing significant reduction. Aligned with WHO specific diktats, hand hygiene compliance exceeded the set target of 80% to 90%, reiterated with a hand hygiene product consumption survey which saw an impressive score that placed the hospital within the advanced level ranks. A daily surveillance is also conducted to identify Hospital Acquired Infections (HAIs), which can be contracted through surgical sites, catheter associated urinary tracts, catheter related blood streams, ventilator associations and hospital acquired pneumonia. A multi-pronged strategy is used to decrease HAIs including site visits and a point prevalence

surveillance which saw the HAI rate reduced to an impressive 0.6%.

This unwavering focus on relentless commitment to quality, will take on new light soon when Asiri Central Hospital proudly wears the badge of JCI accreditation, coming within the elite cohort of just 700 hospitals worldwide to do so. The final audits are nearing completion, a process which has been of great value to us showing us clearly where our strengths lie, pointing us in the right direction where course correction has been required and telling us where we have gaps that have to be bridged. We are now ready to take the next big step of reaching the vision of being a healthcare leader in the South Asian region.

Our 264 bed hospital with its stringent policies & protocols, hand on heart commitment to care and thirst for innovative ways to deliver better health care solutions, is now planning on establishing the country's first 24x7 Trauma Center, outside the public healthcare sector.

Our 264 bed hospital with its stringent policies & protocols, hand on heart commitment to care and thirst for innovative ways to deliver better health care solutions.



Operational Review

Asiri Hospital Matara (Pvt) Ltd





Revenue

26%

This year performance has shown impressive growth in revenue



Contribution

Rs 555 Mn

This year contribution to the Group's revenue stream

Asiri Hospital Matara, which is just over a year old, has firmly established itself as the best baby and maternity care hospital in the southern province.

Our very first venture out of the Western Province, Asiri Matara has proven that our strategic decision was surely incisive. This purpose built custom designed hospital, is now the largest private hospital in the southern province, with its total of 60 beds with state-of-the-art surgical operating theatres manned by a highly knowledgeable and experienced team of medical professionals. This is vital due to the discerning attitudes of the customers who engage with the hospital, a feature that continues to encourage us to place our benchmarks higher.

Imparting care via a judicious care formula of preventive healthcare and quality nursing care for both pre and post-natal cases, Asiri Hospital Matara, which is just over a year old, has firmly established itself as the best baby and maternity care hospital in the southern province. With the numbers having grown, we currently perform in excess of fifty caesarean surgical procedures each month. Adding to the hospital's prowess, it also has the largest channelling base for a hospital out of Colombo. It is also one of the few hospitals with a CT scan machine and Mammogram machine in this part of the country and augments its

services with an EMG machine as well. Orthopaedics surgeries and procedures are also some of the unique specialties made accessible to patients in this geographical area through the hospital.

This performance has shown impressive financial results this year, with an increasing revenue of 26% compared to last year's Rs.440 Mn, highly commendable for a first year in operation. The hospital contributes a revenue of Rs 555 Mn to the Group this year, which reflects the potential it has in becoming a significant contributor to the Group's bottom line in the future.

Asiri Hospital Matara intends to step up its infrastructure and specialties to offer more comprehensive and superior quality service in future as well. Expanding advanced CT scan services into its product offerings will be a first step, while expanding room capacity and the infrastructure of the existing channelling complex will follow. There is also a vital requirement to expand the consultancy specialties currently available and this will be a focus point in the coming year.

Operational Review

Asiri Hospital Kandy (Pvt) Ltd





Investment

Rs 4.5 Bn

This hospital complex has an investment of Rs 4.5 Bn



Capacity

140 bed

This 140 bed hospital will equip with the latest technology & facilities

This customised hospital complex has an investment infusion of Rs 4.5 Bn, echoing the Asiri ideal of continuously spearheading quality healthcare.

Increasing our accessibility and reach is a feature we have been concentrating on as a vital facet of our strategic priorities in the last few years. This prompted the Group to look into strategic locations that posit a dearth of quality healthcare, which saw us very successfully first go out to Matara. Our next facility will be in the hill capital Kandy, billed for completion in 2018. This customised hospital complex has an investment infusion of Rs 4.5 Bn, echoing the Asiri ideal of continuously spearheading quality healthcare.

This 140 bed hospital will house state of the art technology, some of which will most certainly be

a first for the Central Province, will be manned by a highly specialised team and is being positioned as the only proper preventive healthcare facility in the country, which itself exalts it in the perception of stakeholders. A technology driven Coronary Care Unit equipped with one of the country's best Cardiac Catheterisation laboratories and facilities to perform the most modern and complex forms of coronary by-pass procedures, will see this hospital surely transform the medical milieu in this region. It will also increase stakeholder expectations, given our uncompromising need to provide the best healthcare available.

“This 140 bed hospital will house state of the art technology, some of which will most certainly be a first for the Central Province”

Operational Review

Asiri Laboratories





Test Menu

3,000

Asiri Laboratories offer the largest menu of 3,000 tests



No. of Tests per day

11,000

Our services cover an impressive 11,000 tests analysed daily

Being the largest laboratory network with the largest portfolio of diagnostic analyses in Sri Lanka, Asiri Laboratories has well cemented not only an enviable market share but is unequivocally the singular most referred to testing facility.

Holding steadfast to the title of being the largest laboratory network with the largest portfolio of diagnostic analyses in Sri Lanka, Asiri Laboratories has well cemented not only an enviable market share but is unequivocally the singular most referred to testing facility by nearly every hospital in the country both in the private and public sectors. This is due to the unmatched technology, unparalleled expertise and extraordinary prowess we have continued to develop and improve on over thirty years of our existence.

Asiri Laboratories' highly successful year heralded an impressive revenue, a steady and significant growth, performing well above forecasts. Hence The Group is extremely keen on building on the potential of this business, knowing full well that with market share already well entrenched and growing exponentially, contribution to the bottom line over the next years will be undoubtedly noteworthy.

Working on a regionally centralized model which through a hub network embraces nearly 100% of the island, adding ease of diagnostics to even the most disadvantaged and difficult areas,

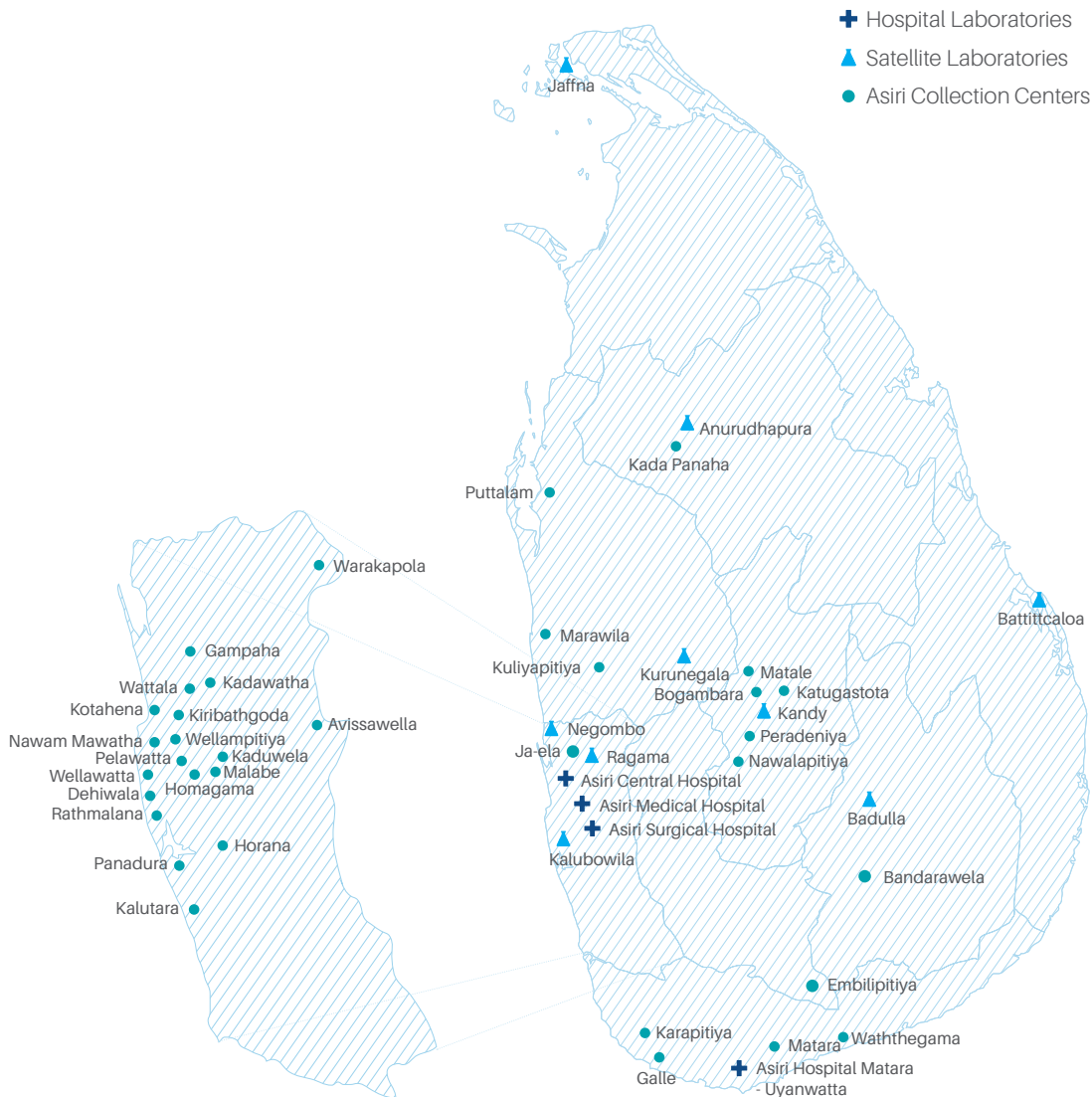
Asiri Laboratories testing menu exceeds 3,000 tests, which in any formula is a formidable portfolio to possess. The pioneering persona is a constant, which this year saw us introduce testing for the Zika virus, which has been increasingly growing to becoming a pandemic across the world.

Adding Zika testing to the menu gives us a definite competitive edge in the South Asian region, as given the high numbers of tourists and travellers who visit this region and may have come into contact with prone countries or persons, we are on hand to assist in the containment of the virus, one of the few laboratories in the world to be able to do so. Adding the country's very first testing ability of the HIV 4th Generation Test and CA 125 - 2nd Generation Test into our portfolio this year further strengthened our emphasis on extending the tenets embedded within our Asiri Health platform.

Our services cover an impressive 11,000 tests analysed daily amounting to over 1.2 million patients per annum. Our reach was extended this year to make access for patients more convenient. A large number of tests on our menu are firsts for Sri Lanka and given

Operational Review

Asiri Laboratories



the high technology advancement we have within the network, nearly 90% of the tests can be conducted at the Asiri Collection Centres. We have expanded our network of centres this year, giving medical professionals access to test results much faster making timely diagnosis easier. In addition, accessibility of results has also been made easier with the availability of online reports, enabling both medical professionals and patients to access their reports from any technology communication tool.

Working on a strategic access model of Collection Centres, satellite models, Fast Track Centres, franchises and third party collection centres, having analysed the potential of growth and promise in this area of business, a strategic decision was made to expand Asiri Collection Centre network over the next three years.

The locations of the Collection Centers have been identified to be geographically centric, strategically placed in close proximity to the larger hospitals in the country including in Karapitiya and Horana, offering the Asiri brand of uncompromising quality through this network of fully fledged laboratories. The envisaged hub

"Our services cover an impressive 11,000 tests analysed daily amounting to over 1.2 million patients per annum"

and spoke model is designed to add value to our status of being the country's largest, fastest, most expansive and most technologically advanced laboratory, which naturally would grow its premier market share and be at top of mind recall for both medical professionals and patients.

Besides the Collection Centres which come under the Asiri umbrella, our expansive network also includes third party partnerships. This includes our Fast Track network, which while being an external partnership, works exclusively for Asiri Laboratories. These Fast Track centres are located adjacent to the premier

public sector hospitals. This strategic collaboration has enabled us to enhance accessibility to stakeholders who otherwise find it challenging to access laboratory services

We ensure that we have an overall standards umbrella that conforms to ISO 9001:2008, the only medical laboratory in the country to be conferred with this certification from TUV Austria, ISO 14001:2004 and ISO 15189:2012, the accreditation conferred on laboratories the world over and Asiri Laboratories is the first to gain a Gold standard. This standard evaluates the delivery of excellence at each service point from pre-analytical

to analytical to post analytical, sample collection, transport, reception and customer care. Continuous audits, verifications and assessments obviously permeate to superior stakeholder value and builds confidence and trust, a facet that was well entrenched in the brand equity study conducted this year. We also retain membership of the American Association of Clinical Chemistry, the Clinical and Laboratory Standard Institute and are very proud to have been conferred the System for Award Management from the USA.

The future looks extremely auspicious for us as we will be inking a brand new chapter for Asiri Laboratories. With the construction of our 19,000 sq.ft

facility at Kirula road, our laboratory services will be expanded significantly including the addition of more phlebotomy stations to the existing eight. OPD facilities too will be expanded to minimise some of the backlog observed, especially during weekends. The state of the art facility will imbue extraordinary technological prowess, unsurpassed service and a culture of quality and best practices that will remain on par with global standards.



Uncompromising quality and care

Sustainability Report





"Our reputation as a premier healthcare provider whose standards of care have been built on the aphorism of intertwining the overarching concept of unmatched care"

Our reputation as a premier healthcare provider whose standards of care have been built on the aphorism of intertwining the overarching concept of unmatched care with best practices and uncompromising values, ethics and principles is well entrenched. Social responsibility to us therefore is about ensuring that our triple bottom line remains strong, consistent and sustainable, more so as it is a responsibility we shoulder being the largest collective of hospitals in the country. This then highlights

the need for our Group to be emphatically focused on developing our economic and social fabric, while being unwaveringly conscious of reducing our carbon footprint.

Our Group has always maintained a culture of uncompromising quality and care that reaches beyond a culture of compliance, being stringently compliant with all international occupational health and safety standards and taking our standards certifications into realms that enable us to reach beyond stakeholder expectations.

Sustainability Report

It is this that gave us the accolade of being crowned the winner in the Healthcare Sector at the prestigious CIMA-LMD 100 awards held last year.

Accolades like these, highlight the importance we place on stakeholder relationships, nurturing and strengthening them to ensure that they remain a vital facet of our journey. Each customer who walks through the portals of any of our hospitals galvanizes us to be harbingers of change, extending discerning mandates to us, built on a bar of continuous improvement that sets benchmarks for the healthcare industry. Our team thus is immensely motivated to reach these lofty heights, taking innovation, expertise and knowledge to new realms. It is no secret therefore that each of our consultants, specialists, nurses and support team work towards set goals to give of their best, which in turn permeates to the Group etching a hallmark of absolute excellence in healthcare.

The best in class suppliers who are our valued business partners join us in this ambitious journey, while our shareholders remain integral to our success, adding

the confidence and trust that is immensely vital to ensure our sustainability. The communities around us are vital to our success, which leads us to empower them through various initiatives that impact their lives positively.

Being a Group that has been built by people, for people, we have traversed a journey that has enabled us to etch a formidable presence in the healthcare sector. The standards we espouse, the innovations we pioneer, the technology and competencies we imbue into the industry, have placed us as an undisputed leader in Sri Lanka's private healthcare space, a status we continue strengthening to reach further heights of excellence.

A Team That Wins

Live More, as embedded in our ethos, is a tenet that connotes complex and multiple ideals. The ideals of care, leadership, innovation and technology are combined with individual aspirations and strategic goals which are all fuelled by people, because that's what our business is all about. Our new branding therefore recognises the efforts of our team, the critical factor that they are in the Group's progress

and through numerous initiatives, builds their competencies to empower them to grow the Group's brand of healthcare excellence.

We are indeed proud to be the only HR function within the healthcare sector to have gained ISO 9001:2008 quality management system certification, which has seen our quality parameters become fundamental to our care, our business and our stakeholders. The journey into Joint Commission International Accreditation augments this process, a process that will soon position us among 500 elite hospitals in the world.

Our HR Policy

The Group embeds a well articulated collection of HR policies that enunciate a comprehensive description of the objectives, procedures, eligibility, limitations and exemptions (if any) pertinent to our requirements. We have always maintained an uncompromising voice in ensuring that we align, meet and in some cases exceed goals, objectives and expectations detailed in all global standards and conventions applicable to human resources. These include

those prescribed by Ministries of Labour and Health in Sri Lanka, the United Nations and the International Labour Organisation.

We eschew all forms of sexual harassment, discrimination on age, gender, religion or ethnicity, child labour and forced labour. Recruitment, promotions, rewards, remuneration and succession plans are constructed upon an uncompromising platform of meritocracy which will not be deviated in any form, to the best of our knowledge.

However, in the event of any complaints or deviations from procedures and guidelines, a thorough series of systems and procedures are in place to immediately address these and deal with them accordingly. This is a Group-wide process and involves higher level issues coming under the scrutiny of the Group Chairman/Managing Director or the Group CEO together with the Group Head - Human Resources and Human Resource Development.

Employee Engagement

Open dialogue through specified detailed systems of communications ensures

"Our uncompromising standards to health and safety, have formed the rudiments for the entire Group undertaking a culture of continuous improvement"



Employees Talent Show

that our team is constantly engaged with us, both from a top-down approach, bottom-up approach and in parallel. While extracurricular activities including sports days and the celebration of religious festivals enable management and teams to bond and instigate stronger relationships, more formal discussion processes via the HR department, including a formal suggestion initiative, adds fillip to an honest, frank and candid dialogue.

In addition, practicing an open door policy, the HR department remains accessible to team members at any time, while email and internet channels also add to the paths of communication.

Recruitment Strategy

Based primarily on the 'Patient First' philosophy, the Group's highly evolved stringent recruitment process ensures that each of our team enters our portals with a clear idea of our expectations of them and the methods and systems we have implemented for them to optimise on their innate abilities. This means that those joining our team must be those who buy

into our vision, our brand of care and our ideals of excellence. We assure them of a constant climb up their career ladder evidenced by the numerous training and development initiatives, career development programmes and benefits above industry standards. These have all contributed towards attrition in the Group.

Learning and Development

Building capacity lies at the heart of our comprehensive HR strategy, where service excellence is driven via a triad of improving service quality, developing competencies for the job and enhancing career development. This fuels the Learning & Development process within the Group which through a comprehensive series of internal and external training programmes instils a knowledge gaining culture, professionalism, dignity and pride into the groundwork we have established for our brand of care.

Our structured learning and development process caters to the career progression and development of our diverse workforce ranging from highly skilled consultants who are experts in specialized areas to the lowest levels of semi-skilled staff. In

Sustainability Report

building a comprehensive training needs analysis, a training plan and calendar captures training requirements across units, individual hospitals and across the Group.

Improving Service Quality

With service quality being at the crux of our care ethos, each of our team members is encouraged to take ownership of their own career progress, which has seen them embark on learning and development programmes with great enthusiasm. Once training progresses, individual team member's results are evaluated against their career progression, development and aspirations which gives us a clear map of the value that has been added to the individual, unit and organization. This then formulates the next step which ensures an even more targeted learning and development plan that will be also be aligned to the business vision, mission, goals and strategic priorities.

Another facet to our training is the well directed on-the-job training that is primarily imparted to those who join us from a non-skilled background. This provides them an opportunity to

build strong career paths that are beneficial to both the Company and themselves. The emphasis on quality is constantly reiterated, making service quality a continually improving curve while also adding responsibility to the team member's delivery of care. This on-the-job creed enables the team to implement tasks and responsibilities with confidence and responsibility, while also executing the high standards expected of them with ease.

Developing Competencies

When Asiri Surgical performed the country's very first dextrocardia surgery this year, this complex surgical procedure which added to the numerous 'firsts' the Group has been introducing

to the healthcare sector in the country, also proved beyond doubt that our competencies remain on a higher realm than our competition. Another innovative first was when Asiri Laboratories' Center of Genomic and Regenerative Medicine strengthened its competencies to test for the deadly Zika virus, which is quickly becoming a pandemic around the globe. These are all consequences of the Asiri Group's resolute emphasis in developing competencies in continuing to add value to the healthcare milieu.

Hence, as can be observed, the entire gamut of learning and development at Asiri

Group is a continuous process, given the knowledge gaining culture we strongly espouse and cascades to every member of our team. The emphasis on delivering quality care on the philosophy of imparting the tenets of 'Live More' to our stakeholders, we deem it extremely important that our team members are equipped not simply with knowledge, but knowledge that is relevant, timely and efficient and interspersed with common sense.

Developing competencies therefore means, using the training needs analysis to identify inherent talent and skill, matching those to the Groups' requirements and plans and then developing those competencies to ensure that our vision is met. Each of our highly skilled consultants, surgeons and doctors, support staff including nurses and front and back office team members are all given training opportunities for continuous development, which has proven to be the raison d'être that our Group continues to remain at the zenith of private healthcare in the country.

In this context, the Asiri Nurses' Training school is a good example in competency development. Through a three year general



Nursing Convocation - 2015

nursing education programme conducted in the English medium, the school's curriculum, which is similar to that of the Government Nursing Training Schools, is built primarily to develop competencies in the nursing profession. Once complete, these graduate nurses are equipped with the apt knowledge, skills, attitudes and capabilities ideally suited to become a Nursing Professional within our Group, which fact we boldly declare is a competitive edge we have. Since inception in 1986, the School has had 42 batches of graduate nurses passing through its portals, delivering the highest standards of clinical performance and care to our patients.

Enhancing Career Development

Career development at Asiri Group is an inclusive process, where the team member and HR work on a mutually beneficial plan that will meet both the Group's and team member's objectives. Similarly, succession planning, promotions, remuneration and rewards are all tied to career development, given that we work not only on a strong framework of maintaining a progressive and productive

workplace, but also a good work-life balance. At Asiri therefore, career development is more than just undergoing training programmes. Rather, it is about ensuring that the team member remains motivated and energized to optimize performance due to the working environs being conducive to cultivating, fostering, encouraging and nurturing aspirations and career goals and the team member completely understanding the influential role he/she plays in maintaining the Group's leadership in the healthcare sector.

The Quality Focus

Our uncompromising standards to health and safety, have formed the rudiments for the entire Group, undertaking a culture of continuous improvement. This has heralded a slew of quality certifications that enable the Group to set itself against internationally practiced benchmarks, working on bridging gaps and also identifying areas for improvement to ensure that Asiri Health is more than just a buzz phrase. Hence, Occupational Health and Safety is a crucial conduit in maintaining that culture of safety and has driven us to maintain stringent

"Being a preferred employer in the healthcare sector and now firmly etched as a leading corporate steward in Sri Lanka, the Asiri Group continues to raise the bar"

standards, given that the very nature of our business prompts uncompromising standards of health and safety.

This emphasis on health and safety has led us instigate a preventive mindset, alert to dangers and potential accidents, while ensuring that workplace injury and illness are minimized or eliminated whenever possible. Central Hospital for example, implemented its annual plan for infection control, giving priority to high risk areas and adding processes and procedures that

have been identified through an annual risk assessment. Each of the targeted objectives were met, including hand hygiene compliance at 90% and reducing hospital acquired infections by 25% by improving surveillance and conducting audits of prevalent practices.

Given the exposure to health and infection risks faced by team members, the Group has a well-entrenched plan to manage infectious patients. This includes conducting regular team immunization programmes

"The strong brand of volunteerism that runs through the veins of our team forms a solid framework from which our social responsibility initiatives take root"

and health screening initiatives designed to minimize risk. The Group also conducts numerous and far reaching awareness programmes for team members, patients and families.

The comprehensive strategy developed by the Quality Assurance Department for the development and improvement of quality and patient safety standards, is instituted within a well developed plan that elaborates on the apt quality indicators that have been

identified and implemented for each clinical and non-clinical department. Assigned team members collate relevant data which is analysed to predict emerging trends. This forms the blueprint for the design and development of the continuous improvement cascaded across the Group.

All hospitals within the Group are already internationally certified for numerous quality standards including ISO 9001:2008, OHSAS 18001:2007, ISO 15189:2012, ISO

14001:2004 and ISO 22000:2005. Central Hospital will soon be adding the Joint Commission International Accreditation into the multiple certifications already amassed, adding fillip to its quest for standard excellence.

Moving Ahead

Augmenting our employee engagement will be one of the features we will be focusing on next year, as we know that it is they who are the first and last point of contact with our stakeholders, remaining the vital conduit in enabling us to be the best there is. While the Softlogic Group Intranet has been introduced with innovative modes of communication as a tool to enhancing employee relations, Oracle, the internationally renowned ERP solution is also being implemented for better systems and processes. The sub-module for Payroll and Attendance by Oracle is currently being installed and already in its first stage of implementation. With the Group becoming increasingly larger in scope and depth, the need to have precise data and information that can be shared among Heads of Department with greater accuracy, accessibility and timeliness encourages us to

continue initiating technology inputs that will aid us in the process.

Being a preferred employer in the healthcare sector and now firmly etched as a leading corporate steward in Sri Lanka, the Asiri Group continues to raise the bar, initiating the meeting of organizational objectives in a systematic manner. Building a winning team continues to be our quest, leading us to implement global standards in all spheres in order to maintain a competitive edge in the bid to meet our end vision of being a healthcare leader in South Asia.

Empowering our Communities

Being the country's largest private healthcare collective brings with it the holistic responsibility of stakeholder empowerment, one that we have embedded into our work ethos on a daily basis. Each of the decisions we make are always taken in cognizance of the impact these will have on our stakeholders, encouraging us to always focus on ethics, principles and morals when making decisions. Into this formula are added the features of transparency, accountability and sincerity of action and

the adherence to global and local healthcare norms, legal obligations and codes of best practice which all form a strong framework to fuel stakeholder empowerment.

The stakeholder engagement we practice is a two-way process, where we recognize the crucial role that our stakeholders play in our business and they in turn, acknowledge our stewardship, given that we have proven unequivocally of being the best in private healthcare, with facilities imparted to optimum standards. There is impressive recognition of the capabilities of our highly motivated team, a cohort of highly trained professionals whose knowledge of care is well above industry norms. This lofty standing among our stakeholders has led us to proactively work with our communities, using the competitive advantages we possess to empower, support and enable those who need it most through our giving and caring team. The strong brand of volunteerism that runs through the veins of our team forms a solid framework from which our social responsibility initiatives take root.

We imbue a CSR model based on a three pronged approach, that intertwines health, education and the environment. We believe that we hold an overarching responsibility in promoting good health and this hence, intertwines our platforms of health and education to create awareness and educate communities on the prevention and cure of various common diseases. The environment, which forms our third platform encourages us to keep working on initiatives that will reduce our carbon footprint, especially given the intensive nature of our business and the waste management norms we need to focus on.

Health & Education Blood Donation Campaign

The need for blood is a recurrent and crucial requirement and a challenge that all hospitals are subjected to, due to complex forms of surgery and other procedures being performed. In collaboration with the National Blood Transfusion Service, the Group conducted a blood donation programme for the third consecutive year, to assuage some of the challenges faced by hospitals around the country, with the team and other stakeholders joining in.



Blood Donation Camp - 2015



Blood Donation Camp - 2016

Batticaloa Teaching Hospital Emergency and Accident Project (BEAP)

Asiri Health has contributed Rs. 12.6 Mn so far, (6.3 Mn in FY 2012/13 and 6.3 Mn in May 2016) from a total sponsorship package

of Rs. 20Mn to construct a much needed Accident and Emergency Care Unit at the Batticaloa Teaching Hospital. We are closely monitoring the progress of this PPP Project (Public Private Partnership) and visit the site on

Sustainability Report



BEAP Project- On going construction of the fully integrated Accident and Emergency Trauma unit attached to Batticaloa Teaching Hospital

a regular basis to monitor the progress of the construction. The Project BEAP was initiated by Dr David A Young and his team of volunteers from The Foundation Supporting a National Trauma Service in Sri Lanka, which invited Asiri Health to be the Platinum Sponsor.

Heart Surgery for Underprivileged Children

With the Live More ethos now being embedded in our corporate psyche, Asiri Surgical Hospital continued its noble mission of performing heart surgery on underprivileged children referred from the Lady Ridgeway

Hospital and the free Asiri Health Camps conducted around the country, completely free of charge. With the high cost of surgery being a near impossibility for most parents to meet, Asiri Surgical conducts free Atrial Septal Defect (ASD) surgical procedures, a vital procedure that ensures the continuance of a child's life. The symptoms for this congenital defect only tends to appear much later, at which point the delays prompt further complications or the inevitable death among children. This initiative combines well with the rudiments of Live More, as the surgery unequivocally gives these children another chance at life.

Thus far, 85 surgical procedures have been successfully completed, with each ranging from Rs 500,000 to Rs 600,000. This cost includes Consultants' fees, relevant facility fees and accommodation for parents, totally absorbed by the hospital.

Heart Health Camps

Asiri Surgical hospital has conducted 33 free health camps in total, all over the county. Ten free heart health camps were organized in the Northern, North Central, North Western Eastern and Western provinces this year,



Free Heart Health Camp - Trincomalee



Free Heart Health Camp - Mannar

in collaboration with the military forces, governmental and non-governmental organisations in those areas. Constructed on the platform of our Live More ethos, these camps are designed to conduct basic investigations, provide awareness for living better and for the prevention and treatment of various common health issues for living better healthier lives.

Urology Health Camps

Having established an undisputed leadership position as a Center of Excellence in Kidney Diseases, Asiri Surgical Hospital took its competencies into a wider sphere conducting a series of urology health camps in collaboration with Asian Alliance Insurance. The first camp was conducted

in Polpithigama, with those detected as having kidney issues referred to the Urology Clinic at the Kurunegala General Hospital. More camps will be held post analysis of regions with high incidences of kidney diseases.

Bone Marrow Transplants for underprivileged children

Initiating an MOU with the National Thalasemia Association, Asiri Central Hospital performed the complex and generally expensive procedure of bone marrow transplants free of charge on five underprivileged children during the course of the year. The MOU calls for transplants on a total of six patients, which will be fulfilled once the NTA identifies the patient.

Asiri Sisu Diriya Book Donation Programme

Believing strongly in the code that our team members must gain holistic fulfillment by working with us, the Group provided 1,100 school packs to team members' children, supporting them in pursuing their educational goals.

Ray of Hope Cancer Project

Medical equipment, medicine, dry food and beds were presented to the state run Cancer Hospital in Maharagama and to the adjacent temple which assists patients and families coming in for treatments. This investment of Rs 1.7 Mn included contributions from team members in the Softlogic Group, displaying the selfless attributes

remains inherent in our team, emerging in times of need.

1333 Bikethon – Out of Shadows

The Live More philosophy was further entrenched this year when Asiri Health became a Platinum Partner to a crucial initiative for the prevention of suicide in Sri Lanka. The 1333Bikethon – Out of Shadows was launched to create nation-wide awareness with the catchy 1333 being the toll free telephone number publicized as the vital lifeline for CCC – Courage, Compassion, Commitment, inviting those seeking assistance to call the hotline. The funds were raised to sustain and expand CCC's operations.



Urology Health Camp - Polpithigama



Asiri Sisu Diriya Book Donation Programme

"As a leader in healthcare, we must have systems, processes and the absolute will to ensure that each of our practices is designed to have minimal impact on the environment"

The Environment

Developing an ecological mindset and thereby reducing our carbon footprint is a responsibility that comes with being a corporate spearhead. Added responsibility emerges when as a leader in healthcare, we must have systems, processes and the absolute will to ensure that each of our practices is designed to

have minimal impact on the environment. This is what drives us to continually raise the bar in our standards and best practices, where resource use and waste management is also focused upon emphatically.

Besides the slew of standards certifications we have imbued into our everyday operations which

includes the ISO 14001:2004 Environmental Management System, our urge to continue creating new benchmarks has led The Central Hospital to begin the process for Joint Commission International accreditation. In the process of completing the final audit for the process, the accreditation will be in force in the next financial year, placing Central Hospital among only 500 hospitals worldwide to gain this prestige. The US based Joint Commission Resources, which is an affiliate of The Joint Commission, has accredited more than 19,000 healthcare organisations and programmes around the world, based on stringent criteria that builds a culture of reaching beyond compliance.

Managing Resources Effectively

Managing energy, water and waste are three areas that continue to be focused upon in our bid to reduce our carbon footprint. The healthcare industry the world over is renowned to be a large user of both energy and water, while waste management remains a complex issue given the potential risk and hazards it imposes, due to improper waste management procedures. Hospitals are the world's second largest waste producers which has

spurred the Group to ensure that we become champions in reducing waste and managing our energy and water resources prudently.

The environmental policies we have established across the Group include:

- Issuing energy conservation guidelines to minimize the usage of both electricity and gas
- Segregation of waste based on the 3R concept
- Routine checks and monitoring being conducted; reports maintained to study the impact of daily activities
- Quantitative and qualitative reports of air and water released to the environment being maintained

In managing energy, the Group now has capacitor banks across its hospitals and also uses energy efficient lighting, which has seen considerably quantitative results too cascading to our bottom line.

Similarly, our comprehensive waste management policy and embedded systems minimizes the volumes of waste generated by segregating, recycling and

reusing waste, while encouraging our team to innovate ideas for better waste management. Clinical waste encompassing waste emanating from medical, dental, pharmaceutical, surgical and other clinical processes, which are all deemed hazardous due to its infection potential, is sent to well established incinerators, known for being responsible in their waste management strategies. In addition, the volume of waste generated at each hospital is monitored monthly, which data is used for working on solutions for better waste management.







Celebrating Life

*A powerful message of
hope and care*

Respect for all stakeholders

Corporate Governance



Board of Directors

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

Board Composition

The Board consists of eight directors, with a split between 2 executive and 6 non-executive directors, out of whom 4 are independent. The composition of the Board is in compliance with the Corporate Governance Rules of the Colombo Stock Exchange. The Directors provide the objectivity and are equipped with the skills and experience required to discharge their responsibilities in an effective manner. (Refer to pages 26 to 28 for the full profiles of the Directors).

Responsibilities of the Board

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

- Exercise leadership, enterprise, integrity and judgment in directing the Company so as to achieve continuing prosperity in a manner based on
- transparency, accountability and responsibility.
- Ensure a managed and effective process of Board appointments
- Determine the Company's purpose, values and strategy and ensure that procedures and practices are in place
- Monitor and evaluate the implementation of strategies and policies for better management performance
- Ensure compliance with the relevant laws, regulations and codes of best practice on corporate governance
- Communicate with shareholders effectively and serve the legitimate interest of the shareholders
- Periodic and timely reporting to shareholders of the progress and performance of the Company
- Review processes and procedures regularly and ensure that internal control is effective
- Identify key risk areas and ensure that these risks are addressed and managed effectively

- Appoint and evaluate the performance of the Managing Director
- Approve the Annual Budget
- Authorisation of Directors' conflicts or possible conflicts of interest
- Determination of independence of non-executive Directors
- Ensure the continuation of the Company as a going concern

Appointment and re-election to the Board

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

Board Meetings and attendance

The Board meets on a quarterly basis and additional meetings are convened when necessary.

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

Chairman

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

Board. The performance of the Managing Director is reviewed by the Board on an annual basis.

Remuneration of the Board

The remuneration of the Directors is determined by the Board and is disclosed on page 148 of this Annual Report.

Company Secretary

Messrs Softlogic Corporate Services (Pvt) Ltd function as Company Secretaries to the Group. The Company Secretary provides guidance to the Board as a whole

and to individual directors with regards to how their responsibilities should be discharged. The Company Secretary is also responsible for ensuring that the Board is compliant with the applicable rules and regulations and that all activities of the Board are in line with the appropriate procedures.

Board Committees

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

Audit Committee

Duties and Responsibilities

Review the Group's annual and interim financial statements and compliance reports.

Review the performance of the internal audit function.

Review the effectiveness of the Group's internal controls.

Periodically approve and review the appointment and retirement of external auditors and their relationship with the Group.

Composition

Chairman

Mr. S A B Rajapaksa
Independent Non-executive Director

Committee members

Mr. G L H Premaratne
Independent Non-executive Director

Mr. J E Huxtable
Independent Non-executive Director

Frequency of meetings
Committee meets quarterly

Corporate Governance

Remuneration Committee	
Duties and Responsibilities	Composition
<p>Provide recommendations to the Board on the following;</p> <ul style="list-style-type: none"> • Remuneration policy for executive directors • Remuneration policy and specific incentives for certain senior executives • Employee benefits and long-term incentive schemes <p>Principles governing the Group's remuneration policy</p> <ul style="list-style-type: none"> • To deliver improved shareholder value by ensuring that individual performance and reward reflect and reinforce the business objectives of the Group • To support the recruitment, motivation and retention of high quality senior executives • To ensure that performance is the key factor in determining individual reward • To communicate the reward structure clearly and effectively to executives and shareholders 	<p>Chairman Mr. G L H Premaratne Independent Non-executive Director</p> <p>Committee members Dr. S Selliah Independent Non-executive Director</p> <p>Frequency of meetings Committee meets once a year</p>

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

Independence of the Directors

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

As per the Rules issued by the Colombo Stock Exchange, Dr. S Selliah, Mr. G L H Premaratne and

Mr. S A B Rajapaksa meet all the criteria of independence except one.

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

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

The Board having evaluated all the factors concluded that their independence has not been

impaired due to them serving on the Boards of other companies in which the majority of the other Directors of Asiri Hospital Holdings PLC are employed and/or Directors and serving on the Board of another company which has a significant shareholding in the Company.

Compliance with Corporate Governance Rules of the CSE

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

Section	Criteria	Has the Company met the Criteria
7.10.1	Non-executive Directors	Complied with. Out of 8 directors 6 are non-executive directors.
7.10.2	Independent Directors	Complied with. There are four Independent Directors on the Board. All Non-executive Directors have submitted the declaration with regard to their independence/non-independence.
7.10.3	Disclosures relating to Directors	Dr. S Selliah, Mr. G L H Premaratne and Mr. S A B Rajapaksa meet all the criteria except one.
7.10.5	Remuneration Committee	Complied with. Comprises of two Independent Non-executive Directors. The names of the members of the committee are given in the page 70 of the Annual Report.
7.10.6	Audit Committee	Complied with. Comprises of three Independent Non-executive Directors. The names of the members of the committee are given in the page 69 of the Annual Report. The report of the committee is given on page 79. The Chief Financial Officer attends all the meetings.

Risk Management

The Risk Management concept at the Asiri Group of Hospitals continues to promote a proactive Risk Management culture in the organization. It incorporates the information and reports received by the Board Audit Committee from all four Hospitals through the Audit and Operational Risk departments in respect of all clinical and non-clinical risk issues.

Going forward, numerous initiatives have been taken to strengthen the Risk Management

function during the year. The importance of timely reporting and management of identified risks were emphasized to the staff at all levels, on a continuous basis. This enables a fair, non-punitive and objective approach to Risk Management.

Risks identified through our Risk Management processes are being prioritized and, depending on the probability and severity of the risk, escalated to the Group Head of risk. These Risks are discussed and

responsibility for them is assigned to the business or functional Head as appropriate. Assigned owners are required to continually monitor, evaluate and report on risks, for which they bear responsibility. We have general response strategies for managing risks, which categorize risks according to whether the Company will avoid, transfer, reduce or accept the risk. These response strategies are tailored to ensure that risks are within acceptable tolerance limits of the Group.

Key Risks and mitigation Strategies

Depending on the nature of the risk involved, the particular business or function affected and the potential impact, we use a wide variety of risk mitigation strategies.

Some of the key risks, the potential impact and methods of mitigation adopted by the Asiri Group of Hospitals, are discussed below;



Risk	Potential Impact	Mitigation Strategy
Clinical Risk		
<p>Risks associated with patient care and safety are critical as a Healthcare group. The Management of the Asiri Group has identified various risks stemming from several dimensions. Most of the clinical risks are been pre-identified by the management and the new additions are promptly identified through patient feedback and industry analysis.</p>	<p>It is essentially the most important and volatile area of exposure to the Asiri Group of Hospitals. Clinical Risk can lead to a host of other risks including reputation and legal risk as well as significant financial losses.</p>	<p>The Management has taken measures to address the identified risk areas and in the event any risk is not eliminated, steps have been taken to mitigate such risks to an acceptable level.</p> <p>Ensuring a high level of clinical effectiveness is a key approach for mitigating Clinical Risks. The Group has obtained multiple accreditations for all aspects of its operations, including food and safety, quality management and laboratory management among others.</p> <p>The Group also has stringent guidelines for preparing incident reports, utilization of informed consent documents and related defensible documentation. In addition, disclosure of adverse patient outcomes and a structured emergency medical treatment is also in place.</p>
Operational Risk		
<p>Operational Risk relates to risks arising due to inadequate or failed internal processes, external events, or from people and systems that affect the operation of our businesses.</p>	<p>The Group may face operational challenges that could have an adverse effect on its business continuity, reputation and/or financial position.</p>	<p>The Asiri Group of Hospitals has adopted a comprehensive Operational Risk Management framework which has a continuous process of Identification, Assessment, Implementation and Monitoring & Controlling.</p>
Internal Process		
<p>Failure in internal processes occur due to inadequate internal controls. Regular Audit and Operational Risk including IT risk reviews are carried out by the Group Risk department to ensure that almost all risk aspects are covered.</p>	<p>Single critical process failure can lead to a massive loss of revenue and reputation. The impact is associated with the particular process and its contribution to the continuity of the service.</p>	<p>The Group has adequate internal controls in place to mitigate Operational Risk arising from failed internal processes. Periodic checks are carried out to ensure that the internal controls are of the highest quality and also cost effective.</p>

Risk Management

Risk	Potential Impact	Mitigation Strategy
Human Resources		
<p>Human resource risk is a main extension of operational risk. The group operates in a service industry which heavily depends on human resources. Human resource risk arises from, employee negligence, conflict of interest, fraud, mismanagement and from poorly trained employees.</p> <p>Hence, the ability to recruit and retain qualified and skilled healthcare professionals is crucial for the success of the organization.</p>	<p>Loss of an important person or a group of employees, could affect the continuity of business operations, leading to significant complications.</p> <p>For a client, employees represent the entire organization. Simple negligence will have an insignificant financial impact but the damage to reputation will be much higher than what we expect. Hence failure in Human Resources will drive the group to severe anxieties.</p>	<p>The group has introduced a comprehensive recruitment and retention process for its staff. Employee needs and satisfaction levels are frequently monitored through surveys, and gaps are addressed appropriately. The group also has a succession planning program in place which includes ongoing training, development and regular promotions.</p>
External events		
<p>External events are increasingly seen as an important contributor to the Operational risk framework. All businesses are exposed to risks arising from external events which are beyond their control. The events are identified by conducting proper assessments and from external sources.</p>	<p>Extreme external events can interrupt the entire business functions of the country. However the most essential service provider in such an event is Healthcare. This reality differentiates the impact of a business failure of a healthcare service provider from other sectors.</p> <p>Hence extended disaster recovery or response time will add more cost in the financial as well as reputational aspects.</p>	<p>Regular reviews are undertaken to ensure that appropriate infrastructure and adequate insurance covers are available to safeguard the Company's assets and minimize any financial losses.</p> <p>Proper disaster recovery measures have been taken to ensure that an uninterrupted service is provided and the revenue has been insured against any uncontrollable events.</p>

Risk	Potential Impact	Mitigation Strategy
Information Security Risk		
<p>The environment in which the Group operates compels embracing evolving technological advancements, while failure to adopt robust information security controls could lead to a potential risk of;</p> <ul style="list-style-type: none"> • Unauthorized access to information and associated information systems. • Unauthorized modifications and manipulations of information. • Inability of timely access and use of required information and related systems. 	<p>Exploitation of potential risk factors could impact the smooth functioning of the entire organization while leading to immeasurable monetary and non-monetary damages such as reputational damages, in situations of existing information security controls over confidential information related to patients and underlying systems are compromised.</p>	<p>Employee awareness on information security.</p> <p>Regular maintenance of equipment, routine data backups, offsite storage and round-the-clock IT support by the parent Group are some of the strategies adopted to mitigate such risks.</p> <p>Deployment of a team consisting of expertise in Information Systems Security, Risk & Audit, while partnering with Information Security consultants of 'Computer Emergency Readiness Teams' (CERT) for specialized proactive risk mitigation measures are further initiatives of the parent group.</p>
Reputation Risk		
<p>Reputation Risk is related to the good name and standing of the Group. Reputational Risk can occur through a number of ways directly as the result of the actions of the Asiri Group of Hospitals, indirectly due to the actions of an employee or tangentially through other peripheral parties, such as partners or suppliers.</p>	<p>This may be a matter of corporate trust, which has a great influence on damaging reputation and a severe impact on shareholder value.</p> <p>The Group's reputation may be adversely affected and will lead to a loss of customers and revenue due to multiple reasons such as poor customer service, unethical behaviour, loss of credibility and the use of outdated technology and equipment.</p>	<p>The Group has adopted a strong ethics framework. The Ethics Committee, comprising of industry specialists, provides an advisory role on matters relating to research and clinical trials within the Group. The Management is extremely careful in this area and is vigilant at all times to identify situations where the reputation of the hospital is at stake.</p> <p>In addition to having good governance practices and transparency, the Asiri Group of hospitals is also keen on social responsibility and environmental consciousness to avoid reputational risk. Meanwhile, our nursing and other staff undergo extensive training on patient management and customer service on a continuous basis.</p>

Risk Management

Risk	Potential Impact	Mitigation Strategy
Technological Risk		
Frequent innovations are a norm in the industry. Prompt adoption of the latest technologies will have a frontrunner advantage while the competitors will face Technological Obsolescence.	The group's inability to adopt the latest, cutting-edge technology could result in a loss of customers, leading to a fall in revenue and erosion of profits. This could also give rise to reputation and clinical risks.	<p>The group constantly seeks to adopt the most advanced methods for diagnostics and treatment. Research and innovations in the industry are monitored on an ongoing basis.</p> <p>The Company makes regular investments in cutting-edge technology and training of staff for optional application of existing technology.</p>
Market Competition		
The group faces competitive pressure from other private and government hospitals, outpatient centers, stand-alone clinics and diagnostic centers.	Competitive pressure can make an impact on our revenues, market share and profitability.	<p>We manage the risk of competition by monitoring industry dynamics and responding accordingly, including adjusting capacity, cost reductions and engaging in mergers & acquisitions. Growth is one of the Group's key strategic priorities, and we seek to expand our reach outside the capital in order to geographically diversify our revenue sources.</p> <p>We also strive to arise above our competition by offering the most clinically advanced, cutting-edge medical procedures and excel in nursing and patient care.</p>
Credit Risk		
The Group admits any patient on placement of a deposit or in an emergency, even without a deposit. Further, it admits patients of corporate clients. There is a risk of a patient not having adequate funds to settle his/her bill at the time of discharge.	Credit Risk is leads to financial concerns such as Liquidity and Profitability. Being a prominent player in the healthcare industry, cash flow issues will make a direct impact on its service quality.	Interim bills are issued for in-patients requesting periodic bill settlement. The Group evaluates creditworthiness of corporates before granting credit facilities together with the Group's risk department. Regular reviews are done to ensure that the systems introduced are functioning effectively and for any impact on the performance of the assets of the Company.

Risk	Potential Impact	Mitigation Strategy
Interest Rate Risk		
Interest rate risk is the Company's exposure to adverse movements in interest rates.	Adverse interest rate fluctuations will affect the Group's interest cost and diminish profitability.	The Finance team of the company and Group Risk department continuously monitor the trends and fluctuations in market interest rates in order to minimize the exposure to interest rate risk.
Strategic Risks		
Strategic Risk relates to the future business plans and strategies, including the risks associated with both the micro and macroeconomic environment in which we operate. Mergers & acquisitions, restructuring activities; and other risks, including innovations are integrated in the strategic risk.	Strategic decisions can drive the whole group in to distress when it goes wrong. Such decisions will have an utmost impact in the long run.	All strategic decisions are recommended by Corporate Management and vetted by the Board of Directors who have expert knowledge and vast experience in the industry. These decisions are also reviewed by the holding company Board of Directors as well and thorough evaluations and assessments are carried out prior to execution.
Compliance and Legal Risk		
Legal Risks arise when the organization has been non-complied with laws and regulations. This might be due to legal consequences of transactions, with inadequate documentation, legal or regulatory issues and other factors that may result in contracts with counter parties becoming unenforceable.	The main risk in this regard is the risk of litigation which is difficult to predict or quantify. Most of the Compliance and Legal Risks cause unexpected financial losses and severe reputational damage.	In addition to complying with the Colombo Stock Exchange, Securities and Exchange Commission and Companies Act disclosure requirements, the Company also complies with the Sri Lanka Accounting Standards.

Ethics Committee Report

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

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

- To verify that the proposed investigators have obtained ethics approval from the Ethics Review Committee/s that have Strategic Initiative for Developing Capacity in Ethical Review [SIDCER] recognition from the Forum for Ethical Review Committees in the Asian and Western Pacific Region [FERCAP];
- To verify that the proposed investigators have obtained all other approvals and permissions necessary

depending on the nature of the research and the proposed research subjects; and

- Also to verify that it meets other requirements that may be decided from time to time and set out as Committee Decisions.

The committee has so far reviewed experimental therapy and clinical trial protocols submitted to it by clinicians at Asiri. These include protocols in experimental stem cell therapy for Parkinson Disease and spinal cord transection 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)'. On the aspects of training staff on the concepts and applications of ethics in a hospital setting, the Committee has conducted workshops for groups of both medical and paramedical personnel, and plans to extend this program to all categories of staff.

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

Members:

Prof. Rohan W Jayasekara, (Chairperson)

(Emeritus Professor of Anatomy / Medical Geneticist, Faculty of Medicine, University of Colombo.)

Dr. Malik Fernando

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

Dr. Arittha Wickramanayake

(Attorney at Law /Precedent Partner, Nithya Partners)

Dr. Siva Selliah

(Deputy Chairman of the 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

22 July 2016

Audit Committee Report

The Audit Committee is appointed by the Board of Directors and comprises of three Independent Non-Executive Directors. The Names of the Committee members are stated in the Corporate Governance Report on Page 69.

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

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

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

The Audit Committee recommend to the Board of Directors that M/s Ernst & Young be re-appointed as the auditors of the Company for the financial year ending 31st March 2017, subject to the approval of the shareholders at the Annual General Meeting.

Sgd.
Samantha Rajapaksa
Chairman - Audit Committee

22 July 2016

Remuneration Committee Report

The Remuneration Committee is a sub-committee of the Board constituted under the Company's Corporate Governance policies for the purpose of recommending the remuneration of Senior Management. The members, of the Committee comprise of two Independent Non-Executive Directors. The names of the Committee members are stated in the Corporate Governance Report on page 70.

The Directors' emoluments are disclosed on page 148.

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

Sgd.
[G.L.H. Premaratne](#)
Chairman – Remuneration
Committee

22 July 2016

Related Party Transactions Review Committee Report

Purpose

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

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

Composition

The Related Party Transactions Review Committee is appointed by the Board of Directors of the

Company and the following directors served on the Committee as at 31st March 2016.

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

The Chief Financial Officer attends all meetings by invitation.

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

Roles and Responsibilities

1. Reviewing in advance all proposed related party transactions of the Company and its listed companies in the Group in compliance with the Code.
2. Adopting policies and procedures to review related party transactions of the Company and its subsidiaries

and reviewing and overseeing existing policies and procedures.

3. Determining whether related party transactions that are to be entered into by the Company and/or its subsidiaries require the approval of the Board or Shareholders of the respective companies.
4. If related party transactions are ongoing (recurrent related party transactions) the Committee establishes guidelines for the 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.

Sgd.
J E Huxtable
Chairman - Related Party
Transactions Review Committee

22 July 2016

Statement of Directors' Responsibility

The responsibility of the Directors, in relation to the Financial Statements of the Company differs from the responsibilities of the Auditors, which are set out in the Report of the Auditors on page 89.

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 and of the Group at the end of the financial year, and of the profit or loss of the Company and the Group for the financial year, which comply with the requirements of the Companies Act.

In preparing those Financial Statements set out on pages 90 to 152, the directors are required to:

- select appropriate accounting policies and then maintain consistency
- make judgments and estimates that are reasonable and prudent

- state whether applicable accounting standards have been followed, subject to any material departure disclosed and explained in the Financial Statements

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

The Directors are responsible for keeping proper accounting records, which disclose reasonable accuracy, at any time, the financial position of the Company and the Group and to enable them to ensure the Financial Statements comply with the Companies Act No. 07 of 2007.

They are also responsible for safeguarding the assets of the Company and the Group and

for taking reasonable steps for the prevention and detection of fraud and other irregularities. In this regard the Directors have instituted an effective and comprehensive system of internal control.

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

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

Compliance Report

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

relevant provided for, in arriving at the financial results for the year under review.

For and on behalf of the Board

Sgd.
Softlogic Corporate Services
(Pvt) Ltd
Secretaries

22 July 2016
Colombo

Annual Report of the Board of Directors' on the affairs of the Company

The Directors of Asiri Hospital Holdings PLC have pleasure in presenting to the members their report together with the Audited Financial Statements of the Company and the Audited Consolidated Financial Statements of the Group for the year ended 31st March 2016.

Principal Activities and Nature

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

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

Review of Operations

A review of the operations of the Group and its performance during the year is contained in the Chairman's Review on pages 12 to 17 of the Annual Report. This review together with the Financial Statements reflect the state of affairs of the Company and the Group. These reports form an integral part of the Directors' Report.

Financial Statements

Section 168 (b) of the Companies Act requires that the Annual

Report of the Directors to include Financial Statements of the Company, in accordance with Section 151 of the Act and group Financial Statements for the accounting period, in accordance with section 152 of the Act. The requisite Financial Statements of the Company are given on pages 90 to 152 of the Annual Report.

Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Company to reflect a true and fair view of the state of affairs. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Companies Act No. 07 of 2007 and the Sri Lanka Financial Reporting Standards. A statement in this regard is given on page 82.

Auditor's Report

The Auditor's Report on the Financial Statements is given on page 89.

Accounting Policies

The accounting policies adopted in the preparation of the Financial Statements are given on pages 98

to 109. There was no change in the accounting policies adopted.

Internal Control

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

Directorate

The following Directors held Office during the year under review.

Mr. A K Pathirage - Chairman / Managing Director

Dr. S Selliah - Deputy Chairman

Dr. K M P Karunaratne - Group Chief Executive Officer

Mr. G L H Premaratne

Mr. S A B Rajapaksa

Mr. A H E Rodrigo (Resigned w.e.f. 14th December 2015)

Mr. J E Huxtable

Mr. S P Mukherjee (Resigned w.e.f. 14th December 2015)

Mr. V Narain (Appointed w.e.f. 14th December 2015) *

Mr. V Bali (Appointed w.e.f. 14th December 2015) *

Mr. A N Thadani (Appointed as alternate director to Mr. V Bali w.e.f. 14th December 2015)

Mr. R Pandey (Appointed as alternate director to Mr. V Narain w.e.f. 14th December 2015)

In terms of Article 24(6) of the Articles of Association of the Company, Mr. G L H Premaratne retires by rotation and being eligible offer himself for re-election.

In terms of Article 24(2) of the Articles of Association of the Company, Messrs V Narain and V Bali retire and being eligible offer themselves for re-election.

* Messrs V Narain and V Bali were appointed to the Board of the Company as nominee directors of TPG Growth III Pte. Ltd., as non-executive directors with effect from 14th December 2015.

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

Directors' Shareholding

The Directors' interest in shares of the Company as at 31st March 2016 were as follows.

Name of Director	No. of shares
Mr. A K Pathirage	371,664
Dr. S Selliah	-
Dr. K M P Karunaratne	9,074
Mr. G L H Premaratne	-
Mr. S A B Rajapaksa	-
Mr. J E Huxtable	-
Mr. V Narain	-
Mr. V Bali	-
Mr. A N Thadani (alternate director to Mr. V Bali)	-
Mr. R Pandey (alternate director to Mr. V Narain)	-

Interests Register

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

Directors' interests in contracts and proposed contracts with the Company

The Directors' interests in contracts, both direct and indirect are referred to in note 30.1 to 30.6 to the Financial Statements. The Directors have no direct or indirect interest in any other contract or proposed contract with the Company.

Directors' Remuneration

The Directors' remuneration in respect of the Company and the Group for the financial year 2015/2016 are given in note 30.6 to the Financial Statements on page 148.

Donations

The donations made by the Company during the year amounted to Rs. 754,137 (2014/2015 - Rs. 1,139,509).

Auditors

Messrs Ernst & Young, Chartered Accountants, are willing to

continue as Auditors of the Company and a resolution proposing their reappointment will be tabled at the Annual General Meeting.

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

Sale of land by Asiri Central Hospitals Ltd

Sale and transfer of land and premises bearing assessment No. 37, Horton Place, Colombo 07 owned by Asiri Central Hospitals Limited, a subsidiary of Asiri Hospital Holdings PLC was completed on 9th July 2015 for a total consideration of Rs. 2,698,000,000.

Digital Health (Pvt) Ltd

Asiri Hospital Holdings PLC incorporated a joint venture company in partnership with Digital Holdings Lanka (Pvt) Ltd, a wholly owned subsidiary of Dialog Axiata PLC on 14th August 2015 with the objective of developing and operating a state-

of-the-art electronic commerce infrastructure for Sri Lanka's healthcare sector.

Purchase of Shares of Central Hospital Ltd

The Company purchased 20,417,874 shares (9.49%) and 74,500,000 shares (34.63%) of Central Hospital Ltd from Actis Investment Holdings SL Ltd and Asiri Central Hospitals Ltd respectively at a price of Rs. 41.42 per share during the year under review. Asiri Hospital Holdings PLC currently holds 214,539,804 shares (99.73%) in Central Hospital Ltd.

Private Placement of Shares

The Company issued 38,441,288 ordinary shares by way of a private placement to Actis Investment Holdings SL Ltd which constituted 3.38% issued ordinary shares of the company at a consideration of Rs. 22.00 per share on 16th November 2015. These shares were listed on the Colombo Stock Exchange on 19th November 2015.

Significant Share Transactions

Actis Investment Holdings SL Ltd sold their shares of 317,085,695 (27.87%) in the Company to

Merrill Lynch Pierce Fenner & Smith TPG Growth III SF Pte Ltd at a consideration of Rs. 24.00 per share on 10th December 2015.

Settlement of loan obtained from International Finance Corporation (“IFC”)

The Company together with Asiri Surgical Hospital PLC and Central Hospital Ltd have settled in advance the loan of USD 20.0 Mn which was obtained in 2010 from IFC, in December 2015.

Dividends

An interim dividend of Rs. 1.94 per share for the financial year ended 31st March 2016 in the form of shares of Asiri Central Hospitals Limited and cash for fractional elements was paid on 21st December 2015.

The Directors recommend to the shareholders that the 2nd interim dividend of Rs. 0.45 per share paid on 26th May 2016 be considered as the final dividend for the financial year ended 31st March 2016.

Capital Expenditure

The capital expenditure of the Group and the Company during the year amounted to Rs. 1,506 Mn and Rs. 303 Mn respectively (2014/2015 – Group Rs. 941 Mn

& Company – Rs. 123 Mn) details of which are given in note 9 to the Financial Statements.

Property, Plant & Equipment

The movement in property, plant and equipment during the year under review is set out in note 9 to the Financial Statements.

Stated Capital

The stated capital of the Company as at 31st March 2016 was Rs. 4,748,108,334. The stated capital of the Company was increased from Rs. 3,902,399,998 representing 1,099,092,308 ordinary shares to Rs. 4,748,108,334 representing 1,137,533,596 ordinary shares during the year under review, subsequent to the private placement of shares.

Reserves

The total reserves of the Group and the Company as at 31st March 2016 amounted to Rs. 6,883 Mn and Rs. 6,614 Mn respectively. The composition of reserves is shown in the Statement of Changes in Equity in the Financial Statements.

Shareholders’ Information

The distribution of shareholders is indicated on pages 154 and 155

in the Annual Report. There were 5,463 registered shareholders as at 31st March 2016.

Share Information

Information on share trading is given on page 155 of the Annual Report.

Events after the date of the Statement of Financial Position

No circumstances have arisen and no material events have occurred since after the date of Statement of Financial Position, which would require adjustments to, or disclosure in the accounts other than those disclosed in Note 29 to the Financial Statements.

Statutory Payments

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

Going Concern

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

Annual General Meeting

The Thirty Sixth Annual General Meeting of the Company will be held at Hotel Janaki, Fife Road, Colombo 05 on Monday the 19th day of September 2016 at 11.45 a.m. The Notice of the 36th Annual General Meeting is on page 158 of the Annual Report.

For and on behalf of the Board

Sgd.
Director

Sgd.
Director

Sgd.
Softlogic Corporate Services
(Pvt) Ltd
Secretaries

22 July 2016
Colombo



A child is seen from the side, blowing bubbles. The bubbles are floating in the air against a background of green foliage. The child is sitting on a wooden deck. The image is partially obscured by a large blue geometric shape that contains the text.

Celebrating Life

*Serving generations of people
with the finest in healthcare*

Financial Calender

Financial Year End 31 March 2016

Announcement of Quarterly Financial Performance

1st Quarter	14 August 2015
2nd Quarter	9 November 2015
3rd Quarter	15 February 2016
4th Quarter	31 May 2016
Notice of Annual General Meeting	22 July 2016
Annual General Meeting	19 September 2016

Independent Auditor's Report



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

Tel : +94 11 2463500
Fax Gen : +94 11 2697369
Tax : +94 11 5578180
eysl@fk.ey.com
ey.com

TO THE SHAREHOLDERS OF ASIRI HOSPITAL HOLDINGS PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Asiri Hospital Holdings PLC ("the Company"), and the consolidated financial statements of the Company and its Subsidiaries ("Group"), which comprise the statement of financial position as at 31 March 2016, 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 a summary of significant accounting policies and other explanatory information.

Board's Responsibility for the Financial Statements

The Board of Directors ("Board") is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and for such internal control as Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of

accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2016, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

As required by Section 163(2) of the Companies Act No. 7 of 2007, we state the following:

- a) The basis of opinion, scope and limitations of the audit are as stated above.
- b) In our opinion :
 - 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,
 - the financial statements of the Company give a true and fair view of the financial position as at 31 March 2016, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards, and
 - the financial statements of the Company and the Group, comply with the requirements of Section 151 and 153 of the Companies Act No. 07 of 2007.

22 July 2016
Colombo

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

A member firm of Ernst & Young Global Limited

Statement of Profit or Loss

Year ended 31 March 2016

	Note	GROUP		COMPANY	
		2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Revenue	3.1	9,952,384,805	8,593,473,274	2,730,388,072	2,440,580,228
Cost of Services		(5,391,655,964)	(4,641,170,133)	(1,169,541,245)	(1,128,708,997)
Gross Profit		4,560,728,841	3,952,303,141	1,560,846,827	1,311,871,231
Other Income	3.2	172,382,353	134,528,286	384,738,786	450,684,134
Administrative Expenses		(2,256,456,141)	(2,007,184,668)	(528,687,273)	(505,915,243)
Selling and Distribution Costs		(334,764,079)	(281,063,134)	(200,844,104)	(166,276,362)
Finance Cost	4.1	(715,049,652)	(611,329,657)	(519,557,864)	(413,793,612)
Finance Income	4.2	155,945,375	42,769,458	32,255,538	65,190,696
Changes in Fair Value of Investment Property	11	-	513,364,000	-	-
Profit Before Tax	5	1,582,786,697	1,743,387,426	728,751,910	741,760,844
Income Tax Expense	6	(193,817,974)	(160,735,314)	(80,728,951)	(76,592,406)
Profit for the Year		1,388,968,723	1,582,652,112	648,022,959	665,168,438
Attributable to:					
Equity Holders of the Parent Company		1,182,378,248	1,416,733,142		
Minority Interest		206,590,475	165,918,970		
		1,388,968,723	1,582,652,112		
Earnings Per Share - Basic	7	1.06	1.29	0.58	0.61
Dividend Per Share - Ordinary Shares	8	1.94	0.50	1.94	0.50

The Accounting Policies and Notes on pages 98 through 152 form an integral part of these Financial Statements.

Statement of Comprehensive Income

Year ended 31 March 2016

	Note	GROUP		COMPANY	
		2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Profit for the year		1,388,968,723	1,582,652,112	648,022,959	665,168,438
Other Comprehensive Income to be reclassified to profit or loss in subsequent periods (net of tax):					
Gain/(Loss) on Available for Sale Financial Assets		(197,786,899)	167,883,289	(296,225,911)	167,418,668
Net Other Comprehensive Income to be reclassified to profit or loss in subsequent periods (net of tax)		(197,786,899)	167,883,289	(296,225,911)	167,418,668
Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods (net of tax):					
Revaluation of Land and Building	9.1	1,143,227,965	295,091,165	542,165,199	-
Deferred Tax on Revaluation of Building		(23,290,237)	(13,031,856)	(9,039,411)	-
Actuarial Gain/(Loss) on Post Employment Benefit Liability	23.1	36,576,948	(30,977,020)	40,265,258	(12,861,598)
Deferred Tax on Post Employment Benefit Liability		(4,389,233)	3,717,242	(4,831,830)	1,543,392
Net Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods (net of tax):		1,152,125,443	254,799,531	568,559,216	(11,318,206)
Other Comprehensive Income for the year (net of tax)		954,338,544	422,682,820	272,333,305	156,100,462
Total Comprehensive Income for the year (net of tax)		2,343,307,267	2,005,334,932	920,356,264	821,268,900
Total Comprehensive Income Attributable to:					
Equity Holders of the Parent Company		2,180,105,842	1,815,192,216		
Minority Interest		163,201,425	190,142,716		
		2,343,307,267	2,005,334,932		

The Accounting Policies and Notes on pages 98 through 152 form an integral part of these Financial Statements.

Statement of Financial Position

As at 31 March 2016

	Note	2016 Rs.	GROUP 2015 Rs.	2016 Rs.	COMPANY 2015 Rs.
ASSETS					
Non-current Assets					
Property, Plant and Equipment	9	12,384,539,444	10,878,617,822	2,031,457,585	1,286,767,057
Leasehold Property	10	973,973,821	977,785,063	-	-
Goodwill	12	548,706,564	548,706,564	-	-
Investment in Subsidiaries	13	-	-	11,568,327,609	9,606,855,899
Investment in Associates	13.5	30,000,000	-	30,000,000	-
Financial Assets - Available for Sale	14.1	407,624,148	598,127,393	-	598,127,393
		14,344,843,977	13,003,236,842	13,629,785,194	11,491,750,349
Current Assets					
Investment Property	11	-	2,698,000,000	-	-
Financial Assets - Available for Sale	14.1	-	755,025	-	-
Inventories	15	444,058,204	381,062,739	105,485,966	91,337,627
Trade and Other Receivables	16.1	396,854,142	373,758,587	633,849,680	548,462,334
Advances and Prepayments	16.2	560,962,459	361,713,594	83,303,031	91,503,006
Loans Granted to Related Parties	17	116,845,380	149,564,388	-	-
Cash and short-term deposits	26.1	903,990,819	1,246,617,582	40,545,207	1,064,952,309
		2,422,711,004	5,211,471,915	863,183,884	1,796,255,276
Total Assets		16,767,554,981	18,214,708,757	14,492,969,078	13,288,005,625
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	18	4,748,108,334	3,902,399,998	4,748,108,334	3,902,399,998
Revaluation Reserve	19	1,685,824,175	1,593,239,753	990,126,966	457,001,178
Available for Sale Reserve		159,304,358	296,712,646	-	296,225,911
Reserve on Consolidation		(832,199,890)	(2,345,961,923)	-	-
Retained Earnings		170,703,270	2,575,322,184	875,948,196	2,399,306,985
Share Holders' Fund		5,931,740,247	6,021,712,658	6,614,183,496	7,054,934,072
Minority Interest		951,522,179	1,182,652,342	-	-
Total Equity		6,883,262,426	7,204,365,000	6,614,183,496	7,054,934,072

	Note	2016 Rs.	GROUP 2015 Rs.	2016 Rs.	COMPANY 2015 Rs.
Non-current Liabilities					
Interest Bearing Loans and Borrowings	20	6,189,792,171	7,032,828,151	4,357,212,405	4,645,884,872
Amount due on Leasehold Property	21.1	30,200,667	34,272,667	-	-
Deferred Tax Liabilities	22	223,066,308	223,956,902	58,753,870	44,533,862
Post Employment Benefit Liability	23.1	351,282,058	344,721,136	145,531,157	169,983,416
		6,794,341,204	7,635,778,856	4,561,497,432	4,860,402,150
Current Liabilities					
Amount Payable in lieu of Investment in Associate	13.5	30,000,000	-	30,000,000	-
Interest Bearing Loans and Borrowings	20	1,749,551,495	1,347,199,298	3,033,094,109	788,555,131
Amount due on Leasehold Property	21.1	4,072,000	4,072,000	-	-
Trade and Other Payables	24.1	457,754,476	372,769,066	110,220,275	364,355,002
Other Payables	24.2	713,480,351	1,553,402,280	70,497,990	125,596,220
Dividend Payable		42,595,617	43,039,874	39,810,623	35,745,774
Income Tax Payable	25	92,497,412	54,082,383	33,665,153	58,417,276
		3,089,951,351	3,374,564,901	3,317,288,150	1,372,669,403
Total Equity and Liabilities		16,767,554,981	18,214,708,757	14,492,969,078	13,288,005,625

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

Sgd.
Chief Financial Officer

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

Sgd.
Director

Sgd.
Director

The Accounting Policies and Notes on pages 98 through 152 form an integral part of these Financial Statements.

22 July 2016
Colombo

Statement of Changes in Equity

Year ended 31 March 2016

GROUP	Note	Stated Capital Rs.	Available for Sale Reserve Rs.	Revaluation Reserve Rs.	Reserve on Consolidation Rs.	Retained Earnings Rs.	Minority Interest Rs.	Total Rs.
As at 01 April 2014		3,902,399,998	128,829,357	1,336,063,644	(2,338,290,868)	1,731,407,896	1,100,819,027	5,861,229,054
Profit for the Year		-	-	-	-	1,416,733,142	165,918,970	1,582,652,112
Other Comprehensive Income		-	167,883,289	253,848,485	-	(23,272,700)	24,223,746	422,682,820
Total Comprehensive Income		-	167,883,289	253,848,485	-	1,393,460,442	190,142,716	2,005,334,932
Effect of Changes in Holdings of Subsidiary Companies		-	-	-	(7,671,055)	-	(15,800,745)	(23,471,800)
Depreciation and Deferred Tax Transfer on Depreciation Impact	19	-	-	3,327,624	-	-	-	3,327,624
Interim Dividends 2014/15	8	-	-	-	-	(549,546,154)	-	(549,546,154)
Subsidiaries Dividend to Minority Shareholders		-	-	-	-	-	(92,508,656)	(92,508,656)
As at 31 March 2015		3,902,399,998	296,712,646	1,593,239,753	(2,345,961,923)	2,575,322,184	1,182,652,342	7,204,365,000
Profit for the Year		-	-	-	-	1,182,378,248	206,590,475	1,388,968,723
Other Comprehensive Income		-	(137,408,288)	1,101,937,239	-	33,196,866	(43,388,747)	954,337,070
Total Comprehensive Income		-	(137,408,288)	1,101,937,239	-	1,215,575,114	163,201,728	2,343,305,793
Effect of Changes in Holdings of Subsidiary Companies		-	-	-	1,513,762,033	-	(373,720,541)	1,140,041,492
Transfer of Revaluation Reserve on Disposed Property		-	-	(1,012,815,761)	-	1,012,815,761	-	-
Share Repurchase		-	-	-	-	(2,426,194,613)	-	(2,426,194,613)
Issue of Shares for Cash Consideration		845,708,336	-	-	-	-	-	845,708,336
Deferred tax transfer on depreciation impact	19	-	-	3,462,944	-	-	-	3,462,944
Interim Dividends 2015/16	8	-	-	-	-	(2,206,815,176)	-	(2,206,815,176)
Subsidiaries Dividend to Minority Shareholders		-	-	-	-	-	(20,611,350)	(20,611,350)
As at 31 March 2016		4,748,108,334	159,304,358	1,685,824,175	(832,199,890)	170,703,270	951,522,179	6,883,262,426

The Accounting Policies and Notes on pages 98 through 152 form an integral part of these Financial Statements.

COMPANY	Note	Stated Capital Rs.	Available for Sale Reserve Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.
As at 01 April 2014		3,902,399,998	128,807,243	457,001,178	2,295,002,907	6,783,211,326
Profit for the Year		-	-	-	665,168,438	665,168,438
Other Comprehensive Income		-	167,418,668	-	(11,318,206)	156,100,462
Total Comprehensive Income		-	167,418,668	-	653,850,232	821,268,900
Interim Dividends 2014/15	8	-	-	-	(549,546,154)	(549,546,154)
As at 31 March 2015		3,902,399,998	296,225,911	457,001,178	2,399,306,985	7,054,934,072
Profit for the Year		-	-	-	648,022,959	648,022,959
Other Comprehensive Income		-	(296,225,911)	533,125,788	35,433,428	272,333,305
Total Comprehensive Income		-	(296,225,911)	533,125,788	683,456,387	920,356,264
Issue of Shares for Cash Consideration	18	845,708,336	-	-	-	845,708,336
Interim Dividends 2015/16	8	-	-	-	(2,206,815,176)	(2,206,815,176)
As at 31 March 2016		4,748,108,334	-	990,126,966	875,948,196	6,614,183,496

The Accounting Policies and Notes on pages 98 through 152 form an integral part of these Financial Statements.

Statement of Cash Flows

Year ended 31 March 2016

	Note	2016 Rs.	GROUP 2015 Rs.	2016 Rs.	COMPANY 2015 Rs.
Cash Flows From Operating Activities					
Profit Before Income Tax Expense		1,582,786,697	1,743,387,426	728,751,910	741,760,844
Adjustments for					
Depreciation	9	696,647,369	663,408,005	86,630,850	81,355,669
Amortization of Leasehold Assets	10	3,811,242	4,059,170	-	-
Net Profit on Sale of Property, Plant and Equipment	3	(266,867)	(4,530,000)	(250,475)	(4,530,000)
Loss on Disposal of Investment Property	11	803,680	-	-	-
Profit on Disposal of Available for Sale Financial Assets	3.2	-	-	(227,331,109)	-
Provision for Bad and Doubtful Debts	5	866,328	12,958,690	(29,204)	(90,830)
Provision for Retirement Gratuity	23.1	71,992,784	68,323,368	30,046,957	29,550,493
Finance Expense		715,049,652	564,008,224	495,708,450	395,227,255
Investment Income		(181,262,780)	(33,110,513)	(54,502,354)	(441,379,702)
Unrealised Exchange Loss	4.1	-	18,672,614	-	6,447,840
Guarantee Income		-	-	(14,723,207)	(1,412,499)
Changes in Fair Value of the Investment Property	11	-	(513,364,000)	-	-
Operating Profit Before Working Capital Changes		2,890,428,105	2,523,812,984	1,044,301,818	806,929,070
Changes in Working Capital					
(Increase)/Decrease in Inventories		(62,995,465)	(26,475,566)	(14,148,339)	16,088,799
(Increase)/Decrease in Trade and Other Receivables		(23,963,361)	9,919,649	(8,320,227)	(145,762,754)
(Increase)/Decrease in Advances and Prepayments		(199,248,865)	(38,139,180)	8,199,975	7,008,487
(Increase)/Decrease Amounts Due from Related Parties		32,719,008	94,142,626	(77,037,908)	683,771,141
Increase/(Decrease) in Trade and Other Payables		84,985,410	67,610,231	(250,686,067)	76,660,107
Increase/(Decrease) in Other Payables		(61,601,910)	1,329,608,718	(55,098,230)	63,865,234
Cash Generated From Operations		2,660,322,922	3,960,479,462	647,211,022	1,508,560,084
Income Tax Paid		(180,510,065)	(103,006,629)	(105,132,303)	(42,595,762)
Defined Benefit Plan Costs Paid	23.1	(28,854,914)	(16,471,459)	(14,233,958)	(6,281,627)
Finance Cost Paid		(715,049,652)	(564,008,224)	(495,708,450)	(395,227,255)
Net Cash From Operating Activities		1,735,908,291	3,276,993,150	32,136,311	1,064,455,440

	Note	2016 Rs.	GROUP 2015 Rs.	2016 Rs.	COMPANY 2015 Rs.
Cash Flows From/(Used in) Investing Activities					
Acquisition of Property, Plant and Equipment	9	(1,099,293,144)	(906,476,279)	(253,967,642)	(122,700,385)
Investment in Leasehold Land		-	(702,520,658)	-	-
Proceeds from Sale of Investment Property		1,497,196,320	-	-	-
Proceeds from Sale of Available for Sale Financial Assets		-	-	529,232,590	-
Investment in Available for Sale Financial Assets		(6,528,629)	-	-	-
Investment in Subsidiaries		(845,708,341)	(23,471,800)	(3,931,498,348)	(23,471,800)
Proceeds from Disposal of Property, Plant and Equipment		94,258,984	9,831,432	4,366,938	4,530,000
Interest/ Dividend Received		181,262,780	33,110,513	54,502,354	441,379,702
Net Cash Flows From/(Used in) Investing Activities		(178,812,031)	(1,589,526,792)	(3,597,364,108)	299,737,517
Cash Flows From/(Used in) Financing Activities					
Dividends Paid		(221,509,596)	(540,597,591)	(221,449,155)	(544,861,166)
Dividends Paid to Minority by Subsidiaries		(20,611,350)	(92,508,656)	-	-
Issue of Ordinary Shares		845,708,336	-	845,708,336	-
Repurchase Consideration Paid by Subsidiary Company		(2,004,514,632)	-	-	-
Proceeds from Term Loans		2,020,000,000	6,094,583,834	2,822,919,807	4,400,175,333
Repayment of Term Loans		(2,870,454,245)	(5,216,108,151)	(1,256,836,606)	(3,924,556,689)
Repayment of Amount due on Leasehold Property	21	(4,072,000)	(4,072,000)	-	-
Net Cash Flows from/(Used in) Financing Activities		(2,255,453,487)	241,297,436	2,190,342,382	(69,242,522)
Net Increase/(Decrease) in Cash and Cash Equivalents		(698,357,227)	1,928,763,794	(1,374,885,415)	1,294,950,435
Cash and Cash Equivalents at the Beginning of the Year		989,892,664	(938,871,130)	896,411,341	(398,539,094)
Cash and Cash Equivalents at the End of the Year	26.2	291,535,437	989,892,664	(478,474,074)	896,411,341

The Accounting Policies and Notes on pages 98 through 152 form an integral part of these Financial Statements.

Notes to the Financial Statements

Year ended 31 March 2016

1. CORPORATE INFORMATION

1.1 General

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

1.2 Principal Activities and Nature of Operations

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

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

1.3 Parent Enterprise and Ultimate Parent Enterprise

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

1.4 Date of Authorization for Issue

The Financial Statements of Asiri Hospital Holdings PLC and its Subsidiaries for year ended 31 March 2016 was authorized for issue in accordance with a resolution of the Board of Directors dated 22 July 2016.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The Financial Statements are presented in Sri Lankan Rupees (Rs), unless otherwise indicated.

2.1.1 Statement of Compliance

The Financial Statements of the Company and Group have been prepared in accordance with the Sri Lanka Accounting

Standards as issued by the Institute of Chartered Accountants of Sri Lanka.

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

2.1.2 Comparative Information

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

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

2.2 Basis of Consolidation

The consolidated Financial Statements comprise the Financial Statements of the Company and Its Subsidiaries as at 31 March 2016. 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. Reserve on Consolidation.

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

Subsidiaries

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

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

Company	Effective Holding 2016	Effective Holding 2015	Principal Activities
1. Asiri Central Hospitals Ltd.	93.78%	99.7%	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.	66.5%	66.5%	The principal activities of the Company are to carry out diagnostic laboratory services.
4. Asiri Hospital Kandy (Pvt) Ltd.	100%	100%	The principal activities of the Company are to provide healthcare services. However, the company has not yet commenced its operations.
5. Asiri Surgical Hospital PLC	73.68%	73.68%	The principal activities of the Company are to operate a two tier hospital, and provide healthcare services.

Notes to the Financial Statements

Year ended 31 March 2016

Company	Effective Holding 2016	Effective Holding 2015	Principal Activities
6. Central Hospital Ltd.	99.73%	90.13%	The principal activities of the Company are to operate a hospital and provide healthcare services.
7. Asiri Laboratories (Pvt) Ltd.	100%	Nil	The principal activities of the Company are to carry out diagnostic laboratory services. Company was incorporated on 20 January 2016 under the Company's Act No. 07 of 2007 and has not commenced its operations up to 31 March 2016

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

Minority interest which represents the portion of profit or loss and net assets not held by the group, are shown as a component of profit for the year in the Statement of Profit or Loss, Statement of 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 Flow includes the cash flows of the Company and Its Subsidiaries.

Investment in Associates

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

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

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

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

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

2.3 Significant Accounting Judgments, Estimates and Assumptions

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

Fair value of Property, Plant and Equipment and Investment Properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the Statement of Profit or Loss. In addition, it measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. Investment Properties, land and buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

Fair value related disclosures for assets measured at fair value are summarized in the Note 9.1.9 and 11.1 to the Financial Statements.

Deferred Tax Assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. (Refer Note 22)

The Companies which is in the tax exemption period of Board of Investment of Sri Lanka recognise deferred tax in their Financial Statements, for temporary differences which will reverse after the expiry of the tax holiday period.

Management judgment is required to determine the future tax implications arising particularly from property, plant and equipment after the expiration of the tax holiday.

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 23)

Impairment of Non Financial Assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. (Refer Note 2.4.11)

Impairment of Trade & Other Receivable

The Group reviews at each reporting date all receivables to assess whether impairment should be recorded in the Statement of Profit or Loss. Management uses judgment in estimating such allowance considering the duration of outstanding and any other factors management is aware of that indicates uncertainty in recoverability.

Transfer Pricing Regulation

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

Notes to the Financial Statements

Year ended 31 March 2016

2.4 Summary of Significant Accounting Policies

2.4.1 Business Combination and Goodwill

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

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

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

2.4.2 Foreign Currency Translation

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

Transactions in foreign currencies are initially recorded by the Group/Company at the functional currency spot rate ruling at

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

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

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

2.4.3 Fair Value Measurement

Fair value related disclosures for assets measured at fair value or financial instruments that are not measured at fair value, for which fair values are disclosed, are summarized in the Note 9.1.9, 11.1 and 14 to the Financial Statements.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

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

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

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

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

2.4.4 Revenue Recognition

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

a) Rendering of Services

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

b) Interest Income

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

c) Dividend Income

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

d) Other Income

Other income is recognised on an accrual basis.

2.4.5 Taxation

Current Taxes

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

Asiri Surgical Hospital PLC

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

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

Notes to the Financial Statements

Year ended 31 March 2016

Asiri Central Hospitals Ltd

Pursuant to the agreement dated 8 September 1992, entered into by the Company under the Greater Colombo Economic Commission Law No. 4 of 1978 and as per the Board of Investment letter dated 30 August 1999, tax exemption period of the enterprise commenced from the year of assessment 1999/2000 and ended in the year of assessment 2005/2006 subject to the fulfillment of all conditions stipulated in clause 10 (vii) of the Board of Investment agreement.

Subsequent to the expiration of aforesaid tax exemption period, the Company opted for the concessionary tax period of 15 years at the rate of 2% on its turnover, which is deemed to be the profit and income of the Company.

However, with the cessation of medical services business operation income tax wholly represents tax on income derived from current operations. i.e. rental income.

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

Central Hospital Ltd

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

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

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

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

Deferred Taxation

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available 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 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, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the Property, Plant and Equipment if the recognition criteria are met. When significant parts of Property, Plant and Equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit or loss as incurred.

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

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

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

Free hold land and building is subsequently measured at fair value.

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 asset 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 asset revaluation reserve.

2.4.7 Leases

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

Company as a lessee:

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

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

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

2.4.8 Borrowing Costs

Borrowing Costs are recognised as an expense in the period in which they are incurred except borrowing costs directly

Notes to the Financial Statements

Year ended 31 March 2016

attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets.

2.4.9 Financial Instruments - initial recognition and subsequent measurement

i) Financial Assets

Initial recognition and measurement

Financial assets within the scope of LKAS 39 are classified as financial assets held for trading, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

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

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

Subsequent measurement

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

Available-for-sale Financial Investments

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

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains

or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time, the cumulative gain or loss is recognised in statement of profit or loss, or determined to be impaired, at which time the cumulative loss is reclassified to the statement of profit or loss in finance costs and removed from the available-for-sale reserve.

Trade and Other Receivables

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

Derecognition

Financial Assets

A financial asset is primarily derecognised when:

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

Impairment of Financial Assets

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

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in payments, the

probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial Assets Carried at Amortised Cost

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

Available-for-Sale Financial Instruments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair values has been below its original cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss is removed from other comprehensive income and recognised in the Statement of Profit or Loss. Impairment losses on equity investments are not reversed through the Statement of Profit or Loss; increases in their fair value after impairment are recognised directly in other comprehensive income.

ii) Financial Liabilities

Initial Recognition and Measurement

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss, loans

and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition. The Group's financial liabilities excluding derivative financial instruments include trade and other payables, bank overdrafts, loans and borrowings, financial guarantees contracts, and other financial liabilities.

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

Subsequent measurement

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

Interest Bearing Loans and Borrowings

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

Financial Guarantee Contracts

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

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

Notes to the Financial Statements

Year ended 31 March 2016

2.4.10 Inventories

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

The cost incurred in bringing inventories to its present location and conditions are accounted for using First-in-First-out basis:-

2.4.11 Impairment of Non-Financial Assets

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

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

2.4.12 Cash and Cash Equivalents

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

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

2.4.13 Investment Properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the

fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under Property, Plant and Equipment up to the date of change in use.

2.4.14 Provisions

Provisions are recognized 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 recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Profit or Loss net of any reimbursement.

2.4.15 Post employment benefits

a) Defined Benefit Plan – Gratuity

The Group measures the present value of the promised retirement benefits of gratuity which is a defined benefit plan with the advice of an independent professional actuary at the end of every financial year using the Projected Unit Credit Method (PUC) as recommended by LKAS 19 – “Employee benefits”. Accordingly, the

employee benefit liability is based on the actuarial valuation carried out by Messrs Actuarial and Management Consultants (Pvt) Ltd., Actuaries. The actuarial valuation involves making assumptions about discount rate, future salary increase rate and mortality rates etc. All assumptions are reviewed at each reporting date.

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

b) Defined Contribution Plans:

Employees' Provident Fund and Employee' Trust Fund

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

2.5 Effect of Sri Lanka Accounting Standards Issued but not yet Effective:

The standards 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 standards, if applicable, when they become effective.

(i) SLFRS 9 -Financial Instruments: Classification and Measurement

In December 2014, the CA Sri Lanka issued the final version of SLFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces LKRS 39 Financial Instruments, Recognition and Measurement. The standard introduces new requirements for classification and measurement impairment, and hedge accounting. SLFRS 9 is effective for annual periods beginning on or after 01 January 2018, with early application permitted. Retrospective application is required. But comparative information is not compulsory. The adoption of SLFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

(ii) SLFRS 15 -Revenue from Contracts with Customers

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

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

The Group will adopt these standards when they become effective. Pending the completion of a detailed review, the financial impact is not reasonably estimable.

Notes to the Financial Statements

Year ended 31 March 2016

3. REVENUE AND OTHER INCOME

	GROUP		COMPANY	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
3.1 Revenue				
Healthcare Services	9,952,384,805	8,578,849,618	2,730,388,072	2,440,580,228
Rent Income on Investment Property	-	14,623,656	-	-
	9,952,384,805	8,593,473,274	2,730,388,072	2,440,580,228
3.2 Other Income				
Rental Income	39,551,789	36,525,366	1,697,145	3,263,230
Other Laboratory Income	89,308,062	60,846,581	89,308,062	60,846,581
Profit on Sale of Property, Plant and Equipment	266,867	4,530,000	250,475	4,530,000
Dividend Income	25,317,405	24,698,557	60,819,437	379,792,276
Sundry Income	17,938,230	7,927,782	5,332,558	2,252,047
Profit on Disposal of Shares	-	-	227,331,109	-
	172,382,353	134,528,286	384,738,786	450,684,134

4. FINANCE COST AND INCOME

	GROUP		COMPANY	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
4.1 Finance Cost				
Interest Expense on Borrowings	551,556,948	561,458,076	334,061,047	333,611,331
Interest Expense on Inter Company Borrowings	-	-	96,557,946	60,700,438
Bank Charges on Interest Bearing Loans	25,075,968	2,531,563	19,139,279	915,485
Guarantee Expense	-	18,584	23,849,414	2,190,771
Exchange Loss on Long Term Foreign Currency Borrowings	138,416,736	47,321,434	45,950,178	16,375,587
	715,049,652	611,329,657	519,557,864	413,793,612

	GROUP		COMPANY	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
4.2 Finance Income				
Interest Income	155,945,375	42,769,458	17,532,331	63,778,197
Guarantee Income	-	-	14,723,207	1,412,499
	155,945,375	42,769,458	32,255,538	65,190,696

5. PROFIT BEFORE TAX

	GROUP		COMPANY	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Stated after Charging				
Included in Cost of Sales				
Depreciation	383,235,936	335,601,588	47,459,130	49,759,007
Employee benefits including the following	1,898,186,721	1,629,298,757	491,231,358	447,606,063
- Defined Contribution Plan Costs - EPF and ETF	145,407,925	125,951,494	39,882,138	35,070,260
Included in Administrative Expenses				
Depreciation	313,411,433	327,806,417	39,171,720	31,596,662
Employee Benefits including the following	605,891,058	553,298,900	159,057,440	196,226,478
- Defined Benefit Plan Costs - Gratuity	51,955,439	49,515,713	30,046,957	29,550,493
- Defined Contribution Plan Costs - EPF and ETF	47,505,485	41,922,175	12,638,787	13,421,179
Directors' Fees and Remuneration	22,838,947	28,660,184	13,244,385	23,600,184
Amortization of Leasehold Property	1,036,933	4,059,170	-	-
Donations	5,854,082	5,412,404	754,137	1,139,509
Legal Fees	3,482,683	5,584,192	1,303,108	1,372,600
Audit Fees and Reimbursable expense	4,909,807	4,099,718	1,789,456	1,540,772
Included in Selling and Distribution Costs				
Advertising Expenses	57,475,126	35,599,470	19,457,297	11,195,012
Impairment of Trade Debtors	866,328	12,958,690	(29,204)	(90,830)

Notes to the Financial Statements

Year ended 31 March 2016

6. INCOME TAX

	GROUP		COMPANY	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
The Major Components of Income Tax Expense for the years ended 31 March are as follows :				
Current Income Tax				
Current Income Tax charge	214,622,706	98,018,170	79,213,292	68,747,135
(Over)/Under Provision in Respect of Previous Years	204,073	(12,240,671)	1,166,893	11,877,091
10 % Withholding Tax on Inter Company Dividends	4,098,315	39,249,687	-	-
Deferred Income Tax				
Deferred Taxation Charge/(Reversal)	(25,107,120)	35,708,128	348,766	(4,031,820)
Income Tax Expense reported in the Statement of Profit or Loss	193,817,974	160,735,314	80,728,951	76,592,406
Deferred Income Tax				
Deferred Taxation Charge/(Reversal)	27,679,470	9,314,614	13,871,242	(1,543,392)
Income Tax Expense reported in the Statement of Other Comprehensive Income	27,679,470	9,314,614	13,871,242	(1,543,392)
A. Reconciliation between Tax Expense and Accounting Profit				
Accounting Profit Before Tax	1,582,786,697	1,743,387,426	728,751,910	741,760,844
Disallowable Expenses	939,426,999	628,063,875	363,578,182	292,217,177
Deductible Expenses	(365,442,737)	(320,382,819)	(114,778,557)	(87,937,515)
Income not Liable for Tax	(227,257,623)	(539,171,176)	(303,124,228)	(377,601,505)
Profit Exempt from Tax	(254,606,066)	(615,199,875)	-	-
Assessable Income	1,674,907,270	896,697,431	674,427,307	568,439,001
Qualifying Payments	(85,149,059)	(132,355,871)	(20,170,483)	(37,025,868)
Tax Losses Brought Forward and Utilised	(83,743,349)	(461,599)	-	-
Taxable Profit	1,506,014,862	763,879,961	654,256,824	531,413,133
Statutory Tax Rate				
Income Tax Rate	12%	12%	12%	12%
Income Tax Rate on Other Income	28%	28%	28%	28%
Income Tax - 2016 - 12% (2015 - 12%)	155,295,681	86,901,165	77,983,832	60,010,022
Income Tax - 2016 - 28% (2015 - 28%)	59,327,025	11,117,005	1,229,460	8,737,113
Current Income Tax charge	214,622,706	98,018,170	79,213,292	68,747,135

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	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Profit Attributable to Ordinary Shareholders for Basic Earnings Per Share	1,182,378,248	1,416,733,142	648,022,959	665,168,438
	1,182,378,248	1,416,733,142	648,022,959	665,168,438

	COMPANY	
	2016 Rs.	2015 Rs.
Number of Ordinary Shares used as the Denominator		
Weighted Average Number of Ordinary Shares in Issue Applicable to Basic Earnings Per Share	1,113,507,791	1,099,092,308

8. DIVIDENDS PAID AND PROPOSED

	COMPANY	
	2016 Rs.	2015 Rs.
Declared and paid during the year		
Equity Dividends on Ordinary Shares :		
- Interim Dividend for 2015/2016 : Rs. 1.94 - per share (2014/2015 : Rs.0.50-per share)	2,206,815,176	549,546,154
	2,206,815,176	549,546,154

Notes to the Financial Statements

Year ended 31 March 2016

9. PROPERTY, PLANT AND EQUIPMENT

9.1 Group

	Balance As at 01.04.2015 Rs.	Additions/ Transfers Rs.	Revaluation Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2016 Rs.
9.1.1 Gross Carrying Amounts					
At Cost or Valuation					
Land	1,701,712,500	-	859,912,500	-	2,561,625,000
Buildings	6,314,996,493	39,756,753	11,011,220	-	6,365,764,466
Furniture and Fittings	1,091,115,412	91,604,396	-	(8,145,853)	1,174,573,955
Medical Equipment	4,220,082,312	554,816,436	-	(45,463,234)	4,729,435,514
Motor Vehicles	141,703,811	73,866,007	-	(66,687,769)	148,882,049
Sundry Equipment	824,849,928	111,561,194	-	(1,622,794)	934,788,328
	14,294,460,456	871,604,786	870,923,720	(121,919,650)	15,915,069,312
Assets on Finance Lease					
Motor Vehicles	-	77,200,000	-	-	77,200,000
Capital Work in Progress					
Work-in-Progress	107,895,969	556,826,118	-	(352,297,763)	312,424,324
	107,895,969	556,826,118	-	(352,297,763)	312,424,324
Total Value of Depreciable Assets	14,402,356,425	1,505,630,904	870,923,720	(474,217,413)	16,304,693,636

	Balance As at 01.04.2015 Rs.	Charge for the year Rs.	Revaluation Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2016 Rs.
9.1.2 Accumulated Depreciation and Impairment					
Buildings	160,414,706	111,889,539	(272,304,245)	-	-
Furniture and Fittings	585,426,942	100,746,394	-	(3,532,523)	682,640,813
Medical Equipment	2,139,239,172	383,235,936	-	(12,177,136)	2,510,297,972
Motor Vehicles	49,351,582	16,221,863	-	(9,398,979)	56,174,466
Sundry Equipment	589,306,201	84,553,637	-	(2,818,897)	671,040,941
	3,523,738,603	696,647,369	(272,304,245)	(27,927,535)	3,920,154,192
Assets on Finance Lease					
Motor Vehicles	-	-	-	-	-
Total Depreciation	3,523,738,603	696,647,369	(272,304,245)	(27,927,535)	3,920,154,192

	2016 Rs.	2015 Rs.
9.1.3 Net Book Values		
Land	2,561,625,000	1,701,712,500
Buildings	6,365,764,466	6,154,581,787
Furniture and Fittings	491,933,142	505,688,470
Medical Equipment	2,219,137,542	2,080,843,140
Motor Vehicles	92,707,583	92,352,229
Sundry Equipment	263,747,387	235,543,727
	11,994,915,120	10,770,721,853
Asset on Finance Lease		
Motor Vehicles	77,200,000	-
Capital Work in Progress		
Work-in-Progress	312,424,324	107,895,969
Total Carrying Amount of Property, Plant and Equipment	12,384,539,444	10,878,617,822

- 9.1.4 During the year, the Group acquired Property, Plant and Equipment to the aggregate value of Rs. 1,505,630,904/- (2015 - Rs. 940,718,225/-). Cash payments amounting to Rs. 1,099,293,144/- (2015 - Rs. 906,476,279) were made during the year for purchase of Property, Plant and Equipment.
- 9.1.5 Group Property, Plant and Equipments with a carrying value of Rs. 5,788,609,000/- (2015 - Rs. 5,420,622,608 /-) have been pledged as security for term loans obtained , details of which are disclosed in Note 28.
- 9.1.6 Group's Property, Plant & Equipment include fully depreciated assets which are still in use, the cost of which at the reporting date amounted to Rs. 1,003.04 Mn (2015 - Rs. 793.9 Mn).
- 9.1.7 The provision for depreciation is calculated by using a straight line method on the cost/revaluation of all Property, Plant and Equipment in order to write off such amounts over the following estimated useful lives by equal installments.

	Group/Company 2015/16
Buildings	Over 60 Years
Furniture and Fittings	Over 10 Years
Medical Equipment	Over 10 Years
Motor Vehicles	Over 5-8 Years
Sundry Equipment	Over 2-10 Years

Notes to the Financial Statements

Year ended 31 March 2016

9. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

9.1 Group (Contd.)

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

Class of Asset	Cost Rs.	Cumulative Depreciation If assets were carried at cost Rs.	Net Carrying Amount 2016 Rs.	Net Carrying Amount 2015 Rs.
Freehold Land	662,104,379	-	662,104,379	662,104,379
Building	4,102,002,460	694,420,784	3,407,581,676	4,062,245,707
	4,764,106,839	694,420,784	4,069,686,055	4,724,350,086

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

Company	Location	Extent	Independent Valuer
Asiri Hospital Holdings PLC	No 181, Kirula Road, Colombo 05	1 A 17.23 P 2 Buildings 82,745 square feet	P B Kalugalagedara & Associates
Asiri Surgical Hospital PLC	No 21, Kirimandala Mawatha, Narahenpita	3 Buildings 368,123 square feet	P B Kalugalagedara & Associates
Asiri Hospital Matara (Pvt) Ltd	No 15, Dharmapala Mawatha, Uyanwatta	1 A 2 R 1 P 2 Buildings 77,695 square feet	P B Kalugalagedara & Associates
Central Hospital Ltd	No 114, Norris Canal Road, Colombo 10	1 A 21.03 P 1 Buildings 485,829 square feet	P B Kalugalagedara & Associates

The surplus arising from the revaluation net of deferred tax is recognized in the Other Comprehensive Income and transferred to Revaluation Reserve in Equity. Significant increases (decreases) in estimated price per perch/ building value per square feet in isolation would result in a significantly higher (lower) fair value.

Effective Date of Valuation	Valuation Details	Significant unobservable input (Level 3)	Range Rs.	Fair Value measurement Rs.
31 March 2016	Land - Market based evidence	Land price per perch	6,000,000/-	1,011,800,000
	Buildings - Direct Capital Comparison Method using Depreciated Replacement Cost	Building value per square feet	2,000/- to 5,500/-	426,600,000
31 March 2016	Buildings - Direct Capital Comparison Method using Depreciated Replacement Cost	Building value per square feet	3,000/- to 8,000/-	2,048,000,000
31 March 2016	Land - Market based evidence	Land price per perch - Frontage	850,000/-	127,500,000
		Land price per perch - Rear Land	600,000/-	54,600,000
31 March 2016	Buildings - Direct Capital Comparison Method using Depreciated Replacement Cost	Site improvement	6,000/- to 8,000/-	10,000,000
		Building value per square feet		395,000,000
31 March 2016	Land - Market based evidence	Land price per perch	7,500,000/-	1,357,725,000
	Buildings - Direct Capital Comparison Method using Depreciated Replacement Cost	Building value per square feet	2,000/- to 10,000/-	3,419,085,000

Notes to the Financial Statements

Year ended 31 March 2016

9. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

9.2 Company

	Balance As at 01.04.2015 Rs.	Additions/ Transfers Rs.	Revaluation Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2016 Rs.
9.2.1 Gross Carrying Amounts					
At Cost or Valuation					
Land	548,047,500	-	463,752,500	-	1,011,800,000
Buildings	378,514,471	2,086,824	45,998,705	-	426,600,000
Medical Equipment	696,840,389	65,508,257	-	(8,403,175)	753,945,471
Furniture and Fittings	49,243,107	35,541,965	-	(37,327)	84,747,745
Motor Vehicles	48,251,296	46,078,840	-	(7,224,506)	87,105,630
Sundry Equipment	198,089,188	38,219,925	-	(366,911)	235,942,202
	1,918,985,951	187,435,811	509,751,205	(16,031,919)	2,600,141,048
Assets on Finance Lease					
Motor Vehicles	-	56,150,000	-	-	56,150,000
In the Course of Construction					
Buildings Work-in-Progress	55,337,748	59,157,538	-	-	114,495,286
Total Value of Depreciable Assets	1,974,323,699	302,743,349	509,751,205	(16,031,919)	2,770,786,334

	Balance As at 01.04.2015 Rs.	Charge for the year Rs.	Revaluation Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2016 Rs.
9.2.2 Depreciation					
Buildings	24,855,789	7,558,205	(32,413,994)	-	-
Medical Equipment	478,296,269	47,459,130	-	(7,352,778)	518,402,621
Furniture and Fittings	26,383,914	6,519,773	-	(17,499)	32,886,188
Motor Vehicles	18,721,539	7,244,867	-	5,299,704	31,266,110
Sundry Equipment	139,299,131	17,848,875	-	(374,176)	156,773,830
	687,556,642	86,630,850	(32,413,994)	(2,444,749)	739,328,749
Assets on Finance Lease					
Motor Vehicles	-	-	-	-	-
Total Depreciation	687,556,642	86,630,850	(32,413,994)	(2,444,749)	739,328,749

	2016 Rs.	2015 Rs.
9.2.3 Net Book Values		
Land	1,011,800,000	548,047,500
Buildings	426,600,000	353,658,682
Medical Equipment	235,542,850	218,544,120
Furniture and Fittings	51,861,557	22,859,193
Motor Vehicles	55,839,520	29,529,757
Sundry Equipment	79,168,372	58,790,057
	1,860,812,299	1,231,429,309
Assets on Finance Lease		
Motor Vehicles	56,150,000	-
In the Course of Construction		
Buildings Work-in-Progress	114,495,286	55,337,748
Total Value of Depreciable Assets	2,031,457,585	1,286,767,057

9.2.4 During the year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 302,743,349/- (2015 - Rs.122,700,385/-). Cash payments amounting to Rs. 253,967,642/- (2015 - Rs.122,700,385/-) were made during the year for purchase of Property, Plant and Equipment.

9.2.5 Company's fixed assets include fully depreciated assets, which are still in use the cost of which at the reporting date amounted to Rs. 282 Mn (2015 - Rs. 254.6 Mn).

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

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

Class of Asset	Cost Rs.	Cumulative Depreciation If assets were carried at cost Rs.	Net Carrying Amount 2016 Rs.	Net Carrying Amount 2015 Rs.
Freehold Land	29,616,200	-	29,616,200	29,616,200
Building	232,026,294	110,905,585	121,120,709	122,900,990
	261,642,494	110,905,585	150,736,909	152,517,190

Notes to the Financial Statements

Year ended 31 March 2016

10. LEASEHOLD PROPERTY

	2016	GROUP
	Rs.	2015
		Rs.
Balance as at the beginning of the year	977,785,063	279,323,575
Leasehold additions during the year	-	702,520,658
Amortization for the year	(3,811,242)	(4,059,170)
Balance as at the end of the year	973,973,821	977,785,063

10.1 Leasehold Property as at 31 March 2016 consists of the below;

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

Asiri Surgical Hospital PLC has accounted for leasehold right comply with the Statement of Alternative Treatment (SoAT) issued by Institute of Chartered Accountants of Sri Lanka dated 19 December 2012. This right to use land is required to be amortized over the lease term or useful life of the right whichever is shorter and is disclosed under non-current asset. The SoAT for right-to-use land does not permit revaluation of right-to-use land. However, an adjustment to the 'right-to-use land' could be made to the extent that the change relate to the further period on the reassessment of liability to make the lease payment.

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

11. INVESTMENT PROPERTY

	GROUP		COMPANY	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Land and Building				
Balance as at the beginning of the year	2,698,000,000	2,184,636,000	-	-
Changes in Fair Value of Investment Property	-	513,364,000	-	-
Disposals during the period	(2,698,000,000)	-	-	-
Balance as at the end of the year	-	2,698,000,000	-	-

On 9 July 2015, Asiri Central Hospitals Ltd sold the above land and buildings for a consideration of Rs. 2,697,196,320/- (net of VAT) to a third party and the loss on disposal amounted to Rs. 803,680/-.

- 11.1 The Investment Property comprising of land and building of Asiri Central Hospitals Ltd, situated at No 37, Horton place, Colombo 7 were revalued and the fair value of freehold land and buildings were determined by the by P.B Kalugalagedara and Associates an independent professionally qualified valuer. The basis of valuation is the Direct Capital Comparison Method using the depreciated value of buildings and Current Market Value of land.

Date of valuation	Fair Value measurement using Significant unobservable inputs (Level 3)	
	2016 Rs.	2015 02 May 2015 Rs.
Land	-	2,610,000,000
Building	-	88,000,000
Significant unobservable input :		
Price per perch	-	9,000,000
Price per square feet	-	Rs.100 /- to Rs. 1,500/-

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

Notes to the Financial Statements

Year ended 31 March 2016

11. INVESTMENT PROPERTY (CONTD.)

11.2 The amounts recognised to profit or loss for investment property is as follows:

	GROUP	
	2016 Rs.	2015 Rs.
Rental income derived from investment properties	-	14,623,656
Direct operating expenses generating rental income	-	(2,254,298)
	-	12,369,358

12. GOODWILL

	GROUP	
	2016 Rs.	2015 Rs.
Goodwill	548,706,564	548,706,564
	548,706,564	548,706,564

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

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

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

13. INVESTMENT IN SUBSIDIARY COMPANIES/ASSOCIATE

Investment In Subsidiary Companies

COMPANY	2016		2015			
	2016 Direct Holding %	2015 %	Carrying Value Rs.	Market Value Rs.	Carrying Value Rs.	Market Value Rs.
13.1 Quoted*						
Asiri Surgical Hospital PLC	73.68	73.68	2,387,107,927	4,283,308,909	2,382,313,348	5,918,754,129
			2,387,107,927	4,283,308,909	2,382,313,348	5,918,754,129

	2016		2016		2015	
	2016	2015	Carrying Value	Market Value/ Directors Valuation *	Carrying Value	Market Value/ Directors Valuation *
	Direct Holding %	%	Rs.	Rs.	Rs.	Rs.
13.2 Un-quoted**						
Asiri Diagnostics Services (Pvt) Ltd	66.54	66.54	2,691,400	2,691,400	2,691,400	2,691,400
Asiri Hospital Matara (Pvt) Ltd	100	100	261,132,754	261,132,754	260,566,367	260,566,367
Central Hospital Ltd	99.73	55.6	7,110,364,517	8,886,238,516	3,175,809,936	3,175,809,936
Asiri Hospital Kandy (Pvt) Ltd.	100	100	112,776,259	112,776,259	106,470,259	106,470,259
Asiri Central Hospitals Ltd	93.78	99.70	1,693,254,752	2,157,330,226	3,679,004,589	3,679,004,589
Asiri Laboratories (Pvt) Ltd	100.00	-	1,000,000	1,000,000	-	-
			9,181,219,682	11,421,169,155	7,224,542,551	7,224,542,551
Carrying Value of Investment in Subsidiaries			11,568,327,609	15,704,478,064	9,606,855,899	13,143,296,680

* Investment value of quoted shares have been determined based on market value of shares as at 31 March 2016.

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

** Carrying values include the value recognised for the corporate guarantees provided by the Parent to the Subsidiaries.

13.3 The Shares of Subsidiary Companies owned by Asiri Hospital Holdings PLC were pledged on behalf of the loans and overdraft facilities obtained by the Company. (Note 20.2 for details of shares)

Notes to the Financial Statements

Year ended 31 March 2016

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

13.4 Material Partly-Owned Subsidiaries

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

Proportion of Equity Interest held by Non-Controlling Interests:

Company Name	2016 %	2015 %
Asiri Surgical Hospital PLC	26.32%	26.32%
Asiri Diagnostics Services (Pvt) Ltd	33.46%	33.46%

Accumulated Balances of Material Non - Controlling Interest

Company Name	2016 Rs.	2015 Rs.
Asiri Surgical Hospital PLC	862,666,892	734,666,087
Asiri Diagnostics Services (Pvt) Ltd	87,678,157	86,637,265

Total Comprehensive Income allocated to Material Non - Controlling Interest

Company Name	2016 Rs.	2015 Rs.
Asiri Surgical Hospital PLC	125,394,567	103,644,698
Asiri Diagnostics Services (Pvt) Ltd	21,644,548	24,908,268

Summarised Statement of Total Comprehensive Income for year ended 31 March 2016:

	Asiri Surgical Hospital PLC Rs.	Asiri Diagnostics Services (Pvt) Ltd Rs.
Revenue	2,922,313,378	163,829,134
Cost of sales	(1,753,567,623)	(52,463,419)
Profit for the Year	416,403,152	62,876,264
Total Comprehensive Income for the Year	476,506,033	64,682,085
Attributable to non-controlling interests	125,394,567	21,644,548

Summarised Statement of Total Comprehensive Income for year ended 31 March 2015:

	Asiri Surgical Hospital PLC Rs.	Asiri Diagnostics Services (Pvt) Ltd Rs.
Revenue	2,653,704,728	175,276,110
Cost of sales	(1,601,495,976)	(57,106,630)
Profit for the Year	408,177,490	75,055,907
Total Comprehensive Income for the Year	393,863,460	74,441,926
Attributable to non-controlling interests	103,644,698	24,908,268

Summarised Statement of Financial Position as at 31 March 2016:

	Asiri Surgical Hospital PLC Rs.	Asiri Diagnostics Services (Pvt) Ltd Rs.
Current Assets	923,204,305	31,797,055
Non- Current Assets	3,739,501,972	252,843,428
Current Liabilities	341,065,897	16,488,838
Non- Current Liabilities	652,096,769	6,136,188
Total equity	3,669,543,611	262,015,456
Attributable to:		
Equity holders of parent	2,806,876,719	174,337,299
Non-controlling interest	862,666,892	87,678,157

Summarised Statement of Financial Position as at 31 March 2015:

	Asiri Surgical Hospital PLC Rs.	Asiri Diagnostics Services (Pvt) Ltd Rs.
Current Assets	626,880,855	252,373,708
Non- Current Assets	3,834,849,555	24,209,313
Current Liabilities	412,635,571	9,987,047
Non- Current Liabilities	845,572,399	7,668,103
Total equity	3,203,522,440	258,927,871
Attributable to:		
Equity holders of parent	2,468,856,353	172,290,606
Non-controlling interest	734,666,087	86,637,265

Notes to the Financial Statements

Year ended 31 March 2016

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

13.5 Investment in Associate

"Asiri Hospital Holdings PLC has invested Rs. 30,000,000/- in Digital Health (Pvt) Ltd resulting in a 30% holding in Digital Health (Pvt) Ltd by Asiri Hospital Holdings PLC. However, as at 31 March 2016, investment had been booked as investment in associate and Rs. 30,000,000/- has been booked as payable since the respective cash payment has not been made.

Digital Health was incorporated on 14 August 2015. The primary objective of the Company is to carry on the business using the Doc 990 system and/ or other systems or technology solutions developed by or for the Company from time to time which may inter alia include provision of e-laboratory, e-pharmacy, e-prescription and digital health record management services. However, company has not commenced its operations up to the reporting date.

14. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

14.1 Financial Assets - Available for Sale

	GROUP				COMPANY			
	2016 Number of Shares	2015 Number of Shares	2016 Market Value Rs.	2015 Market Value Rs.	2016 Number of Shares	2015 Number of Shares	2016 Market Value Rs.	2015 Market Value Rs.
Non - current								
National Development Bank PLC								
Market Value of Investment in Equity Securities	2,411,583	2,411,583	407,624,148	598,127,393	-	2,411,583	-	598,127,393
Current								
National Development Bank PLC								
Market Value of Investment in Equity Securities	-	3,252	-	755,025	-	-	-	-
	2,411,583	2,414,835	407,624,148	598,882,418	-	2,411,583	-	598,127,393

14.1a Gain/(Loss) on Available for Sale Financial Assets

	GROUP		COMPANY	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Reclassified to Statement of Profit or Loss	-	-	(296,225,911)	-
Gain/(Loss) on Available for Sale Financial Asset	(197,786,899)	167,883,289	-	167,418,668
	(197,786,899)	167,883,289	(296,225,911)	167,418,668

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

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

		Carrying amount		Fair value (Level 2)	
		2016	2015	2016	2015
14.2.1	Group				
	Financial Liabilities				
	Loans and Borrowings- Non Current	6,189,792,171	7,032,828,151	6,189,792,171	7,026,083,998
		Carrying amount		Fair value (Level 2)	
		2016	2015	2016	2015
14.2.2	Company				
	Financial Liabilities				
	Loans and Borrowings- Non Current	4,357,212,405	4,645,884,872	4,357,212,405	4,643,625,376

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

Assets for which Fair Value Approximates Carrying Value

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

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

Fixed Rate Financial Instruments

In fair valuing financial assets and financial liabilities with fixed rate, Average Weighted Primary Lending Rates published by the CBSL and LIBOR for foreign currency loans were used.

Notes to the Financial Statements

Year ended 31 March 2016

14. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTD.)

14.3 Fair Value Hierarchy

14.3.1 Company

		31 March 2016 Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Assets measured at fair value					
Financial Assets - Available for Sale	Equity shares	-	-	-	-

		31 March 2015 Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Financial Assets - Available for Sale	Equity shares	598,127,393	598,127,393	-	-

14.3.2 Group

		31 March 2016 Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Assets measured at fair value					
Financial Assets - Available for Sale	Equity shares (Non- Current)	407,624,148	407,624,148	-	-
Financial Assets - Available for Sale	Equity shares (Current)	-	-	-	-

		31 March 2015 Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Financial Assets - Available for Sale	Equity shares (Non- Current)	598,127,393	598,127,393	-	-
Financial Assets - Available for Sale	Equity shares (Current)	755,025	755,025	-	-

15. INVENTORIES

	GROUP		COMPANY	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Chemical and Test Materials	86,575,185	77,990,682	64,526,257	55,638,723
Pharmaceuticals and Surgical	310,403,804	265,318,010	30,364,931	27,953,652
Consumables	47,079,215	37,754,047	10,594,778	7,745,252
	444,058,204	381,062,739	105,485,966	91,337,627

16. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
16.1 Trade and Other Receivables				
Trade Debtors	373,300,967	332,592,946	89,408,443	79,971,488
Less - Impairment of Trade Debtors	(7,425,303)	(6,558,975)	(133,287)	(162,492)
	365,875,664	326,033,971	89,275,156	79,808,996
Other Debtors - Related Parties (Note 16.3)	7,008,243	31,720,663	531,473,497	454,435,590
Staff Loans	23,970,235	16,003,953	13,101,027	14,217,748
	396,854,142	373,758,587	633,849,680	548,462,334

	GROUP		COMPANY	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
16.2 Advances, Deposits and Prepayments				
Advances, Deposits and Prepayments	555,962,459	356,713,594	78,303,031	86,503,006
Employee Share Trust Fund (Note 16.4)	5,000,000	5,000,000	5,000,000	5,000,000
	560,962,459	361,713,594	83,303,031	91,503,006
	957,816,601	735,472,181	717,152,711	639,965,340

Notes to the Financial Statements

Year ended 31 March 2016

16. TRADE AND OTHER RECEIVABLES (CONTD.)

	Relationship	GROUP		COMPANY	
		2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
16.3 Other Debtors - Related Parties					
Asiri Hospital Matara (Pvt) Ltd	Subsidiary	-	-	133,195,499	178,432,957
Central Hospital Ltd	Subsidiary	-	-	10,886,465	-
Asiri Central Hospitals Ltd	Subsidiary	-	-	-	-
Asiri Hospital Kandy (Pvt) Ltd	Subsidiary	-	-	350,540,885	202,583,629
Asiri Surgical Hospital PLC	Subsidiary	-	-	34,628,653	41,856,879
Asiri Diagnostic Services (Pvt) Ltd	Subsidiary	-	-	2,221,995	-
Softlogic Holdings PLC	Parent Company	360	31,562,125	-	31,562,125
Asian Alliance Insurance Co. Ltd	Group Company	5,655,877	158,538	-	-
Softlogic Restaurants (Pvt) Ltd	Group Company	1,352,006	-	-	-
		7,008,243	31,720,663	531,473,497	454,435,590

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

16.4 Employee Share Trust Fund

Asiri Hospital Holdings PLC Employee Share Trust Fund has been formed with effect from April 01, 2001 by the indenture of the trust deed dated March 29, 2001. The permanent employees of the Company are eligible to receive distribution of income made by the trust as specified in the indenture of the trust.

	2016 Rs.	2015 Rs.
Opening Balance as at 01 April	5,000,000	5,000,000
Closing Balance as at 31 March	5,000,000	5,000,000

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

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

16.5.1 Group

	Total	Neither past due or nor Impaired	Past due but not impaired			Impaired > 330 days
			31 - 60 days	61 - 90 days	91 - 330 days	
2016						
Gross Trade Receivable Balance	373,300,967	213,044,917	77,128,174	33,443,271	41,613,372	8,071,233
Less - Impairment	(7,425,303)	-	-	-	-	(7,425,303)
	365,875,664	213,044,917	77,128,174	33,443,271	41,613,372	645,930
2015						
Gross Trade Receivable Balance	332,592,946	247,062,845	43,088,044	16,945,351	18,755,979	6,740,727
Less - Impairment	(6,558,975)	-	-	-	(62,667)	(6,496,308)
	326,033,971	247,062,845	43,088,044	16,945,351	18,693,312	244,419

16.5.2 Company

	Total	Neither past due or nor Impaired	Past due but not impaired			Impaired > 330 days
			31 - 60 days	61 - 90 days	91 - 330 days	
2016						
Gross Trade Receivable Balance	89,408,443	59,619,935	17,627,826	7,762,103	6,518,713	879,866
Less - Impairment	(133,287)	-	-	-	-	(133,287)
	89,275,156	59,619,935	17,627,826	7,762,103	6,518,713	746,579
2015						
Gross Trade Receivable Balance	79,971,488	69,549,587	5,793,740	3,508,917	1,019,420	99,825
Less - Impairment	(162,492)	-	-	-	(62,667)	(99,825)
	79,808,996	69,549,587	5,793,740	3,508,917	956,753	-

Notes to the Financial Statements

Year ended 31 March 2016

17. LOANS GRANTED TO RELATED PARTIES

Relationship	GROUP		COMPANY	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Softlogic Holdings PLC	116,845,380	112,121,755	-	-
Softlogic Retail (Pvt) Ltd	-	37,442,633	-	-
	116,845,380	149,564,388	-	-

The interest for the intercompany loans granted is charged based on AWPLR+% for loans obtained from related entities.

18. STATED CAPITAL

	COMPANY			
	2016 Number	2016 Rs.	2015 Number	2015 Rs.
Balance at the beginning of the year	1,099,092,308	3,902,399,998	1,099,092,308	3,902,399,998
Issue of Ordinary Shares	38,441,288	845,708,336	-	-
Balance at the end of the year	1,137,533,596	4,748,108,334	1,099,092,308	3,902,399,998

19. REVALUATION RESERVE

	GROUP		COMPANY	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Balance at beginning of the year	1,593,239,753	1,336,063,644	457,001,178	457,001,178
Revaluation during the year net of deferred tax				
- Revaluation Surplus	1,122,909,565	265,220,831	542,165,198	-
- Deferred tax on Revaluation Surplus	(20,972,326)	(11,372,346)	(9,039,410)	-
Transfer of Revaluation Reserve on Disposed Property	(1,012,815,761)	-	-	-
Deferred tax transfer on depreciation impact	3,462,944	3,327,624	-	-
Balance at end of the year	1,685,824,175	1,593,239,753	990,126,966	457,001,178

20. INTEREST BEARING LOANS AND BORROWINGS

GROUP	2016 Amount Repayable Within 1 Year Rs.	2016 Amount Repayable After 1 Year Rs.	2016 Total Rs.	2015 Amount Repayable Within 1 Year Rs.	2015 Amount Repayable After 1 Year Rs.	2015 Total Repayable Rs.
Bank Loans (Note 20.1)	1,128,499,115	6,144,349,170	7,272,848,285	1,090,474,380	7,032,828,151	8,123,302,531
Bank Overdraft (Note 26.2)	612,455,382	-	612,455,382	256,724,918	-	256,724,918
Finance Lease (Note 20.1.1)	8,596,998	45,443,001	54,039,999	-	-	-
	1,749,551,495	6,189,792,171	7,939,343,666	1,347,199,298	7,032,828,151	8,380,027,449

20.1 Bank Loans - Group

	As at 01.04.2015 Rs.	Loans Obtained Rs.	Interest Charge Rs.	Repayments Rs.	Exchange Loss Rs.	As at 31.03.2016 Rs.
Commercial Bank of Ceylon PLC	4,481,473,038	-	324,765,520	(842,442,368)	-	3,963,796,190
International Finance Corporation	2,073,625,587	-	86,206,127	(2,298,248,450)	138,416,736	-
Sampath Bank PLC	689,321,727	1,820,000,000	86,370,350	(244,539,800)	-	2,351,152,277
Bank of Ceylon	878,882,179	-	66,094,451	(187,854,455)	-	757,122,175
Nations Trust Bank PLC	-	200,000,000	777,643	-	-	200,777,643
	8,123,302,531	2,020,000,000	564,214,091	(3,573,085,073)	138,416,736	7,272,848,285

20.1.1 Finance Lease

	As at 01.04.2015 Rs.	Obtained During the Year Rs.	Repayments Rs.	As at 31.03.2016 Rs.
Commercial Bank PLC	-	70,344,720	-	70,344,720
Gross Liability	-	70,344,720	-	70,344,720
Finance Charges Allocated to Future Periods	-	(16,304,721)	-	(16,304,721)
Net Liability	-	54,039,999	-	54,039,999

Notes to the Financial Statements

Year ended 31 March 2016

20. INTEREST BEARING LOANS AND BORROWINGS (CONTD.)

20.2 Long-Term Loan Details

Details of the Long Term Loans	Approved Facility	Repayment Terms	Security	Security Amount Rs.
20.2.1 Asiri Surgical Hospital PLC				
Commercial Bank of Ceylon PLC	Rs.511.4 Mn	95 equal monthly installments of Rs. 5,328,000/- each and a final installment of Rs. 5,266,000/- together with interest.	Concurrent Mortgage Bond No 3329/4687 with Hatton National Bank PLC over hospital property at No181, Kirula Road, Narahenpita, owned by Asiri Hospital Holdings PLC. (Hatton National Bank PLC interest Rs. 75 Mn and Commercial Bank of Ceylon PLC interest Rs. 125 Mn)	125 Mn
			Corporate Guarantee of Asiri Hospital Holdings PLC	148.4 Mn
International Finance Corporation (This loan has been settled during the year)	USD 1.9 Mn	17 equal semi annual installments starting from 15 April 2013	Refer Note 20.2.5	
20.2.2 Asiri Hospital Matara (Pvt) Ltd				
Commercial Bank of Ceylon PLC	Rs.73.46 Mn	71 equal monthly installments of Rs. 976,000/- and a final installment of Rs. 924,000/-	Corporate Guarantee of Asiri Hospital Holdings PLC	73.46 Mn
Commercial Bank of Ceylon PLC (This loan has been fully settled during the year)	Rs. 14.52 Mn (rescheduled)	71 equal monthly installments of Rs. 201,700/- and a final installment of Rs. 199,300/-	Corporate Guarantee of Asiri Hospital Holdings PLC	30 Mn
20.2.3 Central Hospital Ltd				
Sampath Bank PLC	Rs. 326 Mn	95 equal monthly installment each worth is Rs.3,396,000/- and final installment is Rs.3,380,000/-	Corporate Guarantee from Asiri Hospital Holdings PLC for Rs. 326 Mn.	326 Mn
Sampath Bank PLC	Rs. 1,150 Mn	119 Equal monthly instalments of Rs: 9,600,000 and a final instalment of Rs: 7,600,000 commencing from the month following the disbursment of the loan to be served monthly	Securitisation of all feature credit/debit card receivables of the company and assignment over credit/debit card receivables of the company and future credit/debit card receivables. Loan agreement for Rs: 1150 Mn.	1,150 Mn
Bank of Ceylon	Rs. 960 Mn	Ten years including two years grace period. (96 Equal monthly installments)	Primary Concurrent Mortgage over freehold land and buildings at No114, Norris Canal Rd, Colombo 10.	960 Mn

Details of the Long Term Loans	Approved Facility	Repayment Terms	Security	Security Amount Rs.
International Finance Corporation (This loan has been fully settled during the year)	USD 11.4 Mn	17 equal semi and annual installments starting from April 15, 2013	First ranking mortgage/chattel mortgage Rs. 1,477 Mn on the movable and immovable assets of the Company, acceptable to IFC, a pledge of shares in the Company, Project Funds Agreement etc.	1,477 Mn
20.2.4 Asiri Hospital Kandy (Pvt) Ltd				
Commercial Bank of Ceylon PLC	Rs. 630.6 Mn	89 equal monthly installments of Rs.7,006,000/- each and a final installment of Rs.7,066,000/- together with interest	Corporate Guarantee of Asiri Hospital Holdings PLC	630.6 Mn

20.2.5 IFC loan group security details

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

A sum of USD 4,000,000 to be secured by, a primary mortgage in respect of all shares of Central Hospital Ltd, Asiri Diagnostics Services (Pvt) Ltd, Asiri Hospital Matara (Pvt) Ltd. belonging to Asiri Hospital Holdings PLC, a primary additional security mortgage in respect of all shares of Central Hospital Ltd, belonging to Asiri Central Hospitals Ltd, a primary additional security mortgage in respect of movable assets belonging to Asiri Surgical Hospital PLC, and a primary additional security mortgage in respect of movable assets belonging to Central Hospital Ltd. (The loan has been fully settled during the year)

20.3 Company

	2016 Amount Repayable Within 1 Year Rs.	2016 Amount Repayable After 1 Year Rs.	2016 Total Rs.	2015 Amount Repayable Within 1 Year Rs.	2015 Amount Repayable After 1 Year Rs.	2015 Total Rs.
Bank Loans (Note 20.3.1)	774,379,888	3,206,323,000	3,980,702,888	620,014,163	3,701,424,963	4,321,439,126
Bank Overdraft (Note 26.2)	519,019,281	-	519,019,281	168,540,968	-	168,540,968
Loans due to Related Party (Note 20.3.2)	1,733,437,194	1,117,842,152	2,851,279,346	-	944,459,909	944,459,909
	3,026,836,363	4,324,165,152	7,351,001,515	788,555,131	4,645,884,872	5,434,440,003
Finance Leases (Note 20.3.3)	6,257,746	33,047,253	39,304,999	-	-	-
	3,033,094,109	4,357,212,405	7,390,306,514	788,555,131	4,645,884,872	5,434,440,003

Notes to the Financial Statements

Year ended 31 March 2016

20. INTEREST BEARING LOANS AND BORROWINGS (CONTD.)

20.3 Company (Contd.)

20.3.1 Bank Loans

	As at 01.04.2015 Rs.	Loans Obtained Rs.	Interest Charge Rs.	Repayments Rs.	Exchange Loss Rs.	As at 31.03.2016 Rs.
Commercial Bank of Ceylon PLC	3,264,499,269	-	236,208,260	(665,486,560)	-	2,835,220,969
International Finance Corporation	693,618,130	-	30,159,100	(769,727,408)	45,950,178	-
Sampath Bank PLC	363,321,727	670,000,000	38,875,260	(127,492,710)	-	944,704,277
Short term Loan - Nations Trust Bank PLC	-	200,000,000	777,642	-	-	200,777,642
	4,321,439,126	870,000,000	306,020,262	(1,562,706,678)	45,950,178	3,980,702,888

20.3.2 Loans due to Related Parties

	As at 01.04.2015 Rs.	Temporary Finance Obtained Rs.	Interest Charge Rs.	Current Account Transfer Rs.	As at 31.03.2016 Rs.
Asiri Surgical Hospital PLC (Note 20.3.2.a)	944,459,909	50,000,000	63,473,138	(122,010,702)	935,922,345
Asiri Diagnostics Services (Pvt) Ltd (Note 20.3.2.b)	-	231,919,807	-	-	231,919,807
Asiri Central Hospitals Ltd (Note 20.3.2.c)	-	1,671,000,000	33,084,807	(20,647,613)	1,683,437,194
	944,459,909	1,952,919,807	96,557,945	(142,658,315)	2,851,279,346

20.3.2.a Asiri Surgical Hospital PLC

The balance due to Asiri Surgical Hospital PLC which was included in current account amounting to Rs. 944,459,909/- has been classified as Non - Current Liability from the financial year ended 31 March 2015 and further to decision taken by Board of Directors of Asiri Surgical Hospital PLC, and amount of Rs 50,000,000/- has been classified as Current Liability from the financial year ended 31 March 2016.

20.3.2.b Asiri Diagnostics Services (Pvt) Ltd

On 31 March 2016, the Directors of Asiri Hospital Holdings PLC, which is the Parent Company, decided to convert the current account balance due from them into a non-current advance bearing a fixed interest of 7.5% (subject to periodic revision). Repayment terms are to be agreed after 2 years.

20.3.2.c Asiri Central Hospitals Ltd

The balance due to Asiri Central Hospitals Ltd including the current account balance amounting to Rs. 1,671,000,000/- which was included in current account has been classified as Current Liability (Loan) from the financial year ended 31 March 2016 bearing a variable interest equal to AWPLR.

20.3.3 Finance Lease

	As at 01.04.2015 Rs.	Obtained During the Year Rs.	Repayments Rs.	As at 31.03.2016 Rs.
Commercial Bank PLC	-	51,122,244	-	51,122,244
Gross Liability	-	51,122,244	-	51,122,244
Finance Charges Allocated to Future Periods	-	(11,817,245)	-	(11,817,245)
Net Liability	-	39,304,999	-	39,304,999

20.4 Long term loan details

Details of the Long Term Loans	Approved Facility	Repayment Terms	Security	Security Amount Rs.
International Finance Corporation (This loan has been fully settled during the year)	USD 6.7 Mn (Rs. 868 Mn)	60 equal monthly installments	Refer Note 20.2.5	200 Mn
Sampath Bank PLC	Rs. 363 Mn	60 equal monthly installments of Rs.6,050,000/- commencing the month after disbursement	Corporate Guarantee by Asiri Surgical Hospital PLC	363 Mn
Commercial Bank of Ceylon PLC	Rs. 377.6 Mn	71 equal monthly installments of Rs.5,107,000/- each and final installment of Rs. 5,085,000 /- together with interest	Primary Concurrent Mortgage Bond No 2365/1447 and 1559/357 totalling of Rs. 160 Mn over hospital property at No 181, Kirula Road, Narahenpita owned by Asiri Hospital Holdings PLC covering Bank's interest to the extent of Rs. 100 Mn. (Bank of Ceylon Interest - Rs. 60 Mn)	100 Mn
			Secondary Mortgage Bond No 963 for Rs. 275 Mn over the above hospital property	275 Mn
Commercial Bank of Ceylon PLC	Rs. 536 Mn	95 equal monthly installments of Rs.5,584,000/- each and final installment of Rs.5,520,000 /- together with interest	Corporate Guarantee of Asiri Surgical Hospital PLC for Rs. 550 Mn	550 Mn

Notes to the Financial Statements

Year ended 31 March 2016

20. INTEREST BEARING LOANS AND BORROWINGS (CONTD.)

20.4 Long term loan details (Contd.)

Details of the Long Term Loans	Approved Facility	Repayment Terms	Security	Security Amount Rs.
Commercial Bank of Ceylon PLC	Rs. 2,401.9 Mn	95 equal monthly installments of Rs.25,025,000/- and a final installment of Rs.24,591,000/- together with interest	Primary Mortgage Bond No 3919 over 74,454,026 shares of Central Hospital Ltd for Rs. 2,225 Mn	2,225 Mn
			Corporate Guarantee of Asiri Surgical Hospital PLC for Rs. 500 Mn	500 Mn
			Corporate Guarantee of Central Hospital Ltd for Rs. 562.5 Mn	562 Mn
Sampath Bank PLC	Rs. 670 Mn	119 Equal monthly installments of Rs. 5,600,000 and a final installment of Rs. 3,600,000 commencing from the month following the disbursement of the loan to be served monthly with interest.	Securitisation of all future credit/debit card receivable of the company. Loan agreement for Rs. 670 Mn. Assignment over credit /debit card receivable of the company and future debit /credit card receivable.	670 Mn

21. AMOUNTS DUE ON LEASEHOLD PROPERTY

	GROUP		COMPANY	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Payable to Board of Investment of Sri Lanka	34,272,667	38,344,667	-	-
	34,272,667	38,344,667	-	-

21.1 Group

	2016 Amount Repayable Within 1 Year Rs.	2016 Amount Repayable Within 2-5 Years Rs.	2016 Amount Repayable After 5 Year Rs.	2016 Total Rs.	2015 Total Rs.
	Payable to the Board of Investment of Sri Lanka				
On Leasehold Land	4,072,000	16,288,000	13,912,667	34,272,667	38,344,667
	4,072,000	16,288,000	13,912,667	34,272,667	38,344,667

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

- 21.2.1 An annual sum equivalent to 4% of the total market value of leasehold land (Rs.101,800,000/-) as at the date of the lease agreement, over a period of 25 years commencing from the financial year 2000/2001.
- 21.2.2 BOI reserves the right to revise the annual lease rent every 05 years on the basis of an annual increase not greater than the Average Weighted Deposit Rate prevailing at the end of each year as determined by the Central Bank of Sri Lanka or 10%, per annum which ever is lower. Accordingly, BOI has increased the annual lease rent by 5% in the financial year 2009/10. Accordingly, the finance cost amounting to Rs. 203,600/- has been recognized as an expense each year from year 2010/11.
- If BOI exercises same right, at the end of 5 years (i.e. after the financial year of 2013/14) and every 5 years thereafter at the maximum allowed rate of 10%, the Company would have to incur a gross liability of Rs.113,100,004/- including future finance costs of Rs. 8,567,470/-
 - All payments are subject to taxes prevailing at the time of payment.

22. DEFERRED TAX ASSETS AND LIABILITIES

22.1 Group

	2016 Rs.	2015 Rs.
Net Deferred Tax Liability		
At the beginning of the year	223,956,902	182,261,784
Charge recognised in Statement of Profit or Loss	(25,107,120)	35,708,128
Charge recognised in Statement of Other Comprehensive Income	27,679,470	9,314,614
Direct Charge to Equity	(3,462,944)	(3,327,624)
At the end of the year	223,066,308	223,956,902

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

	Liabilities		Assets	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Revaluation of Investment Property and Property Plant and Equipment	198,757,028	195,400,504	-	-
Accelerated depreciation for tax purpose	244,171,304	247,982,193	-	-
Employee benefit liabilities	(45,114,890)	(43,948,023)	-	-
Losses available for off set against future taxable income	(174,747,134)	(174,747,134)	-	-
Bad debts provision	-	(730,638)	-	-
	223,066,308	223,956,902	-	-

Notes to the Financial Statements

Year ended 31 March 2016

22. DEFERRED TAX ASSETS AND LIABILITIES (CONTD.)

22.2 Company

	2016 Rs.	2015 Rs.
Net Deferred Tax Liability		
At the beginning of the year	44,533,862	50,109,074
Reversal recognised in Statement of Profit or Loss	348,766	(4,031,820)
Reversal recognised in Statement of Other Comprehensive Income	13,871,242	(1,543,392)
At the end of the year	58,753,870	44,533,862
The closing deferred tax asset and liability balances relates to the following		
Revaluation of Property Plant and Equipment	9,039,411	370,113
Accelerated depreciation for tax purpose	67,178,197	64,561,760
Employee benefit liabilities	(17,463,738)	(20,398,011)
	58,753,870	44,533,862

23. POST EMPLOYMENT BENEFIT LIABILITY

	GROUP		COMPANY	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
23.1 Retirement Benefit Obligations- Gratuity				
Defined Benefit Obligation at the beginning of the year	344,721,136	261,892,207	169,983,416	133,852,952
Interest on Retirement Benefit Liability	34,220,191	28,808,143	16,998,342	14,723,825
Current Service Cost	37,772,593	39,515,225	13,048,615	14,826,668
Actuarial Loss/(Gain) for the year	(36,576,948)	30,977,020	(40,265,258)	12,861,598
Benefit paid during the year	(28,854,914)	(16,471,459)	(14,233,958)	(6,281,627)
Defined Benefit Obligation at the end of the year	351,282,058	344,721,136	145,531,157	169,983,416
Charge for the period				
Interest Charge for the year	34,220,191	28,808,143	16,998,342	14,723,825
Current Service Cost	37,772,593	39,515,225	13,048,615	14,826,668
Actuarial Loss for the Year	(36,576,948)	30,977,020	(40,265,258)	12,861,598
	35,415,836	99,300,388	(10,218,301)	42,412,091

- 23.2 Messrs. Actuarial and Management Consultants (Pvt) Ltd, Actuaries, carried out an actuarial valuation for Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC, Central Hospital Ltd, Asiri Diagnostics Services (Pvt) Ltd and Asiri Hospital Matara (Pvt) Ltd of the defined benefit plan gratuity as at 31 March 2016. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used are as follows:

Principal Actuarial Assumption

The principal financial assumptions underlying the valuation are as follows:

	2016	2015
Discount Rate	11% p.a	10% p.a
Salary Increase Rate	7.5% p.a	10% p.a
Staff Turnover Rate	Up to 50 years - 55 years 10% - 20%	Up to 50 years 10%

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

The Company will continue as a Going Concern.

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

	COMPANY 2016	COMPANY 2015
Discount Rate as at 31 March		
Effect on Retirement Benefit Obligation due to 1% increase in discount rate	(4,330,660)	(8,512,682)
Effect on Retirement Benefit Obligation due to 1% decrease in discount rate	4,663,792	9,500,294
Salary Escalation Rate as at 31 March		
Effect on Retirement Benefit Obligation due to 1% increase in Salary Escalation rate	5,410,509	10,158,337
Effect on Retirement Benefit Obligation due to 1% decrease in Salary Escalation rate	(5,103,419)	(9,259,826)

Notes to the Financial Statements

Year ended 31 March 2016

23. RETIREMENT BENEFIT LIABILITY (CONTD.)

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

	GROUP 2016	GROUP 2015
Discount Rate as at 31 March		
Effect on Retirement Benefit Obligation due to 1% increase in discount rate	(11,478,828)	(18,597,271)
Effect on Retirement Benefit Obligation due to 1% decrease in discount rate	12,374,931	20,850,086
Salary Escalation Rate as at 31 March		
Effect on Retirement Benefit Obligation due to 1% increase in Salary Escalation rate	14,221,994	22,164,523
Effect on Retirement Benefit Obligation due to 1% decrease in Salary Escalation rate	(13,395,875)	(20,109,976)

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

	GROUP 2016 Rs.	COMPANY 2016 Rs.
within the next 12 months	103,070,933	52,108,466
between 1 to 2 years	87,165,102	35,179,156
between 3 to 5 years	87,971,144	30,978,579
between 6 to 10 years	54,805,639	20,214,108
beyond 10 years	18,269,239	7,050,848
Total expected payments	351,282,057	145,531,157

The average duration of the Company's defined benefit plan obligation at the end of the reporting period is 3.5 years.

24. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
24.1 Trade and Other Creditors				
Trade Payables	453,873,792	371,256,384	89,731,805	63,846,838
Other Payable - Related Parties (Note 24.3)	3,880,684	1,512,682	20,488,470	300,508,164
	457,754,476	372,769,066	110,220,275	364,355,002
24.2 Other Payables				
Sundry Creditors Including Accrued Expenses	713,480,351	1,553,402,280	70,497,990	125,596,220
	713,480,351	1,553,402,280	70,497,990	125,596,220
	1,171,234,827	1,926,171,346	180,718,265	489,951,222

24.3 Other Payable - Related Parties

	Relationship	GROUP		COMPANY	
		2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Asiri Surgical Hospital PLC	Fellow Subsidiary	-	-	14,689,069	-
Asiri Diagnostics Services (Pvt) Ltd	Fellow Subsidiary	-	-	2,897,334	231,395,845
Asiri Central Hospitals Ltd	Fellow Subsidiary	-	-	-	69,106,023
Central Hospital Ltd	Fellow Subsidiary	-	-	1,684,087	6,296
Asiri Hospital Matara (Pvt) Ltd	Fellow Subsidiary	-	-	217,980	-
Asiri Laboratories (Pvt) Ltd	Fellow Subsidiary	-	-	1,000,000	-
Softlogic BPO Services (Pvt) Ltd	Group Company	455,100	-	-	-
Softlogic Communication (Pvt) Ltd	Group Company	10,500	-	-	-
Softlogic Corporate Services (Pvt) Ltd	Group Company	333,000	-	-	-
Softlogic Finance PLC	Group Company	841,670	-	-	-
Softlogic Mobile Distribution (Pvt) Ltd	Group Company	23,990	-	-	-
Softlogic Holdings PLC	Group Company	67,538	-	-	-
Softlogic Computers (Pvt) Ltd	Group Company	3,885	19,425	-	-
Softlogic Information Technologies (Pvt) Ltd	Group Company	512,100	233,721	-	-
Softlogic Retail (Pvt) Ltd	Group Company	1,632,901	1,259,536	-	-
		3,880,684	1,512,682	20,488,470	300,508,164

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

Notes to the Financial Statements

Year ended 31 March 2016

25. INCOME TAX PAYABLE

	GROUP		COMPANY	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Balance at Beginning of the Year	54,082,383	32,061,827	58,417,276	20,388,812
Provision for Income Tax During the Year (Note 6)	218,925,094	125,027,186	80,380,185	80,624,226
Payments made during the Year	(180,510,065)	(103,006,630)	(105,132,308)	(42,595,762)
Balance at the End of the Year	92,497,412	54,082,383	33,665,153	58,417,276

26. CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT

Components of Cash and Cash Equivalents

	GROUP		COMPANY	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
26.1 Favourable Cash and Cash Equivalents Balance				
Cash at Banks and On Hand	294,852,936	201,465,686	40,545,207	33,800,413
Short Term Deposits - Reverse Repurchase Agreements	609,137,883	1,045,151,896	-	1,031,151,896
	903,990,819	1,246,617,582	40,545,207	1,064,952,309
26.2 Unfavourable Cash and Cash Equivalents Balance				
Bank Overdraft (Note 20)	(612,455,382)	(256,724,918)	(519,019,281)	(168,540,968)
Total Cash and Cash Equivalents for the Purpose of the Cash Flow Statement	291,535,437	989,892,664	(478,474,074)	896,411,341

27. COMMITMENTS AND CONTINGENCIES

27.1 Capital Expenditure and Other Commitments

27.1.1 Capital Expenditure Commitments

There were no material commitments outstanding as at 31 March 2016 for future capital expenditure except for the below,

	2016 Rs.	2015 Rs.
Capital Expenditure Commitments	88,230,942	137,445,679
	88,230,942	137,445,679

27.2 Contingent Liabilities

(a) Legal Claims

Pending litigations against Asiri Hospital Holdings PLC and Asiri Surgical Hospital PLC with a maximum liability of Rs. 41.2 Mn and Rs.100 Mn respectively exist as at the reporting date. (2015 - Asiri Hospital Holdings PLC - Rs. 40 Mn , Asiri Surgical Hospital PLC -Rs. 100 Mn and Asiri Hospital Matara (Pvt) Ltd - Rs. 50 Mn)

In addition,

- 1) L.T. Case No 1/Add/19/2012 - D K Kanthi Rillagoda vs. Central Hospital Ltd in relating to termination of employment were pending against the Company as at 31 March 2016 in Central Hospital Ltd.
- 2) SC/(Spl) LA/100/2014/HCALT/126 - Asiri Central Hospitals Ltd Vs R.H.S Chandana Soyza Labour Tribunal and High Court Order has been delivered in favour of the employee and Company has filled an appeal application in Supreme Court.
- 3) H.C. (Civil) 417/2015/MR- Krishnan Thangaraj Vs. Asiri Central Hospitals Ltd, Oraz International Property Developers and Construction (Pvt) Ltd and H.G. Shalika Perera relating to a permanent injunction restraining the payment of any commission on the sale of the land and premises bearing Assessment No.37, Horton Place, Colombo 07 to P.P.M. Edwards. An Enjoining Order was issued restraining above at the First instance.

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

(b) Guarantees

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

	GROUP		COMPANY	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Sampath Bank PLC	899,000,000	899,000,000	436,000,000	436,000,000
Nations Trust Bank PLC	200,000,000	200,000,000	-	-
Hatton National Bank PLC	580,000,000	430,000,000	250,000,000	250,000,000
Commercial Bank of Ceylon PLC	3,768,460,000	3,254,960,000	1,462,460,000	1,212,460,000
Bank of Ceylon	200,000,000	200,000,000	200,000,000	200,000,000
Cargills Bank Ltd	-	375,000,000	-	250,000,000
	5,647,460,000	5,358,960,000	2,348,460,000	2,348,460,000

Notes to the Financial Statements

Year ended 31 March 2016

27. COMMITMENTS AND CONTINGENCIES (CONTD.)

27.3 Contingent Income Taxes

As dispute arisen between Asiri Surgical Hospital PLC and the Department of Inland Revenue with regard to the BOI applicable tax exemption as per the BOI agreement entered between Asiri Surgical Hospital PLC and BOI in 2000. In accordance with Paragraph 92 of LKAS 37, the Company does not provide further information on this and associated risks, in order not to impair the outcome and Company's position in this matter.

28. ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

Nature of Assets	Nature of liability	GROUP		COMPANY	
		Carrying Amount Pledged 2016 Rs.	2015 Rs.	Carrying Amount Pledged 2016 Rs.	2015 Rs.
Investment	Primary Mortgage Bond for loans and borrowings	7,110,364,517	5,554,788,973	7,110,364,517	5,554,788,973
Total Movable and Immovable properties	Primary/Secondary Mortgage Bond for loans and borrowings	5,788,609,000	5,420,622,608	1,011,800,000	548,047,500
Inventories and Trade Debtors	Hypothecation Bond for Bank Overdraft	391,735,413	350,017,019	-	-
		13,290,708,930	11,325,428,600	8,122,164,517	6,102,836,473

29. EVENTS OCCURRING AFTER THE REPORTING DATE

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

30. RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows.

30.1 Transactions with related entities

	GROUP		COMPANY	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Subsidiaries				
Opening Balance 01 April	-	-	(822,094,608)	(263,180,553)
Repayment of Temporary Finance Obtained, Fund Transfers and Interest Charged	-	-	(437,966,929)	(769,466,617)
Sale/(Purchase) of Goods/Services	-	-	73,266,026	38,514,332
Channelling Fee Collected by Related Party/ (Company on Behalf of the Related Party)	-	-	(13,979,450)	(16,594,300)
Expenses incurred by the Company on Behalf of Related Party	-	-	(14,382,228)	188,632,530
Acquisition of Shares	-	-	(1,116,893,942)	-
Closing Balance 31 March	-	-	(2,332,051,131)	(822,094,608)
Parent Entity and Key Management Personnel related entities				
Opening Balance 01 April	179,772,369	275,201,893	31,562,125	131,417,854
Repayment of Temporary Finance Obtained, Fund Transfers	(70,853,147)	(96,317,525)	(31,562,125)	(100,000,000)
Interest charges on Funds transfers	6,572,014	8,713,337	-	144,271
Sale/(Purchase) of Goods/Services	4,481,703	(7,717,136)	-	-
Expenses incurred by the Company on Behalf of Related Party	-	(108,200)	-	-
Closing Balance 31 March	119,972,939	179,772,369	-	31,562,125
Balance as at 31 March				
Included Under Other Receivables (Note 16.3)	7,008,243	31,720,663	531,473,497	454,435,590
Included Under Loans granted to Related Parties (Note 17)	116,845,380	149,564,388	-	-
Included Under Other Payables (Note 24.3)	(3,880,684)	(1,512,682)	(20,488,470)	(300,508,164)
Included Under Interest Bearing Loans and Borrowings (Note 20.3)	-	-	(2,851,279,346)	(944,459,909)
Included Under Trade Receivables	-	-	8,473,577	-
Included Under Trade Payables	-	-	(230,389)	-
	119,972,939	179,772,369	(2,332,051,131)	(790,532,483)

Notes to the Financial Statements

Year ended 31 March 2016

30. RELATED PARTY DISCLOSURES (CONTD.)

30.2 The advance paid to Softlogic BPO Services (Pvt) Ltd for software implementation amounting to Rs.9,140,763/-is included in Advances and Prepayments as at 31 March 2016. (2015 - Rs. 23,710,607/-)

30.3 Management fees paid to Softlogic Holdings PLC amounted to Rs.11,401,103/- in the current financial year. (2015 - Rs. 13,114,150/-)

30.4 Management fees received from Asiri Diagnostic Services (Pvt) Ltd amounted to Rs. 7,200,000/- in the current financial year. (2015 - Rs. 6,000,000/-).

30.5 During the year the Company had disposed their investment in National Development Bank to Asiri Central Hospitals Ltd and Asiri Surgical Hospital PLC amounting to 2,403,447 shares and 8,136 shares respectively for a total consideration of Rs. 529,232,590/-.

30.6 Compensation of Key Management personnel*

	GROUP		COMPANY	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
a) Short term Employee Benefits	22,838,947	28,660,184	13,244,385	23,600,184
	22,838,947	28,660,184	13,244,385	23,600,184

*Key management personnel include Board of Directors of Asiri Hospital Holdings PLC and its Subsidiary Companies

b) The Directors of the Company hold 380,738 shares of Asiri Hospital Holdings PLC as at 31 March 2016. (2015- 380,738)

c) As at 31 March 2016, Softlogic Holdings PLC, Softlogic International (Pvt) Ltd, Softlogic Communication (Pvt) Ltd, Softlogic Information Technologies (Pvt) Ltd and Asian Alliance Insurance PLC hold 578,404,149 shares (2015 - 565,964,414) shares of the Company.

d)	Name of the Related Party	Details of Transactions	GROUP		COMPANY	
			Goods and Services (Obtained)/ Rendered 2016 Rs.	Goods and Services (Obtained)/ Rendered 2015 Rs.	Goods and Services (Obtained)/ Rendered 2016 Rs.	Goods and Services (Obtained)/ Rendered 2015 Rs.
	Softlogic Computers (Pvt) Ltd	Purchase of Computers and Accessories	(8,764,211)	(1,357,442)	(2,202,503)	(180,936)
	Softlogic Holdings PLC	Technical fees, hiring charges and repairs	(36,555,298)	(39,650,857)	(36,555,298)	(39,650,857)
	Softlogic Information Technologies (Pvt) Ltd	Software Maintenance Charges	(30,581,092)	(20,644,161)	(14,262,106)	(4,874,173)
	Softlogic Automobiles (Pvt) Ltd	Purchase of Motor Vehicles and Vehicle Repairs	(5,596,872)	(145,961)	(5,932,023)	(42,389)
	Softlogic Communication (Pvt) Ltd	Purchase of Mobile Phones	(208,955)	(613,434)	(32,500)	(60,540)
	Softlogic Corporate Services (Pvt) Ltd	Secretarial Services	(3,861,930)	(4,259,149)	(1,338,380)	(1,109,580)
	Softlogic Retail (Pvt) Ltd	Repairs and Purchase of Furniture and Stationary, Electronic Equipments	(29,923,907)	(33,049,349)	(20,699,963)	(8,126,945)
	Asian Alliance Insurance PLC	Sale of Blood, Drugs, Insurance Payments and Others	18,009,193	(11,968,288)	(9,116,883)	-
	Future Auto Mobiles (Pvt) Ltd	Purchase of Motor Vehicles	(47,841,582)	(26,688,782)	(62,830,366)	(5,161,957)
	Softlogic BPO Services (Pvt) Ltd	System Maintenance Charges	(20,648,553)	(4,208,769)	(15,121,093)	(2,115,859)
	Softlogic Brand (Pvt) Ltd	Purchase of Furniture	-	(188,239)	-	(111,429)
	Softlogic Finance PLC	Purchase of Motor Vehicles	(10,804,670)	(400,000)	-	-
	Softlogic Mobile Distribution (Pvt) Ltd	Purchase of Mobile Phones and Repairs	(508,810)	-	(370,290)	-
	Softlogic Information System (Pvt) Ltd	Purchase of Computers and Accessories and Repairs	(872,845)	-	(872,845)	-
			(178,159,532)	(143,174,431)	(169,334,250)	(61,434,665)

Notes to the Financial Statements

Year ended 31 March 2016

30. RELATED PARTY DISCLOSURES (CONTD.)

30.7 Off Balance Sheet Items

Company

- a) Guarantees made by Asiri Hospital Holdings PLC, has been given in Note 27.2.(b) to these Financial Statements.

Asiri Hospital Holdings PLC has granted Corporate Guarantees to Sampath Bank PLC, Hatton National Bank PLC, Commercial Bank of Ceylon PLC and Bank of Ceylon for the individual loans and permanent overdraft facilities to secure the banking facilities obtained by the Subsidiaries for the value of Rs. 436 Mn, Rs. 250 Mn, Rs 1,462.46 Mn and Rs. 200 Mn respectively.

- b) Refer Note 28 to these Financial Statements for assets pledged by Asiri Hospital Holdings PLC in order to obtain loans.

Group

- a) Guarantees made by Group of Asiri Hospital Holdings PLC, has been given in Note 27.2.(b) to these Financial Statements.

Asiri Hospital Holdings PLC and It's Subsidiaries has granted Corporate Guarantees to Sampath Bank PLC, Nations Trust Bank PLC, Hatton National Bank PLC, Commercial Bank of Ceylon PLC and Bank of Ceylon for the individual loans and permanent overdraft facilities to secure the banking facilities obtained by the Subsidiaries for the value of Rs. 899 Mn, Rs. 200 Mn, Rs. 580 Mn, Rs. 3,768.46 Mn and Rs. 200 Mn respectively.

- b) Refer Note 28 to these Financial Statements for assets pledged by Asiri Hospital Holdings PLC Group in order to obtain the loans.

30.8 Other Transactions

Company

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

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

31. 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, Interest Rate Risk, Legal Risk, Foreign Exchange Risk, Investment Risk and Liquidity Risk. Managing these risks is part of the Company's risk management process.

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

Credit Risk

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

Interest Rate Risk

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

Legal Risk

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

Foreign Exchange Risk

Foreign Exchange Risk is the Company's exposure to adverse movement in foreign currency against the Sri Lankan Rupee. The Company has obtained a foreign currency loan from International Finance Corporation (IFC) and the loan has been fully settled during the year.

Notes to the Financial Statements

Year ended 31 March 2016

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

Investment Risk

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

Liquidity Risk

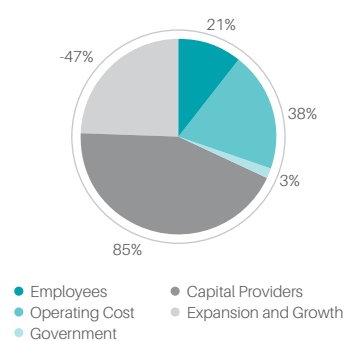
Cash flow forecasting is performed by the finance division. The Finance division monitor rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Company's covenant compliance and compliance with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

Economic Value Added Statement

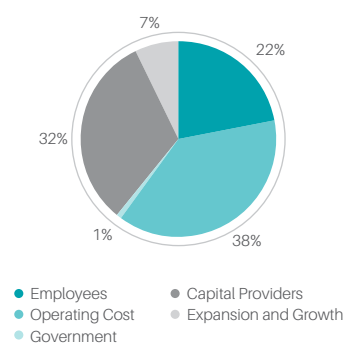
The creation of wealth is the main purpose of existence of any commercial organisation. The value added statement highlights the wealth created by the activities of the company over the last two years and the distribution of this wealth created among its stakeholders.

Distribution of Economic Value Added

2016



2015



	31-Mar-2016		31-Mar-2015	
	Rs. '000	%	Rs. '000	%
Direct Economic Value Generated				
Turnover	2,730,388	87%	2,440,580	83%
Finance Income	32,256	1%	65,191	2%
Other Income	384,739	12%	450,684	15%
	3,147,382	100%	2,956,455	100%
Employees				
Employee Wages & Benefits	650,289	21%	643,833	22%
Economic Value Distributed				
Operating Cost	1,180,738	38%	1,112,816	38%
Government				
Taxes Paid	105,132	3%	42,596	1%
Capital Providers				
To lenders as Interest	430,619	14%	394,312	13%
To Shareholders as Dividends	2,206,815	70%	549,546	18%
Currency Fluctuation	45,950	1%	16,375	1%
Expansion and Growth				
Depreciation	86,631	3%	81,356	3%
Retained Earnings	(1,558,792)	(50%)	115,622	4%
	3,147,382	100%	2,956,455	100%

Shareholder Information

The Ordinary shares of the Company are listed in the Colombo Stock Exchange of Sri Lanka. The Audited Financial Statements of the Company for the year ended March 31, 2016 and copies of this annual report have been submitted to The Colombo Stock Exchange.

Distribution of Shareholders

Shareholdings	31st March 2016			31st March 2015		
	No of Shareholders	Total Holding	Total Holding (%)	No of Shareholders	Total Holding	Total Holding (%)
1 to 1000 shares	2,379	778,944	0.07	2,381	832,931	0.08
1001 to 10,000 shares	1,889	7,658,462	0.67	2,095	8,646,051	0.79
10001 to 100,000 shares	938	32,316,814	2.84	1,048	33,125,340	3.02
100001 to 1,000,000 shares	227	60,956,327	5.36	263	72,694,052	6.63
Over 1,000,001 shares	30	1,035,823,049	91.06	33	980,793,934	89.48
Total	5,463	1,137,533,596	100	5,820	1,096,092,308	100

Composition of Shareholders

Individual	5,323	136,218,928	12	5,630	150,461,897	14
Institutional	140	1,001,314,668	88	190	948,630,411	87
Total	5,463	1,137,533,596	100	5,820	1,099,092,308	100
Residence	5,404	721,475,369	63	5,765	765,804,295	70
Non-Residence	59	416,058,227	37	55	333,288,013	30
	5,463	1,137,533,596	100	5,820	1,099,092,308	100

	As at 31st March 2016	%	As at 31st March 2015	%
Softlogic Holdings PLC	423,991,131	37.27	406,068,130	36.95
Merrill Lynch Pierce Fenner & Smith-TPG Growth III SF Pte Ltd	328,258,328	28.86	-	-
Actis Investment Holdings SL Limited	-	-	287,670,207	26.17
Commercial Bank of Ceylon PLC/Softlogic Holdings PLC	47,554,473	4.18	47,033,338	4.28
BNY-CF Ruffer Investment Fund : CF Ruffer Pacific Fund	36,148,930	3.18	-	-
HSBC INTL NOM LTD - SSBT- Wasatch International opportunities Fund	35,536,611	3.12	29,536,611	2.69
Softlogic Holdings PLC A/C No 3	26,184,018	2.30	26,184,018	2.38
Softlogic Holdings PLC A/C No 2	26,184,018	2.30	26,184,018	2.38
Softlogic International (Pvt) Ltd	23,689,854	2.08	23,689,854	2.16

	As at 31st March 2016	%	As at 31st March 2015	%
Softlogic Information Technologies (Pvt) Ltd	19,233,030	1.69	23,151,323	2.11
Deutsche Bank AG/National Equity Fund	-	-	22,750,781	2.07
Deutsche Bank AG/Namal Acuity Value Fund	-	-	10,665,149	0.97
Mr. Chaminda Dilantha Weerasinghe (Deceased)	9,375,000	0.82	9,375,000	0.85
Mr. P P Subasinghe	8,109,090	0.71	10,634,702	0.97
Asian Alliance Insurance PLC A/C 02 (Life Fund)	5,500,000	0.48	5,000,000	0.45
Mas Capital (Pvt) Ltd	5,379,574	0.47	5,379,574	0.49
Union Bank of Colombo Ltd/Softlogic International (Pvt) Ltd	4,905,390	0.43	4,905,390	0.45
HSBC INTL NOM LTD - BBH-Grandeur Peak Emerging Markets Opportunities	-	-	4,000,000	0.36
CBHK S/A Platinum Broking Company Ltd	3,523,601	0.31	2,773,601	0.25
Dr. L.D.A.C. Luvis	3,441,720	0.30	3,441,720	0.31
Pictet and CIE (Europe) S.A.S/A Ruffer Sicav-Ruffer Global	3,376,870	0.30	3,375,000	0.31
Dr. W.M.S.Welagedara	3,375,000	0.30	3,036,050	0.28
Mr. A.U. Maniku	3,036,050	0.27	-	-
Estate of Mr. Tissa Weerasinghe	3,000,000	0.26	3,000,000	0.27
	1,019,802,688	89.65	957,854,466	87.15
Shares held by the balance shareholdings	117,730,908	10.35	141,237,842	12.85
Total Issued Shares	1,137,533,596	100.00	1,099,092,308	100.00
Public Shareholding	230,490,381	20.26%	252,026,350	22.93%
Total number of public shareholders	5,455		5,812	

Share Trading

	2015/16	2014/15
Market Price (Rs.)		
Highest (02-12-2015)	25.5	25.4
Lowest (01-04-2015)	19.7	19.1
As at year end (31-03-2016)	24	20.2
No of Trades	4,204	4,077
No of Shares Traded	409,574,823	51,286,649
Value of the Shares Traded (Rs)	9,739,579,749	1,168,381,332
Earning per Share	1.06	1.29
Divdends per Share	1.94	0.50
Net Assets per Share	5.21	5.48

Five Year Summary

Year ended 31st March	2016 Rs.'000	2015 Rs.'000	2014 Rs.'000	2013 Rs.'000	2012 Rs.'000
Revenue	9,952,385	8,593,473	7,962,485	7,075,680	6,096,766
Cost of Sales	(5,391,656)	(4,641,170)	(4,073,338)	(3,579,556)	(3,083,768)
Gross Operating Profit	4,560,729	3,952,303	3,889,147	3,496,124	3,012,998
Other Laboratory Income	89,308	60,847	57,521	58,373	46,138
Administration & Distribution Expenses	(2,591,220)	(2,288,248)	(2,029,621)	(1,833,532)	(1,480,382)
Profit from Operations	2,058,817	1,724,902	1,917,047	1,720,966	1,578,754
Other Income	83,074	73,682	89,468	48,301	57,973
Fair Value Adjustment of the Investment Property	-	513,364	83,690	61,309	205,381
Exchange Gain/(loss)	-	(47,321)	(138,100)	21,397	(231,374)
Profit Before Interest & Tax	2,141,891	2,264,627	1,952,105	1,851,973	1,610,734
Finance Income	155,945	42,769	28,621	92,094	-
Finance Expenses	(715,050)	(564,008)	(606,361)	(892,547)	(668,744)
Profit Before Tax	1,582,787	1,743,388	1,374,365	1,051,520	941,990
Income Tax	(193,818)	(160,735)	(169,219)	(164,793)	(90,630)
Profit After Tax	1,388,969	1,582,653	1,205,146	886,727	851,360
Minority Interest	(206,590)	(165,919)	(254,557)	(200,994)	(242,028)
Profit after Minority Interest & Tax	1,182,378	1,416,734	950,589	685,732	609,332
Property, Plant & Equipment	13,358,513	11,856,403	10,625,083	10,706,576	9,272,110
Investment Property	-	2,698,000	2,184,636	2,100,945	2,039,636
Investment In Associate	30,000	-	-	-	-
Intangible Assets	548,707	548,707	548,707	548,707	548,707
Financial Assets	407,624	598,127	430,709	397,611	295,919
Deferred Tax Assets	-	-	44,674	223,623	227,376
Inventories	444,058	381,062	354,587	329,705	297,523
Trade and Other Receivables	396,854	373,759	365,075	287,171	393,047
Other Current Assets	560,962	361,714	323,574	189,167	232,438
Loans Granted to Related Parties	116,845	149,564	275,269	370,795	-
Financial Assets - Held For Trading	-	-	-	31,941	28,687
Financial Assets - Available for Sale	-	755	290	-	-
Cash and Bank Balances	903,991	1,246,618	192,422	170,995	119,871
Total Assets	16,767,555	18,214,709	15,345,026	15,357,236	13,455,314

Year ended 31st March	2016 Rs.'000	2015 Rs.'000	2014 Rs.'000	2013 Rs.'000	2012 Rs.'000
Issued Share Capital	4,748,108	3,902,400	3,902,400	3,902,400	1,636,244
Reserves	1,685,824	1,593,240	1,336,064	1,210,910	427,992
Available for Sale Reserve	159,304	296,713	128,829	95,958	(5,666)
Reserve on Consolidation	(832,200)	(2,345,962)	(2,338,291)	(1,144,554)	-
Retained Earnings	170,703	2,575,322	1,731,408	1,392,250	1,302,364
Minority Interest	951,522	1,182,652	1,100,819	2,217,564	2,203,649
Total Equity	6,883,262	7,204,365	5,861,229	7,674,528	5,564,583
Amount due on Leasehold Property	30,201	34,273	38,344	42,417	46,489
Interest Bearing Long Term Liabilities	6,189,792	7,032,828	5,850,962	4,285,988	5,001,344
Deferred Tax	223,066	223,957	226,936	389,894	177,384
Deferred Liabilities	351,282	344,721	261,892	214,323	200,335
Other Payables - Non Current	-	-	-	-	-
Trade Creditors	457,754	372,769	305,159	265,320	472,794
Other Payables	848,573	1,650,525	289,947	381,879	85,522
Amount payable in lieu of Investment in Associate	30,000	-	-	-	-
Amount due on Leasehold Property	4,072	4,072	4,072	4,072	4,072
Interest Bearing Borrowings & Bank Overdraft	1,749,551	1,347,199	2,506,485	2,098,815	1,902,791
Total Equity & Liabilities	16,767,555	18,214,709	15,345,026	15,357,236	13,455,314

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Thirty Sixth Annual General Meeting of Asiri Hospital Holdings PLC will be held at Hotel Janaki, Fife Road, Colombo 05 on Monday the 19th day of September 2016 at 11.45 a.m. for the following purposes:

- 1) To receive and consider the Annual Report of the Board of Directors and Financial Statements of the Company and of the Group for the year ended 31st March 2016 together with the Report of the Auditors thereon.
- 2) To ratify the Interim Dividend of Rs. 0.45 per share paid on 26th May 2016 as the Final Dividend for the year ended 31st March 2016.
- 3) To re-elect Mr. G L H Premaratne who retires by rotation in terms of Article 24(6) of the Articles of Association, as a Director of the Company.
- 4) To re-elect Mr. V Narain who retires in terms of Article 24(2) of the Articles of Association, as a Director of the Company.
- 5) To re-elect Mr. V Bali who retires in terms of Article 24(2) of the Articles of Association, as a Director of the Company.
- 6) To re-appoint Messrs Ernst & Young as the Auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration.
- 7) To authorize the Directors to determine and make donations for the year ending 31st March 2017 and up to the date of the next Annual General Meeting.

By Order of the Board

Softlogic Corporate Services (Pvt) Ltd
Secretaries

Colombo
22nd July 2016

Note:

A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy who need not be a member, to attend instead of him/her.

A Form of Proxy is enclosed in this Report.

The completed Form of Proxy should be deposited at the Registered Office of the Company, No. 181, Kirula Road, Colombo 05, not less than 48 hours before the time for holding the Meeting.

Form of Proxy

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

Mr. A K Pathirage	of Colombo or failing him
Dr. S Selliah	of Colombo or failing him
Dr. K M P Karunaratne	of Colombo or failing him
Mr. G L H Premaratne	of Colombo or failing him
Mr. S A B Rajapaksa	of Colombo or failing him
Mr. J E Huxtable	of Colombo or failing him
Mr. V Narain	of India or failing him
Mr. V Bali	of India

as *my/our Proxy to represent *me/us and to speak and vote for *me/us on *my/our behalf at the 36TH ANNUAL GENERAL MEETING OF THE COMPANY to be held at Hotel Janaki, Fife Road, Colombo 05 at 11.45 a.m. on Monday the 19th day of September 2016 and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

	FOR	AGAINST
1) To receive and consider the Annual Report of the Board of Directors and Financial Statements of the Company and of the Group for the year ended 31st March 2016 together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2) To approve the interim dividend of Rs. 0.45 per share paid on 26th May 2016 as the final dividend for the year ended 31st March 2016.	<input type="checkbox"/>	<input type="checkbox"/>
3) To re-elect Mr. G L H Premaratne who retires by rotation in terms of Article 24(6) of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4) To re-elect Mr. V Narain who retires in terms of Article 24(2) of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
5) To re-elect Mr. V Bali who retires in terms of Article 24(2) of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
6) To re-appoint retiring Auditors Messrs Ernst & Young and to authorize the Directors to fix their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
7) To authorize the Directors to determine and make donations for the year ending 31st March 2017 and up to the date of the next Annual General Meeting.	<input type="checkbox"/>	<input type="checkbox"/>

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

.....
 *Signature/s

Note:

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

INSTRUCTIONS AS TO COMPLETION

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

Please provide the following details :

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

Corporate Information

Name of the Company

Asiri Hospital Holdings PLC

Registered Office

181, Kirula Road, Colombo 05,
Sri Lanka.

Office & Administrative Complex

Asiri Surgical Hospital PLC,
21, Kirimandala Mawatha,
Colombo 05.

Sri Lanka.

T.P: 011 4524400

Email : info@asiri.lk

Web : www.asirihealth.com

Company Registration Number

PQ 204

Legal Form

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

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

Stock Exchange Listing

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

Subsidiary Companies

Asiri Surgical Hospital PLC
21, Kirimandala Mawatha,
Colombo 5.

Asiri Central Hospitals Ltd
114, Norris Canal Road,
Colombo 10.

Central Hospital Ltd
114, Norris Canal Road,
Colombo 10.

Asiri Diagnostics Services (Pvt) Ltd
181, Kirula Road, Colombo 05.

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

Asiri Hospital Matara (Pvt) Ltd
26, Esplanade Road, Uyanwatte,
Matara.

Asiri Laboratories (Pvt) Ltd
181, Kirula Road, Colombo 05.

Associate Companies

Digital Health (Pvt) Ltd
475, Union Place, Colombo 02.

Directors

Mr. A K Pathirage

Dr. K M P Karunaratne

Dr. S Sellaih

Mr. S A B Rajapaksa

Mr. G L H Premaratne

Mr. J E Huxtable

Mr. Vishwarupe Narain

Mr. Vishal Bali

Mr. Ankur Nand Thadani

(Alternate director)

Mr. Ritesh Pandey

(Alternate director)

Auditors

Messrs Ernst & Young

(Chartered Accountants)

201, De Saram Place,

Colombo 10.

Secretaries

Messrs Softlogic Corporate

Services (Pvt) Ltd

14, De Fonseka Place,

Colombo 5.

Designed & produced by

emagewise

Digital Plates & Printing by
Softwave Printing and Publishing (Pvt) Ltd

