

Pledge of care

Asiri Surgical Hospital is reputed for its specialist expertise in Nuclear Medicine and Radiology. The hospital's uncompromising focus on deploying the latest technology in these areas has rendered it the foremost medical centre of excellence. Its proficiency in radiology and nuclear medicine has been acknowledged worldwide - with its research papers being presented at several medical congresses in the past including medical institutions such as those in Chicago, Seattle, Brazil, Basel, Poland and the UK.

Cover Image

MRI Scan – Sagittal view of Vertebral Column (Whole spine)

Pledge of care

At Asiri Surgical Hospital, we have always been strong in our commitment to provide the highest quality healthcare to the thousands who come to us, here in Sri Lanka and from across the region. Our pledge to serve every patient with gentle care, clinical expertise and social responsibility remains a driving factor in the work we do each day.

Now, dominating the field in technology, diagnostic skills and positive outcomes, delivered with the warmth and friendliness we are reputed for, Asiri Surgical Hospital will continue to be an icon of world-class healthcare services and uncompromising quality; honouring the pledge of care we made, now and into the future.

Vision

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



Scan for more information
about the Company

www.asirihospitals.com

Mission

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

Values

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

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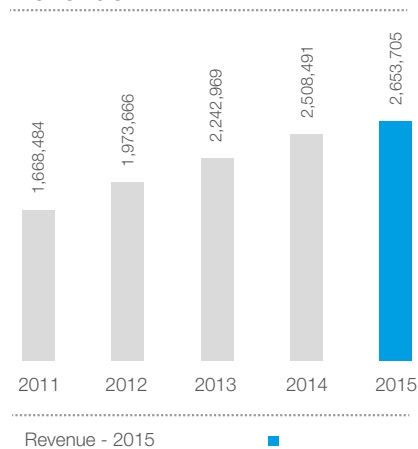
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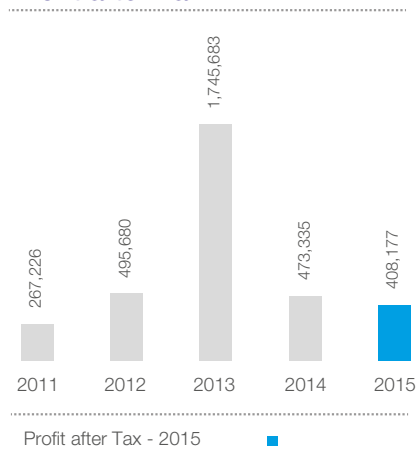
Performance Highlights

		2015	2014
Operating Results			
Revenue	Rs. 000	2,653,705	2,508,491
Profit before Interest and Tax	Rs. 000	465,431	578,775
Profit after Tax	Rs. 000	408,177	473,335
Return on Equity		12.74%	15.68%
Balance Sheet Highlights			
Total Assets	Rs. 000	4,461,730	4,476,972
Total Equity	Rs. 000	3,203,522	3,019,213
Shareholder Information			
Earnings per Share	Rs.	0.77	0.90
Net Assets per Share	Rs.	6.06	5.71
Dividend per Share	Rs.	0.40	1.56
Share Price (31st March)	Rs.	15.20	11.70

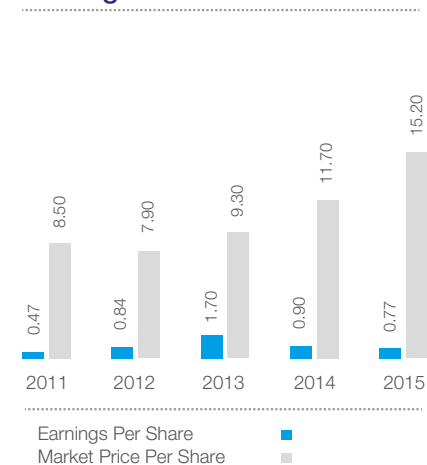
Revenue



Profit after Tax



Earnings and Market Value



Accreditations & Recognition

Quality Control Management System



ISO 9001: 2008

Provides assurance that the Organisation is able to enhance customer satisfaction by meeting customer needs and relevant regulatory requirements. – Microbiology & Histopathology Laboratory of Asiri Surgical Hospital

Environmental Management System



ISO 14001:2004

Provides assurance that the environmental impact of the Organisation's key operations are monitored and minimised.

Quality Control Management System



ISO 9001: 2008

Management provides assurance to the customers that the organisation is fully committed to quality

Occupational Health and Safety System



OHSAS 18001: 2007

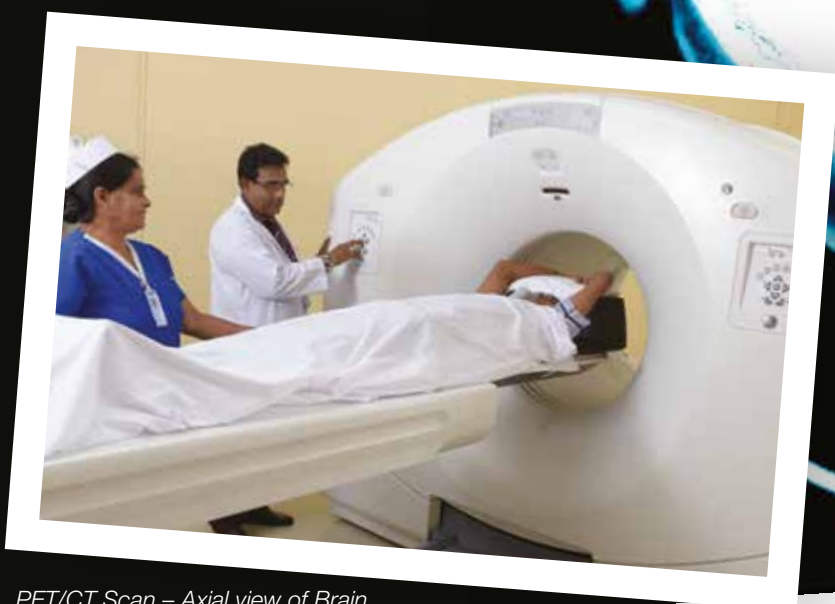
Assists the Organisation in monitoring and minimising occupational health and safety hazards.

Food Safety Management System




ISO 22000:2005

Ensures the safety of food in the entire food processing cycle



PET/CT Scan – Axial view of Brain



With sincere and heartfelt gratitude, I want to thank your doctors, therapists and staff for helping my father make a full recovery. From the moment we approached your facility, we knew that our father was in the best place he could be. We cannot thank you enough.

MRS. ROSHANA NANAYAKKARA

Daughter of Mr. S Nanayakkara – Room No. 605

Chairman's Review



Ashok Pathirage
Chairman/ Managing Director

Our pursuit of earning the accreditation from the Joint Commission International (JCI), considered the most rigorous standard in global healthcare, ensured we had our hands full this year. We are already witnessing the benefits of this single-minded goal, as our systems and processes are overhauled and streamlined.

I welcome you to the 15th Annual General Meeting of Asiri Surgical Hospital PLC and am pleased to present you with the annual report and statement of accounts for the 2014/15 financial year. The hospital recorded a 6% growth in revenue to reach LKR 2.65 billion from LKR 2.51 billion in the previous year. Although increased competition in the healthcare segment served to constrict profitability during the year, we are confident that the addition of several new and advanced medical services for the first time in the country will strengthen our brand identity and build patient loyalty.

During the year, we also forged ahead in widening the scope of our services, introducing several firsts to the country. Our energies were purely focused on enhancing our expertise in patient-centric care, reaching out to patients with personalised attention and, better still, offering reliability and a feeling of being cared for, which is incomparable. The Asiri Group of Hospitals is shaping the perception of healthcare delivery in the nation and, Asiri Surgical, led by its vision to be the leading healthcare provider in South Asia - with highest quality of clinical performance and customer care with cutting-edge technology - is proud to be spearheading the Group effort.

During the financial year under review, we successfully strengthened and expanded our organisational capability in cardiac care and bariatric surgery, while preparing to distinguish the hospital as a centre of excellence in liver transplant, which will be fully functional by the end of 2015.

Our pursuit of earning the accreditation from the Joint Commission International (JCI), considered the most rigorous standard in global healthcare, ensured we had our hands full this year. We are already witnessing the benefits of this single-minded goal, as our systems and processes are overhauled and streamlined. Apart from the marketing benefits we will gain on receipt of this certification, we are optimistic about the process improvements that will be achieved concurrently. Besides strengthening patient safety, improving internal processes and risk management, and widening the scope of staff education, the accreditation will differentiate us and The Central Hospital distinctly, in the healthcare market. This journey has been a strategic development in our evolution and growth.

Chairman's Review

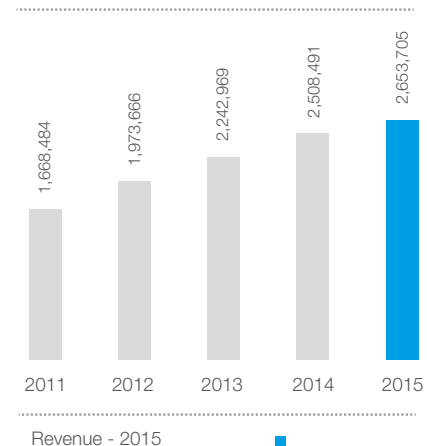
Apart from building healthcare institutions that are modelled along leading counterparts in the world, we are also developing a legion of trained professional medical and nursing staff that is enhancing the reputation of the Asiri Hospitals Group as a hub for trained and caring hospital staff. Our training efforts during the year were focused on upgrading knowledge, technical and behavioural skills, so as to deliver improved medical outcomes and better patient care. The lack of trained medical staff in the sector is an acute problem and needs to be addressed in a strategic manner. We have already applied ourselves to addressing this challenge by establishing a comprehensive training programme that graduates professional nursing and medical staff to feed our Group hospitals. Our efficiency in serving our customers is born out of the tireless efforts of our employees and we believe in creating value for them in their personal and professional growth. Further, during the period under consideration, we were able to attract some of the leading medical consultants and specialists to our institution, which has further enhanced the loyalty of patients who look to us to provide them with expert medical opinions.

Positioned for Growth

As Sri Lanka's largest private sector healthcare provider, we remain committed to bringing in the latest medical technology, so that patients can expect the most complicated medical procedures to be performed safely in our world-class environs. We are taking the threat of Non Communicable Diseases seriously and are ensuring that we have an arsenal of medical services to detect and combat these diseases at an early stage. Strengthening processes and systems across the organisation, while leveraging on an advanced IT platform, forms the crux of our growth strategy going ahead. We end this financial year under review with a sense of accomplishment of having had a positive impact on the lives of the hundreds of patients who enter our portals.



Revenue





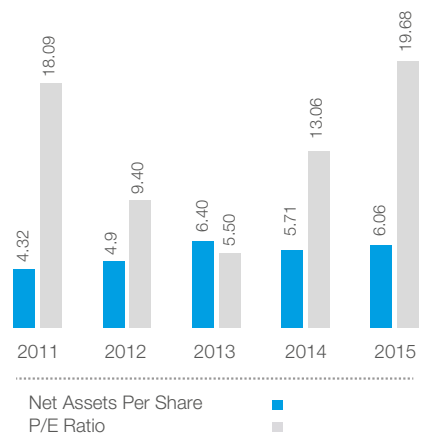
Acknowledgements

I wish to thank my fellow Directors on the Board for their guidance through the year and to express my gratitude to the doctors, nurses and other staff of the hospital for living the values Asiri holds dear. Our expanding customer base is a testimonial to your dedication. I extend my appreciation to patients who continue to place their trust in us and to shareholders and other stakeholders for recognising our commitment to deliver the best outcomes in health and patient care.

Ashok Pathirage

Chairman/Managing Director

Share Value



Board of Directors



Ashok Pathirage
Chairman/Managing Director

Mr. Pathirage is one of the co-founders of Softlogic and was appointed as Chairman of Softlogic in 2000. He is also Chairman/Managing Director of Asiri hospital chain, Softlogic Capital PLC, Softlogic Finance PLC, Asian Alliance Insurance PLC and Odel PLC which are listed in addition to the other companies of the Group operating in Leisure & Restaurants, Retail, Automobile, Insurance and ICT industries. He is also the Deputy Chairman of National Development Bank PLC and the Chairman of NDB Capital Holdings Limited. Due to his business acumen and corporate leadership he is one of the top business leaders in the country.



Dr. S. Selliah - (MB BS, M.Phil)
Deputy Chairman

Dr. Sivakumar Selliah is the Deputy Chairman of Asiri Hospitals Holdings PLC, and Asiri Surgical Hospital PLC. Dr. Selliah holds a MBBS degree and a Master's Degree (M.Phil). He has over 23 years of experience in diverse fields which include manufacturing, healthcare, plantations, packaging, insurance and logistics.

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 the Deputy Chairman of Central Hospital Private Ltd. and also the Chairman of Cleanco Lanka Pvt Ltd. and JAT Holdings Pvt Ltd.

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



Dr. Manjula Karunaratne - MBBS, M.Sc (Trinity, Dublin), Dip. MS Med (UK) MSOrth Med. (Eng)
Chief Executive Officer

Dr. Manjula Karunaratne was appointed to the Board of Asiri Hospital Holdings PLC and Asiri Surgical Hospital PLC in 2006. He also serves on the Boards of Central Hospital Ltd, Asiri Central Hospital PLC, Asiri Hospital Matara (Pvt) Ltd., Asiri Diagnostic Services (Pvt) Ltd. and Asiri Hospital Kandy (Pvt) Ltd. He has previously held the positions of Medical Director, Asiri Hospital Holdings PLC as well as Group Chief Operating Officer and is currently the Chief Executive Officer of Asiri Hospital 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. G. L. H. Premaratne
Director

Was appointed to the Board in March 2008 after 40 years of banking experience with Commercial Bank. Mr. Premaratne is specialised in Corporate Banking, and is an Associate of the Chartered Institute of Bankers of London. He served as the Managing Director of Sampath Bank from 2009 to December 2011. He was the Managing Director of Cargills Bank Limited from 2012 to 2014. He held the position of Chairman of Sri Lanka Banks' Association.

He is a Director at Softlogic Holdings PLC and Softlogic Capital Limited and also serves on the Board of Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC and Central Hospital Limited. He functions as the Chairman of the Remuneration Committee and is also a member of the Audit Committee of all three Hospitals and Softlogic Holdings PLC.

Presently Mr. Premaratne is the Deputy Chairman of Softlogic Finance PLC.



Mr. Samantha Rajapaksa
Director

Mr. Samantha Rajapaksa currently serves as the Group Managing Director of Associated Motorways (Pvt) Limited.

Mr. Rajapaksa accounts for over 28 years of local and overseas managerial experience including Director – Softlogic Group, Director/ CEO – Softlogic Communications (Pvt) Ltd., Senior Project Manager – AT&T-USA, Group Director – Central Finance PLC, Director/ CEO – CF Venture Fund PLC and Director/ General Manager – Informatics International (Pvt) Ltd.

Mr. Rajapaksa is a Fellow member of the Institute of Chartered Accountants of Sri Lanka, the Chartered Institute of Management Accountants of UK and a Member of the Chartered Institute of Marketing of UK. He also holds an MBA from the Postgraduate Institute of Management of the University of Sri Jayawardenepura. He is a recipient of Platinum Honours Award from

the Postgraduate Institute of Management for Professional Excellence in the field of Management in 2013.

Mr. Rajapaksa also serves as a Director of AMW Capital Leasing & Finance PLC, Asiri Hospital Holdings PLC and Asiri Surgical Hospitals PLC.

The Group Management Team



Mr. Nipuna Mediawake
Chief Financial Officer



Mr. Neil Priyath John
Director Laboratory Services



Mrs. Hasanthi De Saram Karandagaspitiya
Group Head – Human Resources & Human Resource Development



Mrs. Thelani Weerasinghe
Director Nursing



Mr. Kosala Dissanayake
Director Administration



Mrs. Rochelle de Silva
Director Marketing



Mr. Nalin Pasqual
General Manager - Asiri Hospital
Matara (Pvt) Ltd



Mrs. Hemanthi Vithanage
Group Head - Procurement and Logistics



Mr. Deepthi Wijerathne
Group Maintenance Engineer



Mr. Sudath Hewage
Group Pharmacy Manager



Mr. Upul Wijekoon
Group Head- Food & Beverage



Dr. Gananath Dasanayake
Head Of Quality Assurance



Mr. Samitha Premarathne
Group IT Manager



Mr. Kelum Jayasuriya
Manager-Quality Standards Group
Pharmacy Services



Mr. Kasun Rupasinghe
Group Internal Auditor



Mrs. Nadeeka Wimalathunga
Group Manager Legal



Mr. Premal Fernando
Chief Bio-Medical Technologist



Mr. Sudath Dabare
Group Security Consultant

Management Team



Dr. Ruwan Senatilleke
Medical Director



Dr. Shanika Algama
Registrar/Chief Medical Officer



Dr. Aruni Ladduwahetty
Registrar/Chief Medical Officer - Heart Centre



Mrs. Senani Deegala
Chief Nursing Officer



Mr. Dasarath Hettiarachchi
Marketing Manager



Mr. Niranga Wijesooriya
Manager Human Resources



Mr. M. B. G. Wickramasiri
Finance Manager



Mr. Chanaka Heiyanthuduwa
Maintenance Engineer



Mr. Sivaprakasam Sivalingham
Superintendent Radiographer



Mr. Keerthi Prasad
Executive Housekeeper



Mr. Mario Jayatilleke
Executive Chef



Mr. Charith Dissanayake
Manager Front Office & Customer Care

The Group Consultant Medical Team



Dr. S D Athukorala
Consultant Clinical Bacteriologist



Dr. Maya Atapattu
Consultant Mycologist



Prof. L R Amarasekara
Consultant Histopathologist



Dr. Menik Goonewardhene
Consultant Neonatologist



Dr. Anil Perera
Consultant / Head Dept. of
Anaesthesiology – Asiri Hospital &
Asiri Surgical



Dr. Chrisantha Mendis
Consultant / Head Dept. of
Anaesthesiology – Central Hospital



Dr. Darshani Amarasinghe
Consultant Anaesthesiologist



Dr. Gayani Senanayake
Consultant Anaesthesiologist



Dr. Stella Fernando
Consultant Aaesthesiologist



Dr. Gamini Jayaweera
Consultant / Head Dept. of
Transfusion Medicine – Asiri Group



Dr. Dinesh De Silva
Consultant Eye Surgeon



Dr. Rangika Goonaratne
Consultant Eye Surgeon



Dr. Shantha Hettiarachchi
Consultant / Head Dept. of
Radiology – Asiri Group



Dr. Kantha Samarawickrema
Consultant Radiologist

The Group Consultant Medical Team



Dr. Saman Perera
Consultant Radiologist



Dr. Nihal Wijewardhana
Consultant Interventional Radiologist



Dr. Lakmali Paranehewa
Consultant Interventional Radiologist



Dr. Gulpa Subasinghe
Consultant Radiologist



Dr. Vivek Gupta
Senior Consultant Cardiothoracic Surgeon



Dr. Thurul Attygalle
Resident Physician Stroke Unit



Dr. Natasha Peiris
Consultant Resident Physician



Dr. Thushara Fernando
Consultant Anaesthesiologist



Prof. Vajira Dissanayake
Consultant Medical Geneticist



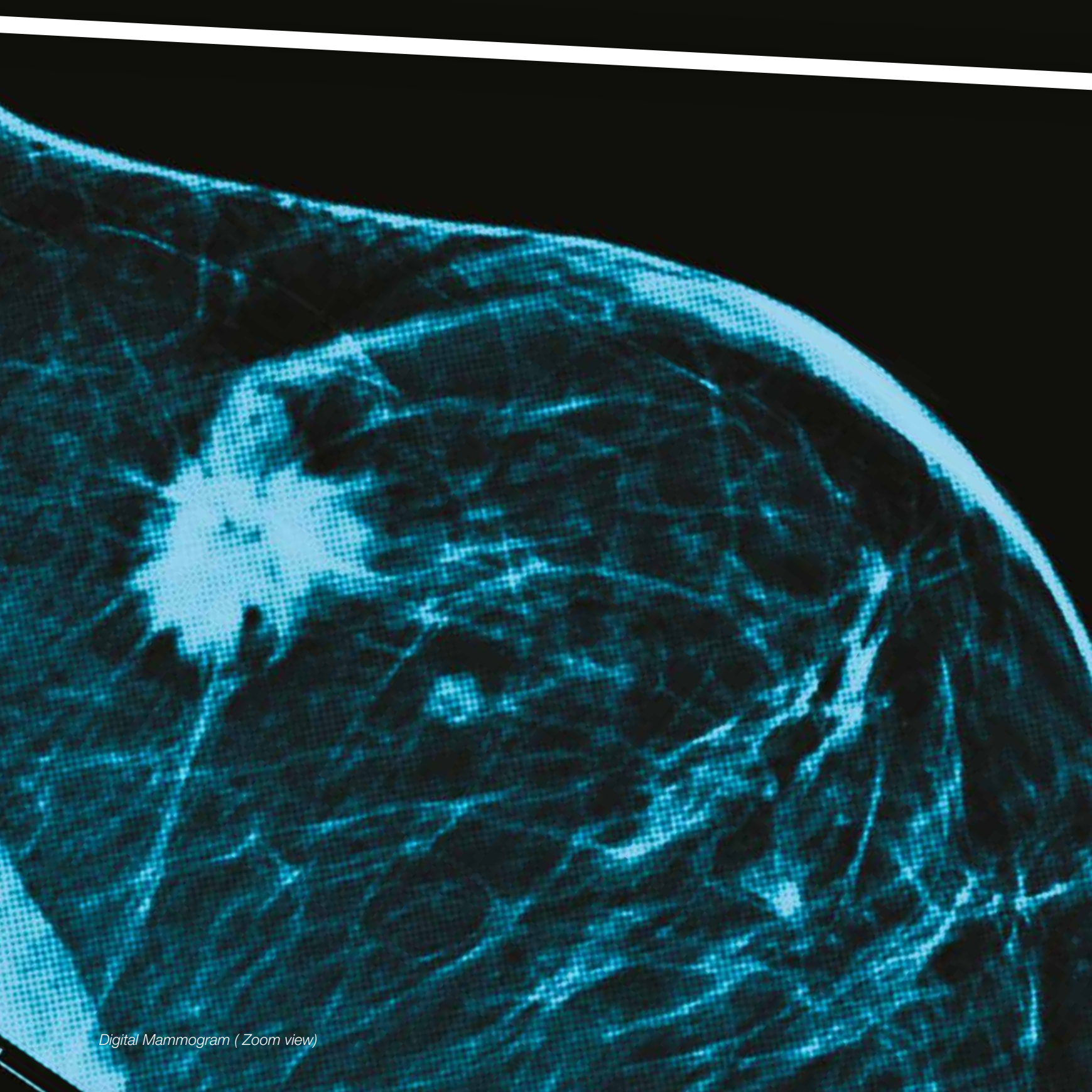
Dr. Ajith Karunaratne
Consultant Cardiothoracic Surgeon



Dr. Rajeeva Pieris
Consultant Cardiothoracic Surgeon



Dr. Philomena Chandrasiri
Consultant Microbiologist/
Head of Infection Control



Digital Mammogram (Zoom view)

Firstly, I take this opportunity to express my highest gratitude and respect to my doctors. Secondly, my heartfelt appreciation to the exceptional kindness given to me by your valuable staff, at all times. Further, they made me feel comfortable and happy.

Lastly I would like to thank the Asiri Hospital and wish the very best to be the finest and unbeaten Hospital in Sri Lanka.

MRS.SUJATHA JAYASINGHE

Room No. 609



Operational Review



During the year under review, the Digital Mammogram with Tomosynthesis was introduced delivering highest accuracy and patient comfort. Asiri Surgical is the first to introduce this technology to Sri Lanka.

The year under review proved challenging for achieving wide profitability but the hospital succeeded in consolidating its position by widening the scope of its medical services and strengthening its reputation of being the first to introduce breakthrough medical technologies to the country. The hospital posted an upsurge in Revenues by as much as 6% to reach LKR 2.65 billion in comparison with LKR 2.51 billion recorded in the preceding year. Administration and Distribution expenses climbed upwards during the year, resulting in an increase in operating expenses.

Enhancing Our Scope

During the year under review, the latest in mammography, the digital mammogram with tomography function was introduced delivering highest accuracy and patient comfort. Asiri Surgical is the first to introduce this technology to Sri Lanka.

Another life changing medical service added to our portfolio during the year is Bariatric Surgery, which is an operation on the stomach and/or intestines that helps patients with extreme obesity to lose weight. This surgery is an option for people who cannot lose weight by other means or who suffer from serious health problems

related to obesity. The surgery restricts food intake, which promotes weight loss and reduces the risk of type 2 diabetes.

The year witnessed the setting up of the infrastructure needed for the new Liver Transplant unit which will be operational by the end of 2015. Our high quality advanced transplant unit and the highly qualified specialists will undoubtedly prove to be a preferred destination for sophisticated liver transplants in the country. We continued our focus on acquiring and upgrading other medical equipment in the hospital, to maintain our leadership as the premier surgical hospital in the country.

Focus on Quality

The hospital's commitment to providing the highest quality medical care has witnessed the adoption of global best practices across our functions, but we are now in the midst of a more significant journey, that of acquiring the Joint Commission International (JCI) accreditation. This globally recognised standard in healthcare will position us for growth. We expect aspects such as access to care, patient and family rights, care of patients, facility management and

Operational Review

safety, infection prevention and control and communication and information among others to be streamlined in our pursuit of this certification. Asiri Surgical Hospital PLC is aspiring for a large share of the growing medical tourism industry in the region and the JCI standard will take us closer to the goal.

Future Challenges

In the previous year, we stated that tackling rising personnel expenses and costs of consumables would prove challenging, and this forecast proved to be right as overheads rose during the year. The chronic shortage of trained medical staff poses a challenge to the sustainability of the sector and in the private sector, all healthcare providers need to do their bit to train and develop a generation of professional and skilled medical staff.

 **Globally recognised standards in healthcare will position us for growth**



Corporate Governance

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

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

Board of Directors

The Board comprises of two Executive Directors and three Non-executive Directors. Their profiles appear on page 12 of the Annual Report. The Board of Executive Directors generally has a responsibility for making and implementing operational decisions and running the Company's business. The Non-executive Directors support the skills and experience of the Executive Directors, contributing to the formulation of policy and decision-making through their knowledge and experience of other business sectors.

Board Meetings and Attendance

The Board generally meets once a quarter. Special Board Meetings are also held as and when needed. Scheduled Board meetings are arranged well in advance to ensure, as far as possible, that Directors can manage their time commitments. All Directors are provided with supporting documents and relevant information for each meeting and are expected to prepare themselves for and to attend all Board meetings, shareholders meetings and all meetings of the committees on which they serve, unless there are exceptional circumstances that prevent them from doing so.

Over the past year the Board held four (4) meetings and the attendance is given below.

Mr A K Pathirage	ED	4/4
Dr S Selliah	I	4/4
Dr K M P Karunaratne	ED	4/4
Mr G L H Premaratne	I	3/4
Mr S A B Rajapaksa	I	2/4

Key

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

The Chairman and Managing Director

The Chairman's main responsibility is to lead and manage the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. The Chairman also serves as the Managing Director, who is responsible for recommending strategy to the Board, leading the Executive Directors and for making and implementing operational decisions.

Appraisal of the Managing Director

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

Time Commitment

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

Corporate Governance

Appointment to the Board

New appointments to the Board are based on collective decisions of the Board. In making new appointments, the Board considers the composition of the Board in order to assess whether they have the right mix of skills and experience to be better prepared to manage the Company.

Re-election of Directors

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

Independence of the Directors

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

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

Dr. S Selliah, Mr. G L H Premaratne and Mr. S A B Rajapaksa are Directors of Asiri Hospital Holdings PLC in which the majority of other Directors of Asiri Surgical Hospital PLC are employed as Directors, and Dr. S Selliah and Mr. G L H Premaratne are also Directors of Softlogic Holdings PLC which has a significant shareholding in Asiri Hospital Holdings PLC, the immediate parent Company of Asiri Surgical Hospital PLC.

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 a majority of other Directors of Asiri Surgical Hospital PLC are employed and/or Directors and serving on the Board of another company which has a significant shareholding in the immediate parent company.

Access to independent professional advice

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

Remuneration of the Directors

The remuneration of the Directors is determined by the Board and disclosed on page 66 of the Annual Report.

Company Secretary

Messrs Softlogic Corporate Services (Pvt) Ltd acts as the Company Secretaries. The role of the secretary is dealing with Directors at Board meetings and with shareholders. The Company Secretary attends Board Meetings and ensures that minutes are kept of all proceedings at the Board Meetings. The Company Secretary advises the Board and ensures that proper procedures and applicable rules and regulations are followed by the Board.

Board Committees

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

The Audit Committee and the Remuneration Committee of Asiri Hospital Holdings PLC, parent company, act as the Audit and the Remuneration Committee of the Company.

Audit Committee

Mr. S A B Rajapaksa - Chairman

Mr. G L H Premaratne

Mr. A H E Rodrigo

Mr. J E Huxtable

The Audit Committee meets at least four times a year with the Chief Financial Officer and the external auditors to monitor the

Company's financial reporting processes and system of internal control, the independence and the performance of the independent auditors and the performance of the internal auditors. Periodically, it also approves and reviews the appointment and retirement of external Auditors, as well as their relationship with the Company.

Remuneration Committee

Mr. G L H Premaratne - Chairman

Dr. S Selliah

Mr. A H E Rodrigo

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

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

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

Responsibilities

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

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

Corporate Governance

Investor relations

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

Compliance with the Corporate Governance Rules of the Colombo Stock Exchange

The following disclosures are made in conformity with Section 7 of the 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 5 Directors 3 are Non-Executive Directors.
7.10.2	Independent Directors	Complied with. All three Non-Executive Directors are independent. Please refer page 28
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. Please refer to Page No. 28

Section	Criteria	Has the Company met the Criteria
7.10.5	Remuneration Committee	Complied with. Comprises of three Non-Executive Directors including two Independent Directors. The Remuneration Committee of Asiri Hospital Holdings PLC (parent company) acts as the Remuneration Committee of Asiri Surgical Hospital PLC. The names of the members of the committee are given in the page 29 of the Annual Report.
7.10.6	Audit Committee	Complied with. Comprises of four Non-Executive Directors including three Independent Directors. The Audit Committee of Asiri Hospital Holdings PLC (parent company) acts as the audit committee of Asiri Surgical Hospital PLC. The Chief Financial Officer attends all the meetings. The report of the committee is given on page 38

Sustainability Report

Our operations are in compliance with the international occupational health and safety laws and we are accredited with ISO 18001:2007. All new work assignments / projects are screened with health and safety standards prior to implementation in order to avoid unnecessary costs and damage caused by workplace injuries and illnesses.

Employees

As the premier provider of private sector healthcare services in the country, the Asiri Group of Hospitals is considered a preferred employer in Sri Lanka, having forged a work culture that fosters diversity and inclusiveness. Excellence in healthcare stems from caring and professional personnel and to instill this ideal balance in our employees, we have devised a comprehensive talent management strategy.

In line with our strategic HR goals, 'Building Capacity' of our people is a prime objective. Hence, we offer a range of inhouse and external training programmes for our staff based on the Training Need Analysis we conduct on a yearly basis. The training programmes are focused towards the ultimate objectives of improving patient care as per the highest international standards, service quality, competencies and overall career development. Our focused and structured approach to training has equipped our staff with the skills required to excel in their respective field of operation. For instance, the Group's nursing staff is among the most sought after in the industry, as they undergo a three-year comprehensive training course at Asiri School of Nursing.



Sustainability Report

Recruitment

We have a stringent recruitment process in place that ensures we hire for the right attitude - where ensuring patients' safety is paramount to all the other concerns. As a result of our training opportunities, career development programmes and the numerous benefits we offer, attrition rates have been relatively low.

Training

We take special interest in developing our employees to help them realise their true potential. Apart from the routine training sessions, having identified the most needed training requirements to improve expected deliverables, we have conducted Group-wide training sessions on hand hygiene, Basic Life Support and have included same in to our Group general induction in order to capture the new recruits. Further, training sessions based on International patient safety guidelines have been conducted for all concerned staff of the Group.

Driving Employee Satisfaction

Our focus on employee well-being and career progression drives our reputation as a great place to work. Individual achievements are highlighted, recognised and rewarded at annual events so as



Preparing for the Vesak Dansala at Asiri Surgical Hospital



"The Children who have been completely healed under Asiri CSR Scheme"

to motivate the rest of the staff to aspire to similar excellence. We believe this investment helps develop exceptional leaders and performers from within to lead the Company ahead to effectively achieve its goals and objectives. Our comprehensive staff medical scheme, other benefits and welfare activities have improved employee morale and faith in us as a "caring employer".

Occupational Health and Safety

Creating a safe work environment is critical to our business and the Management has taken every possible step to mitigate risks and dangers in the work place. It is also one of the best ways



Employees participating at the annual Christmas celebrations

to retain staff and to maximise productivity. Our operations are in compliance with the international occupational health and safety laws and we are accredited with ISO 18001:2007. All new work assignments /projects are screened with health and safety standards prior to implementation in order to avoid unnecessary costs and damage caused by workplace injuries and illnesses.

Community

Free Heart Surgery for underprivileged Children

In order to proceed with our mission “to care for and improve the quality of human life” Asiri Surgical PLC headed by Mr. Ashok Pathirage, Chairman / Managing Director, along with the Board of Directors, has unanimously approved the CSR project “A whole lot of heart” programme to sponsor ASD operations for a month, for the under-privileged children, who have been on the short-list of Lady Ridgeway hospital surgery list for a significant period of time due to lack of financial resources. As the Lady Ridgeway Hospital has been the only hospital to perform ASD operations free of cost, there has been a long waiting list for the aforesaid. ASD surgeries do not show immediate symptoms, therefore these operations get delayed. But the risk attached to it is that due to the delays of the



“A Whole lot of Heart” Free Heart Surgery Recipients.

Sustainability Report



Free health camp conducted in Mullaitivu

surgeries, some children run into more complications or deaths once the symptoms are shown.

Asiri Surgical Hospital took the initiative to bear the full cost of operation, which usually ranges from LKR 450,000/= to LKR 600,000/=, including consultants' charges and providing accommodation to parents during the period their child is admitted. This initiative was much appreciated by the Medical / Surgical Team of the Lady Ridgeway Hospital who commented on this as the Asiri Group is saving a generation and that its contribution to the society cannot be valued by monetary terms.

The Chief Executive Officer of Asiri Group of Hospitals Dr. Manjula Karunaratne mentioned "This is an initiative that was working in our minds for quite some time. This surgery will help a child lead a perfectly normal life after the operation and who knows, the child might be a heart surgeon, a great sports person or a valuable contributor to society in the future".

This arrangement has been in operation since 2011 to-date and 71 such surgeries have been successfully conducted. 22 free surgeries have been performed during the financial year. We intend

to continue this valuable lifesaving service for children from low income backgrounds as it gives them a new lease of life. Parents of these children look to us for free heart surgery as the only alternative source for the vital medical intervention.

"If we can make a difference to a life, then this is what we will do. Every time we see a smile of a child who has been saved from life threatening illness, it makes it all worthwhile."

Free Health Camps

Asiri Surgical Hospital engages closely with local communities. During the year under review, the hospital conducted free Health Camps regularly in collaboration with social organisations and armed forces in locations listed below, at a cost of Rs. 150,000 for each camp:

- Katharagama
- Udawalawa
- Panama
- Mullaittivu
- Vavuniya
- Padaviya
- Panagoda
- Mannar
- Karainagar
- Nikawaratiya

The Hospital has conducted 27 free health camps in total.



Free health camp conducted in Vavuniya

Blood Donation Campaign

A Blood Donation Campaign was organised on 7 July 2014 in line with the International Blood Donation Day at Asiri Surgical Hospital in collaboration with Softlogic holdings PLC. Over 110 staff members attended to donate blood at this event.

Hand Hygiene Campaign

In celebration of the World Hand Hygiene Day, a campaign was organised by the Asiri Group of Hospitals on 7th May 2014 at Asiri Surgical Hospital. Over 300 employees participated and they were educated on the importance and the benefits of maintaining proper hand hygiene.

Health & Safety

Upholding uncompromising standards in patient care and safety is the focus of all our Group operational activities. Our systematic approaches and standards were recognised in 2011 and 2012 when we were accredited with ISO 14,001:2004 (Environmental Management) and ISO 22,000:2005 (Food Safety Management) for demonstrating genuine process improvements. Further, we have already obtained OHSAS (ISO 18001:2007) and ISO 9001:2008



Blood donation day at Asiri Surgical Hospital



The Hospital has conducted 27 free health camps in total.

certifications for the entire Group. The HR Department of Asiri Surgical Hospital is the first in the private healthcare sector to be certified with ISO 9001:2008. Our laboratory chain, which is recognised as Sri Lanka's most trusted laboratory service, is certified with ISO 15189:2012 and ISO 9001: 2008.

Asiri Surgical Hospital and The Central Hospital are currently in the process of obtaining the Joint Commission International (JCI) standardization. JCI is a US-based non-profit organisation that accredits more than 19,000 health care organisations and programmes in the US and over 500 hospitals worldwide. This accreditation is considered the highest that a health care organisation could obtain. All member health care organisations are subjected to a three-year accreditation cycle.



Awareness campaign for World Hand Hygiene Day

Sustainability Report



Employees participating at the World Hand Hygiene day activities.

Environment

Our waste management policy and systems enable us to minimise the volume of waste generated with, proper segregation of waste and it helps to reduce any potential risks that could occur. We are cognisant of the fact that hospitals are the second largest producers of waste after the food industry and this knowledge has empowered us to reduce waste to the greatest extent possible. Furthermore, we are focused on improving air quality within the hospital, and water and energy conservation, which help to improve sustainability of our operations by enabling cost controls.

Our general waste policies ensure:

That energy conservation guidelines designed to minimise the amount of electricity and gas consumed, are issued to each hospital and Garbage is segregated and sent for recycling

Routine checks, monitoring and reports are maintained in order to study the impact generated through our daily activities and quantity of air and water released into the environment and surroundings

The Water Treatment plant is functional and the waste water is distilled prior to being released to the main drainage lines in the city

Ethics Committee Report

The Ethics Committee of the Asiri Group of Hospitals was constituted to serve as an advisory body on matters relating to conduct of research and clinical trials within the Asiri Group of Hospitals. The Committee is entrusted with the task of accepting proposals for research, conducting scientific and ethical reviews of such proposals, granting or refusing ethics clearances and monitoring of same.

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

The Committee is constituted and operates according to International Committee on Harmonisation of Good Clinical Practice Guidelines (ICH-GCP) and is a member of the Forum for Ethics Review Committees in Sri Lanka.

Members:

Prof. Rohan W Jayasekara, (Chairman)

Senior Professor of Anatomy / Medical Geneticist, Faculty of Medicine, University of Colombo.

Dr. Malik Fernando

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

Dr. Arittha Wickramanayake

Attorney at Law /Precedent Partner, Nithya Partners

Dr. Siva Selliah

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

Prof. Kemal I Deen

Consultant General Surgeon (Intestinal)

Dr. Indrani Amarasinghe

Consultant Oncologist

Dr. Chandani Wanigatunga

Consultant Physician /Clinical Pharmacologist

Dr. Kamal Weerapperuma

Company Director

(Sgd.)

Prof. Rohan Jayasekara

Chairperson – Ethics Committee

24th July 2015

Audit Committee Report

The Audit Committee is appointed by the Board of Directors and comprises of four Non-Executive Directors out of which three are Independent Directors. The Names of the Committee members are stated in the Corporate Governance Report on Page 28

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

The Audit Committee met on four occasions during the year to 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 2016, subject to the approval of the shareholders at the Annual General Meeting.

(Sgd.)

Samantha Rajapaksa
Chairman – Audit Committee

24th July 2015

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 one Non-Executive Independent Director and two Non-Executive Directors. The names of the Committee members are stated in the Corporate Governance Report on page 29

The Directors' emoluments are disclosed on page 66

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

24th July 2015

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 49.

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

The Directors consider that, in preparing financial statements set out on pages 50 to 54 of the Annual Report, appropriate accounting policies have been selected and applied in a consistent manner and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed. The Directors confirm that they have justified in adopting the going concern basis in preparing the financial statements since adequate resources are available to continue operations in the foreseeable future.

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

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

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

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

Compliance Report

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

For and on behalf of the Board

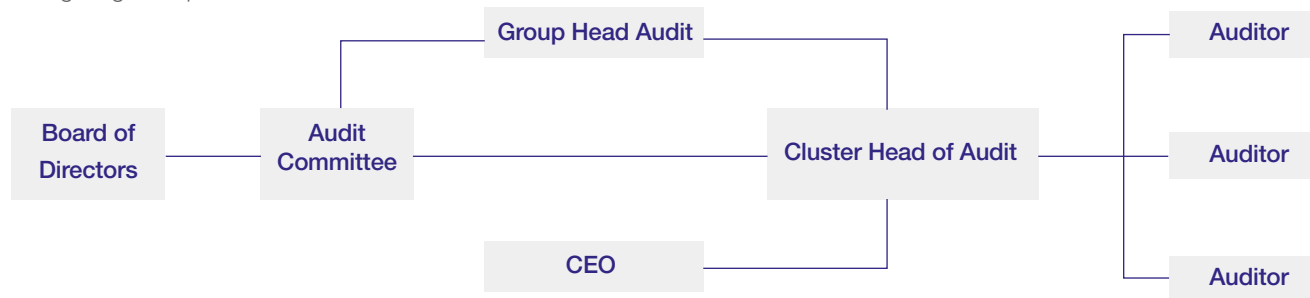
(Sgd.)

Softlogic Corporate Services (Pvt) Ltd.
Secretaries

Colombo
24th July 2015

Risk Management

The responsibility of ensuring that the identified risks are managed accordingly, is the responsibility of the Board. The Audit Committee reviews the efficacy of the Group's risk management process on behalf of the Board. The Cluster Head of Audit reports directly to the Audit Committee through regular reports.



Key Risks and Uncertainties

The Key risks, the potential impact and methods of mitigation adopted by the Group are as follows;

Risks and Potential Impact	Mitigation
<p>Clinical Risk This is the risk associated with patient safety, arising from treatments and other patient care processes.</p> <p>It is essentially the most important and volatile area of exposure to a hospital, the mismanagement of which, can lead to a host of other risks including reputation and legal risk as well as significant financial losses.</p>	<p>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>
<p>Reputation Risk The Group's reputation may be adversely impacted leading to a loss of customers due to multiple reasons such as poor customer service, unethical behaviour, loss of credibility and use of outdated technology and equipment among others.</p>	<p>The Group has in place a strong ethics framework. The Ethics Committee, comprising of industry specialists provide an advisory role on matters relating to research and clinical trials within the Group. Capital expenditure is allocated annually for upgrading facilities as an ongoing process. Meanwhile, our nursing and other staff undergo extensive training on patient management and customer service on a continuous basis.</p>
<p>Human Resources Human resource risk, extends as a subgroup of operational risk. The group operates in an industry which is heavily dependent on human resources. Hence, the ability to recruit and retain qualified and skilled healthcare professionals is crucial to the success of the organization.</p>	<p>The group has in place 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 coaching, development and regular promotions.</p>

Risk Management

Risks and Potential Impact	Mitigation
<p>Competition</p> <p>The group faces competitive pressure from other private and government hospitals, outpatient centres, stand-alone clinics and diagnostic centres. Competitive pressure can impact Our revenues, market share and profitability.</p>	<p>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 source. We also strive to arise about our competition by offering the most clinically advanced, cutting-edge medical procedures and excel in nursing and patient care.</p>
<p>Technological Risk</p> <p>Frequent innovation are a norm in the industry, and a hospital's inability to adopt the latest, cutting -edge technology could result in loss of customers, leading to fall in revenue and erosion of profitability. This risk could also give rise to reputation and clinical risk.</p>	<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>Credit Risk</p> <p>This risk arises from the non-settlement of bills by individual and corporate clients, leading to financial losses.</p>	<p>Interim bills are issued for in-patients requesting period bill settlement. For corporate clients, a credit assessment is carried out prior to granting credit facilities</p>
<p>Interest Rate Risk</p> <p>Interest rate risk which is a subgroup of market risk, arises from the adverse movements of interest rates, resultantly affecting the Group's interest cost and thus profitability.</p>	<p>The finance team continuously monitors the trends in market interest rates and negotiates with banks accordingly, In order to minimize the exposure to interest rate risk.</p>
<p>Information Risk</p> <p>Given the sensitivity and confidentiality of patient-related information held by the hospitals, the Group is exposed to information risk in the event of technical and IT system failures.</p>	<p>Regular maintenance of computer hardware and software, off-site storage and daily back-ups as well as round the clock IT support is available, also information systems audit & security Auditor has been recruited for the group in order to mitigate this risk.</p>
<p>Business Continuity Plan</p> <p>The group heavily depends on People, Processes, Technical and Non-Technical resources. Loss of a critical or a group of critical element, could affect the continuity of business operations, leading to a significant impact.</p>	<p>The group has implemented a range of strategies for technical systems which encompass hardware/ software redundancy, appropriately and aligned backup strategies.</p> <p>Staff succession plans have been built into all identified critical units of the group. Alternative strategies have been implemented to duplicate processes running within a single hospital, within other hospitals attached to the group in the event of a location/ process failure.</p> <p>The structured Business Continuity approach has improved the overall resilience of the group.</p>

Annual Report of the Board of Directors

The Directors of Asiri Surgical Hospital PLC have pleasure in presenting to the members their report together with the audited financial statements of the Company for the year ended 31st March 2015.

Principal Activities and Nature

The principal activity of the Company continues to be carrying out healthcare and hospital services.

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

Review of Operations

A review of the operations of the Company and its performance during the year is contained in the Chairman's Review on pages 8 to 11 of the Annual Report. This review together with the Financial Statements reflects the state of affairs of the Company. These reports form an integral part of the Directors' Report.

Financial Statements

The financial statements of the Company which include the Statement of Profit or Loss, Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement and notes to the financial statements are given on pages 50 to 91.

Directors' Responsibility for Financial Reporting

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

Auditor's Report

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

Accounting Policies

The accounting policies adopted in the preparation of the financial statements are given on pages 55 to 64. There was no change in the accounting policies adopted.

Property, Plant & Equipment

The movement in property, plant and equipment during the year under review is set out in note 09 to the financial statements.

Capital Expenditure

The capital expenditure of the Company during the year amounted to Rs. 228,856,433/- (2013/2014 – Rs. 79,858,240/-) details of which are given in note 9.4 to the financial statements.

Reserves

The total reserves of the Company as at 31st March 2015 amounted to Rs. 1,810,194,874/- The composition of reserves is shown in the Statement of Changes in Equity in the financial statements.

Donations

The donations made by the Company during the year amounted to Rs. 155,700/- (2013/2014 Rs. 415,183/-).

Stated Capital

The stated capital of the Company as at 31st March 2015 was Rs. 1,393,327,565/-. There was no change in the stated capital of the Company during the year under review.

Annual Report of the Board of Directors

Dividends

The Directors recommend to the shareholders that the Interim Dividend of Rs. 0.40 per share paid on 25th March 2015 be considered as the Final Dividend for the year ended 31st March 2015.

Statutory Payments

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

Events after the date of the Statement of Financial Position

No circumstances have arisen and no material events have occurred after the date of Statement of Financial Position, which would require adjustments to, or disclosure in the accounts other than those disclosed in Note 23 to the Financial Statements.

Internal Control

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

Directorate

The following Directors held Office during the year under review.

Mr. A K Pathirage (Chairman/Managing Director)

Dr. S Selliah (Deputy Chairman)

Dr. K M P Karunaratne (Group Chief Executive Officer)

Mr. G L H Premaratne

Mr. S A B Rajapaksa

In terms of Article 24(6) of the Articles of Association of the Company, Mr. S A B Rajapaksa retires by rotation and being eligible offers himself for re-election with the unanimous support of the Board.

Directors' Shareholding

Directors' interest in shares of the Company as at 31st March 2015 were as follows.

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

Directors' Remuneration

Directors' remuneration in respect of the Company for the financial year 2014/2015 are given in note 5 to the Financial Statements on page 66.

Interests Register

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

Directors' interests in contracts and proposed contracts with the Company

Directors' interests in contracts with the Company, both direct and indirect are given in note 24 to the Financial Statements. These interests have been declared at the Board Meetings. The Directors have no direct or indirect interest in any other contracts or proposed contracts with the Company.

Auditors

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

The following payments were made to them during the year.

Audit fees	-	Rs. 965,850
Fees for other services	-	Rs. Nil

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

Shareholders' Information

The twenty largest shareholders of the Company as at 31st March 2015 are given on page 96 together with an analysis of the shareholding. There were 2,956 registered shareholders as at 31st March 2015.

Share Information

Information on share trading is given on page 96 of the Annual Report.

Going Concern

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

Annual General Meeting

The Fifteenth Annual general Meeting of the Company will be held at Hotel Janaki, Fife Road, Colombo 05 on Tuesday the 29th day of September 2015 at 11.30 a.m. The Notice of the 15th Annual General Meeting is on page 98 of the Annual Report.

For and on behalf of the Board

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

24th July 2015
Colombo



PET

PET/CT Scan - Axial view of Abdomen



During my 5 year tenure at Asiri Surgical Hospital, the management and staff have been very kind and supportive, creating a pleasant work environment which makes me enjoy my job even more. The greatest achievement being a medical officer is to see the patients and their families walk out of the Hospital in smiles, only taking back with them memories of the best hospitality and treatment they received during their stay.

I'm proud to be a team member of Sri Lanka's only specialised Surgical Hospital.

I would like to wish the Management all the success for the future.

DR. DEVANI GOONARATNE

Medical Officer – Cardiac Unit

Financial Year End 31 March 2015

Announcement of Quarterly Financial Performance

- | | |
|----------------------------------|---------------------|
| 1st Quarter | - 14 August 2014 |
| 2nd Quarter | - 13 November 2014 |
| 3rd Quarter | - 13 February 2015 |
| 4th Quarter | - 29 May 2015 |
| | |
| Notice of Annual General Meeting | - 24 July 2015 |
| Annual General Meeting | - 29 September 2015 |

Independent Auditor's Report



Ernst & Young
Chartered Accountants
201 De Saram Place
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Sri Lanka

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eysl@lk.ey.com
ey.com

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ASIRI SURGICAL HOSPITAL PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Asiri Surgical Hospital PLC ("the Company"), which comprise the statement of financial position as at 31 March 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and, cash flow statement 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 financial statements give a true and fair view of the financial position of the Company as at 31 March 2015, 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:

- The basis of opinion, and scope and limitations of the audit are as stated above.
- 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, and
 - the financial statements of the Company comply with the requirements of Section 151 of the Companies Act No. 07 of 2007.

24 July 2015
Colombo

Partners: A D B Talwatte 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 R H Fernando FCA FCMA
W K B S P Fernando FCA FCMA Ms. L K H L Fonseka FCA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayasinghe FCA FCMA
Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga FCA N M Suleiman ACA ACMA B E Wijesuriya FCA FCMA

A member firm of Ernst & Young Global Limited

Statement of Profit or Loss

Year ended 31 March 2015

	Note	2015 Rs.	2014 Rs.
Revenue	3.1	2,653,704,728	2,508,490,641
Cost of Services		(1,601,495,976)	(1,482,444,502)
Gross Profit		1,052,208,752	1,026,046,139
Other Income	3.2	9,817,000	11,165,641
Administrative Expenses		(608,733,024)	(541,989,357)
Selling and Distribution Costs		(61,244,024)	(48,706,713)
Finance Cost	4.1	(58,945,894)	(73,270,368)
Finance Income	4.2	73,381,946	132,259,531
Profit Before Tax	5	406,484,756	505,504,873
Income Tax Expense	6	1,692,734	(32,169,706)
Profit for the Year		408,177,490	473,335,167
Earnings Per Share - Basic	7	0.77	0.90
Dividend Per Share- Ordinary Shares	8.1	0.40	1.56

The Accounting Policies and Notes on pages 55 through 91 form an integral part of these Financial Statements.

Statement of Other Comprehensive Income

Year ended 31 March 2015

	Note	2015 Rs.	2014 Rs.
Profit for the Year		408,177,490	473,335,167
Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods (net of tax) :			
Actuarial Loss on Retirement Benefit Liability	18	(16,265,943)	(5,847,231)
Deferred Tax Charge on Other Comprehensive Income	6.2	1,951,913	701,668
Net Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods (net of tax) :		(14,314,030)	(5,145,563)
Total Comprehensive Income for the Year, Net of Tax		393,863,460	468,189,604

The Accounting Policies and Notes on pages 55 through 91 form an integral part of these Financial Statements.

Statement of Financial Position

As at 31 March 2015

	Note	2015 Rs.	2014 Rs.
ASSETS			
Non-current Assets			
Property, Plant and Equipment	9	2,803,114,401	2,789,845,014
Leasehold Property	10	87,275,245	88,312,178
Loans Granted to Related Parties	13.2.a	944,459,909	-
		3,834,849,555	2,878,157,192
Current Assets			
Inventories	12	158,481,484	138,335,810
Trade and Other Receivables	13	114,488,280	185,763,764
Advances and Prepayments	13	118,588,289	96,634,991
Tax Receivable		1,950,134	-
Loans Granted to Related Parties	13	149,564,388	1,149,067,700
Cash and Cash Equivalents	20	83,808,280	29,012,653
		626,880,855	1,598,814,918
Total Assets		4,461,730,410	4,476,972,110
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated Capital	14	1,393,327,565	1,393,327,565
Revaluation Reserve	15	1,104,364,942	1,101,419,969
Retained Earnings		705,829,933	524,466,303
Total Equity		3,203,522,440	3,019,213,837
Non-current Liabilities			
Amount Due on Leasehold Property	16	34,272,666	38,344,667
Interest Bearing Loans and Borrowings	17	612,544,881	271,721,574
Retirement Benefit Liability	18	64,415,310	36,805,405
Deferred Tax Liability	6.2	134,339,542	132,659,624
		845,572,399	479,531,270
Current Liabilities			
Amount due on Leasehold Property	16	4,072,000	4,072,000
Interest Bearing Loans and Borrowings	17	96,361,296	767,414,181
Trade and Other Payables	19	304,908,174	185,701,284
Tax Payable		-	18,009,014
Dividend Payable		7,294,101	3,030,524
		412,635,571	978,227,003
Total Equity and Liabilities		4,461,730,410	4,476,972,110

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

The Accounting Policies and Notes on pages 55 through 91 form an integral part of these Financial Statements.

24 July 2015

Colombo

(Sgd.)

Director

Statement of Changes in Equity

Year ended 31 March 2015

	Note	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01 April 2013		1,393,327,565	1,101,419,969	885,373,862	3,380,121,396
Fair Value Adjustment - Guarantees		-	-	(4,703,393)	(4,703,393)
Profit for the Year		-	-	473,335,167	473,335,167
Other Comprehensive Income for the Year		-	-	(5,145,563)	(5,145,563)
Total Comprehensive Income for the Year		-	-	468,189,604	468,189,604
Dividend Paid - Ordinary Shares	8.1	-	-	(824,393,770)	(824,393,770)
Balance as at 31 March 2014		1,393,327,565	1,101,419,969	524,466,303	3,019,213,837
Fair Value Adjustment - Guarantees		-	-	(1,116,812)	(1,116,812)
Profit for the Year		-	-	408,177,490	408,177,490
Other Comprehensive Income for the Year		-	-	(14,314,030)	(14,314,030)
Total Comprehensive Income for the Year		-	-	393,863,460	393,863,460
Deferred tax reversal on depreciation impact	15	-	2,944,973	-	2,944,973
Dividend Paid - Ordinary Shares	8.1	-	-	(211,383,018)	(211,383,018)
Balance as at 31 March 2015		1,393,327,565	1,104,364,942	705,829,933	3,203,522,440

The Accounting Policies and Notes on pages 55 through 91 form an integral part of these Financial Statements.

Statement of Cash Flows

Year ended 31 March 2015

	Note	2015 Rs.	2014 Rs.
Cash Flows From Operating Activities			
Profit Before Income Tax Expense		406,484,756	505,504,873
Adjustments for			
Amortisation of Leasehold Land	10	1,036,933	1,036,933
Depreciation	9.2	211,608,715	220,224,915
(Profit)/ Loss on Disposal of Property, Plant and Equipment		47,100	(2,345,641)
Finance Income	4.2	(73,381,946)	(132,259,531)
Finance Costs		57,699,718	67,168,014
Unrealised Foreign Currency Exchange Loss	4.1	1,246,176	6,102,354
Provision for Gratuity	18	14,091,371	10,023,320
Operating Profit Before Working Capital Changes		618,832,823	675,455,237
Increase in Inventories		(20,145,674)	(11,035,782)
Increase in Trade and Other Receivables		115,649,610	(41,765,016)
Increase in Trade and Other Payables		119,206,890	18,973,866
Cash Generated From Operations		833,543,649	641,628,305
Income Tax Paid		(11,689,610)	(25,005,867)
Finance Costs Paid		(57,188,259)	(64,305,163)
Defined Benefit Plan Costs Paid	18	(2,747,409)	(3,044,030)
Net Cash From Operating Activities		761,918,371	549,273,245
Cash Flows From/(Used in) Investing Activities			
Acquisition of Property, Plant and Equipment	9.4	(228,856,433)	(79,858,240)
Proceeds from Sale of Property, Plant and Equipment		3,931,232	2,651,500
Finance Income Received		71,753,675	124,693,286
Loans Granted to Related Parties		(11,284,022)	-
Net Cash Flows From/ (Used in) Investing Activities		(164,455,548)	47,486,546
Cash Flows From /(Used in) Financing Activities			
Proceeds from Interest Bearing Loans and Borrowings	17.2	698,156,000	20,115,750
Payment of Amount due on Leasehold Property	16	(4,072,000)	(4,072,000)
Repayment of Interest Bearing Loans and Borrowings		(384,822,113)	(205,087,773)
Dividend Paid		(207,119,441)	(822,917,690)
Net Cash Flows From /(Used in) Financing Activities		102,142,446	(1,011,961,713)
Net Increase/(Decrease) in Cash and Cash Equivalents		699,605,269	(415,201,922)
Cash and Cash Equivalents at the beginning of the year	20	(615,798,799)	(200,596,877)
Cash and Cash Equivalents at the end of the year	20	83,806,470	(615,798,799)

The Accounting Policies and Notes on pages 55 through 91 form an integral part of these Financial Statements.

Notes to the Financial Statements

Year ended 31 March 2015

1. CORPORATE INFORMATION

1.1 General

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

1.2 Principal Activities and Nature of Operations

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

1.3 Parent Enterprise and Ultimate Parent Enterprise

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

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

1.4 Date of Authorization for Issue

The Financial Statements of Asiri Surgical Hospital PLC for year ended 31 March 2015 was authorized for issue in accordance with a resolution of the Board of Directors dated 24 July 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Company 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 have been prepared in accordance with the Sri Lanka Accounting Standards ("SLFRS") as issued by the Institute of Chartered Accountants of Sri Lanka.

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

2.1.2 Comparative Information

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

There has been no significant effect to the accounting policies due to the adoption of SLFRS 13 - Fair Value Measurement. Changes to the disclosure requirements on the adoption of SLFRS 13 - Fair Value Measurement have been disclosed under Note 9.5 and 11 to the financial statements.

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

2.2 Significant Accounting Judgments, Estimates and Assumptions

Estimates and Assumptions

The preparation of the financial statements of the Company require the management to make judgments, estimates and assumptions, which may affect the amounts of income, expenditure, assets and liabilities at the end of the reporting period. In the process of applying the Company's accounting policies, the key assumptions made relating to the future and the sources of estimation at the reporting date together with

Notes to the Financial Statements

Year ended 31 March 2015

the related judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Fair Value of Property, Plant and Equipment

The Company measures buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The Company engaged an independent valuation specialist to assess fair value of such assets as at 31 March 2013. (Refer Note 9.5 to these financial statements).

Deferred Taxes

Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. (Refer Note 6.2 to these financial statements).

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

Defined Benefit Plans

The cost of the retirement benefit plan of employees is determined using an actuarial valuation. The actuarial valuation is based on assumptions concerning the rate of interest, rate of salary increase, staff turnover, retirement age and going concern of the Company. Due to the long term

nature of the plan, such estimates are subject to significant uncertainty. (Refer Note 18 to these financial statements)

Impairment of Non-Financial Assets

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

Impairment of Trade and Other Receivables

The Company reviews at each reporting date all receivables to assess whether impairment should be recorded in the Statement of Profit or Loss. The management uses judgment in estimating such allowance considering the duration of outstanding and any other factors management is aware of that indicates uncertainty in recovery. (Refer Note 13 to these financial statements)

2.3 Summary Of Significant Accounting Policies Applied

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

2.3.1 Foreign Currency Translation

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

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

2.3.2 Fair Value Measurement

Fair value related disclosures for non-financial assets and financial instruments that are measured at fair value or where fair values are disclosed are summarised in Note 9.5 and 11 to the financial statements.

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and

best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company 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 Company 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.

Notes to the Financial Statements

Year ended 31 March 2015

For the purpose of fair value disclosures, the Company 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.

2.3.3 Revenue Recognition

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

a. Rendering of Services

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

b. Finance 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. Gain/Loss from Foreign Exchange Forward Contracts

Finance Income/Expense comprises of gains and losses arising from changes in fair value of foreign exchange forward contracts.

d. Dividend Income

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

e. Others

Other income is recognised on accrual basis.

2.3.4 Taxation

Current Taxes

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

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).

Deferred Taxation

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

which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

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

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

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

2.3.5 Property, Plant and Equipment

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

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

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

A revaluation surplus is recognised in other comprehensive income and credited to the revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in the Statement of Profit or Loss, 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. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

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

2.3.6 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement

Notes to the Financial Statements

Year ended 31 March 2015

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.

2.3.7 Borrowing Costs

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

2.3.8 Financial Instruments - Initial Recognition and Subsequent Measurement

i) Financial Assets

Initial Recognition and Measurement

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

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

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

Subsequent Measurement

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

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

Impairment of Financial Assets

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

Financial Assets Carried at Amortised Cost

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the 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.

ii) Financial Liabilities

Initial Recognition and Measurement

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

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

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

Subsequent Measurement

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

Interest Bearing Loans and Borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the 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.

Notes to the Financial Statements

Year ended 31 March 2015

Financial Guarantee Contracts

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

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

Derecognition

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

Derivative Financial Instruments - Foreign Exchange Forward Contracts

The Company uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risks. Forward Foreign Exchange Contracts are contractual agreements with banks to exchange two currencies at an agreed rate on an agreed date in the future. These transactions are exposed to market risks due to fluctuation of market rates. Such derivative financial

instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each date that a statement of financial position is prepared.

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

Any gains or losses arising from changes in fair value on forward contracts are taken directly to the Statement of Profit or Loss as Finance Income/Expense.

2.3.9 Inventories

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

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

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

2.3.10 Impairment of Non-financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is

higher of asset's fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2.3.11 Cash and Cash Equivalents

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

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

2.3.12 Provisions

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

2.3.13 Post Employment Benefits

a. Defined Benefit Plan – Gratuity

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

The Company's accounting policy for defined benefit plans is to recognise actuarial gains and losses in the period in which they occur in full in Statement of Other Comprehensive Income.

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

The Gratuity liability is not externally funded.

b. Defined Contribution Plans

Employees' Provident Fund and Employee' Trust Fund

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

Notes to the Financial Statements

Year ended 31 March 2015

2.4 Standards Issued but not yet Effective

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

(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 LKAS 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 Company's financial assets, but no impact on the classification and measurement of the Company'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. This standard is effective for the annual periods beginning on or after 01 January 2018.

3. REVENUE AND OTHER INCOME

3.1 Revenue

	2015 Rs.	2014 Rs.
Healthcare Services	2,653,704,728	2,508,490,641
	2,653,704,728	2,508,490,641

3.2 Other Income

	2015 Rs.	2014 Rs.
Rental Income	9,817,000	8,820,000
Profit on Disposal of Property, Plant and Equipment	-	2,345,641
	9,817,000	11,165,641

4. FINANCE COST AND INCOME

4.1 Finance Cost

	2015 Rs.	2014 Rs.
Interest Expense on Overdrafts	23,333,092	10,836,864
Interest Expense on Loans, Borrowings and Finance Leases	30,568,080	44,779,922
Interest on Guarantees	511,458	2,862,852
Realised Loss on Forward Contracts	1,841,570	7,611,054
Bank Charges on Interest Bearing Loans	1,445,518	1,077,322
Loss on Foreign Exchange Long Term Borrowings	1,246,176	6,102,354
	58,945,894	73,270,368

Notes to the Financial Statements

Year ended 31 March 2015

4.2 Finance Income

	2015	2014
	Rs.	Rs.
Interest Income	71,753,675	124,693,286
Guarantee Income	1,628,271	7,566,245
	73,381,946	132,259,531

5. PROFIT BEFORE TAX

Stated after Charging	2015	2014
	Rs.	Rs.
Included in Cost of Sales		
Depreciation	125,633,769	134,428,250
Employee Benefits including the following:	499,315,717	412,177,081
- Defined Contribution Plan Costs - EPF and ETF	36,155,577	31,365,544
Included in Administrative Expenses		
Depreciation	85,974,945	85,796,666
Employee Benefits Including the Following:	203,065,009	154,396,113
- Defined Benefit Plan Costs - Gratuity	14,091,371	10,023,320
- Defined Contribution Plan Costs - EPF and ETF	15,363,574	12,221,295
Directors' Fees and Remuneration	5,060,000	4,200,000
Amortisation of Leasehold Property	1,036,933	1,036,933
Donations	155,700	415,183
Legal Fees	2,136,640	458,312
Audit Fees and Reimbursable Expenses	965,850	957,958
Included in Selling and Distribution Costs		
Advertising Costs	8,011,881	7,399,033
Reversal of Provision for Bad Debts	(1,309,375)	(5,284,602)

6. INCOME TAX EXPENSE

	2015	2014
	Rs.	Rs.
Current Income Tax		
Current Income Tax Charge (Note 6.1)	9,383,163	36,096,370
Over Provision in Respect of Previous Years	(17,652,701)	-
	(8,269,538)	36,096,370
Deferred Income Tax		
Deferred Taxation Reversal (Note 6.2)	6,576,804	(3,926,664)
Income Tax Expenses/(Reversal) Reported in the Statement of Profit or Loss	(1,692,734)	32,169,706
Deferred Income Tax		
Deferred Taxation Reversal (Note 6.2)	(1,951,913)	(701,668)
Income Tax Expenses/ (Reversal) Reported in the Statement of Total Comprehensive Income	(3,644,648)	31,468,038

6.1 Reconciliation between Current Tax Expense and Accounting Profit

	2015	2014
	Rs.	Rs.
Accounting Profit before Income Tax	406,484,756	505,504,873
Disallowable Expenses	241,004,746	239,002,469
Allowable Expenses	(210,566,514)	(202,849,308)
Profit Exempt from Income Tax	(295,469,542)	(408,273,178)
Assessable Income	141,453,446	133,384,856
Less: Deductions under Section 32	-	(4,469,249)
Less: Qualifying Payments	(72,805,567)	-
Taxable Income	68,647,879	128,915,605
Income Tax Expense - 12% (2014 - Exempted)	7,378,683	-
Income Tax Expenses - 28%	2,004,480	36,096,370

Notes to the Financial Statements

Year ended 31 March 2015

6.2 Deferred Tax Assets and Liabilities

	Statement of Financial Position		Statement of Profit or Loss		Statement of Other Comprehensive Income	
	2015	2014	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Deferred Tax Liability						
Revaluation of Building	147,248,659	150,193,632	-	-	-	-
	147,248,659	150,193,632	-	-	-	-
Deferred Tax Assets						
- Capital Allowances for Tax Purposes	(5,179,280)	(13,117,359)	7,938,080	(3,089,149)	-	-
- Defined Benefit Plans	(7,729,837)	(4,416,649)	(1,361,276)	(837,515)	(1,951,913)	(701,668)
	(12,909,117)	(17,534,008)	6,576,804	(3,926,664)	(1,951,913)	(701,668)
Deferred Tax (Income)/Expense			6,576,804	(3,926,664)	(1,951,913)	(701,668)
Directly Charge to Equity (Revaluation Reserve)			(2,944,973)	-		
Net Deferred Tax Liability	134,339,542	132,659,624				

Deferred Tax has been computed considering the prevailing tax rate for the health care industry 12%.

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.

	2015 Rs.	2014 Rs.
Profit for the Year	408,177,490	473,335,167
Profit Attributable to Ordinary Shareholders for Basic Earnings Per Share	408,177,490	473,335,167
Number of Ordinary Shares used as the Denominator	2015 Number	2014 Number
Weighted Average number of Ordinary Shares in Issue Applicable to Basic Earnings Per Share	528,457,545	528,457,545

8. DIVIDENDS PAID AND PROPOSED

	2015 Rs.	2014 Rs.
Declared and Paid During the Year		

8.1 Equity Dividends on Ordinary Shares :

Interim Dividend for 2014/2015: Rs. 0.40 - per share (2013/ 2014: Rs.1.56 per share)	211,383,018	824,393,770
	211,383,018	824,393,770

Notes to the Financial Statements

Year ended 31 March 2015

9. PROPERTY, PLANT AND EQUIPMENT

9.1 Gross Carrying Amounts

	Balance as at 01.04.2014 Rs.	Additions Rs.	Disposals Rs.	Balance as at 31.03.2015 Rs.
At Valuation				
Building on Leasehold Land	2,110,887,148	12,224,299	-	2,123,111,447
	2,110,887,148	12,224,299	-	2,123,111,447
At Cost				
Medical Equipment	1,415,748,402	163,559,650	(18,429,534)	1,560,878,518
Furniture and Fittings	95,730,273	10,438,768	(252,665)	105,916,376
Motor Vehicles	44,987,969	21,090,282	-	66,078,251
Sundry Equipment	425,023,738	21,543,434	(3,255,388)	443,311,784
	1,981,490,382	216,632,134	(21,937,587)	2,176,184,929
Total Value of Depreciable Assets	4,092,377,530	228,856,433	(21,937,587)	4,299,296,376

9.2 Accumulated Depreciation

	Balance as at 01.04.2014 Rs.	Charge for the Year Rs.	Disposals Rs.	Balance as at 31.03.2015 Rs.
At Valuation				
Building on Leasehold Land	77,260,909	40,917,010	-	118,177,919
	77,260,909	40,917,010	-	118,177,919
At Cost				
Medical Equipment	848,747,747	125,633,768	(14,883,427)	959,498,088
Furniture and Fittings	59,479,496	9,593,959	(101,607)	68,971,848
Motor Vehicles	11,223,038	5,544,823	-	16,767,861
Sundry Equipment	305,821,326	29,919,154	(2,974,221)	332,766,259
	1,225,271,607	170,691,704	(17,959,255)	1,378,004,056
Total Accumulated Depreciation	1,302,532,516	211,608,714	(17,959,255)	1,496,181,975

9.3 Net Book Values

	2015 Rs.	2014 Rs.
At Valuation		
Building on Leasehold Land	2,004,933,528	2,033,626,239
At Cost		
Medical Equipment	601,380,430	567,000,656
Furniture and Fittings	36,944,528	36,250,777
Motor Vehicles	49,310,390	33,764,930
Sundry Equipment	110,545,525	119,202,412
	798,180,873	756,218,775
Total Carrying Amount of Property, Plant and Equipment	2,803,114,401	2,789,845,014

Notes to the Financial Statements

Year ended 31 March 2015

9.4 During the year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs 228,856,433/- (2014 -79,858,240/-). Cash payments amounting to Rs 228,856,433/- (2014 - Rs.79,858,240/-) were made during the year for purchase of Property, Plant and Equipment.

9.5 The following properties are fair valued and recorded under buildings. Fair Value measurement disclosure for revalued building based on un-observable inputs are as follows,

Location	Extent	Valuer	Effective Date of Valuation	Valuation Details	Significant unobservable input (Level 3)	Range	Fair Value measurement Rs.
No 21, Kirimandala, Mawatha, Narahenpita	3 Buildings	P B Kalugalagedara & Associates	31 May 2012	Direct Capital Comparison Method using Depreciated Replacement Cost	Building value per square feet	Rs. 3,500/- to Rs.8,000/-	Rs.2,101,936,000/-

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 building value per square meter in isolation would result in a significantly higher (lower) fair value.

9.6 Depreciation

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

	2015/2014
Buildings on Leasehold Land	Over 60 Years
Medical Equipments	Over 10 Years
Furniture and Fittings	Over 10 Years
Motor Vehicles	Over 5- 8 Years
Sundry Equipment	Over 5- 10 Years

9.7 Company fixed Assets include fully depreciated assets, the cost of which at the reporting date amounted to Rs. 483Mn (2014 - Rs. 242Mn).

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

Class of Asset	Cost Rs.	Cumulative Depreciation If assets were carried at cost	Net Carrying Amount 2015 Rs.	Net Carrying Amount 2014 Rs.
		Rs.	Rs.	Rs.
Building on Leasehold Land	980,866,883	171,500,494	809,366,389	813,659,771
	980,866,883	171,500,494	809,366,389	813,659,771

10. LEASEHOLD PROPERTY/ RIGHT-TO-USE OF LAND

	2015 Rs.	2014 Rs.
Balance as at the Beginning of the Year	88,312,178	89,349,111
Amortization for the Year	(1,036,933)	(1,036,933)
Balance as at the End of the Year	87,275,245	88,312,178

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

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

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

Notes to the Financial Statements

Year ended 31 March 2015

11. FINANCIAL ASSETS AND LIABILITIES - FAIR VALUE HIERARCHY

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 II)	
	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.
Financial Liabilities				
Loans and Borrowings-Non Current	612,544,881	271,721,574	611,904,669	272,591,680

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.

12. INVENTORIES

	2015	2014
	Rs.	Rs.
Chemical and Test Materials	7,358,553	6,779,884
Pharmaceuticals and Surgical	126,477,535	112,023,918
Consumables	24,645,396	19,532,008
	158,481,484	138,335,810

13. TRADE AND OTHER RECEIVABLES

	2015	2014
	Rs.	Rs.
Trade Debtors (Note 13.1)	103,097,618	116,961,845
Less: Provision for Bad Debts	(951,360)	(4,282,321)
	102,146,258	112,679,524
Other Debtors - Related Parties (Note 13.2)	12,342,022	73,084,240
Trade and Other Receivables	114,488,280	185,763,764
Advances and Prepayments	118,588,289	96,634,991
Loans Granted to Related Parties (Note 13.2)	149,564,388	1,149,067,700

Notes to the Financial Statements

Year ended 31 March 2015

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

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

	Total Rs.	Neither past due nor impaired Rs.	Past due but not impaired			Past due impaired	
			30-60 Days Rs.	61-90 Days Rs.	91-180 Days Rs.	181-365 Days Rs.	> 365 Days Rs.
2015							
Gross Trade Receivables	103,097,618	59,550,974	25,958,276	5,991,172	5,929,636	4,716,200	951,360
Less- Impairment	(951,360)	-	-	-	-	-	(951,360)
	102,146,258	59,550,974	25,958,276	5,991,172	5,929,636	4,716,200	-
2014							
Gross Trade Receivables	116,961,845	61,141,598	24,118,740	12,510,987	14,698,292	1,292,984	3,199,244
Less- Impairment	(4,282,321)	-	-	-	-	(1,083,077)	(3,199,244)
	112,679,524	61,141,598	24,118,740	12,510,987	14,698,292	209,907	-

13.2 Other Debtors - Related Parties

	Relationship	2015 Rs.	2014 Rs.
Asiri Hospital Holdings PLC (Note 13.2.a)	Parent Company	6,053,115	21,544,476
Asiri Central Hospitals PLC	Fellow Subsidiary	-	45,436,934
Asiri Diagnostic Services (Private) Limited	Fellow Subsidiary	220,915	-
Asiri Hospital Kandy (Private) Limited	Fellow Subsidiary	1,737,395	1,737,395
Asiri Hospital Matara (Private) Limited	Fellow Subsidiary	91,908	-
Central Hospital Limited	Fellow Subsidiary	4,238,689	4,365,435
		12,342,022	73,084,240

Outstanding Current Account balances as at the year end are unsecured, Non-Interest bearing and settlement occurs in cash

Loans Granted to Related Parties

Asiri Hospital Holdings PLC (Note 13.2.a)	Parent Company	-	911,631,415
Softlogic Retail (Pvt) Ltd	Group Company	37,442,633	35,962,474
Softlogic Holdings PLC	Ultimate Parent	112,121,755	107,888,811
Asiri Central Hospitals PLC	Fellow Subsidiary	-	93,585,000
		149,564,388	1,149,067,700

13.2.a The balance due from Asiri Hospital Holdings PLC amounting to Rs. 911,631,415/- has been transferred to Loans due from related parties Non-current and the outstanding balance represents the amounts transferred along with accrued interest amounting to Rs.944,459,909 as at 31 March 2015.

13.2.b The interest for intercompany loans is charged based on AWPLR+% for loans granted to related entities

14. STATED CAPITAL

	2015		2014	
	Number	Rs.	Number	Rs.
Fully Paid Ordinary Shares (Note 14.1)	528,457,545	1,393,327,565	528,457,545	1,393,327,565
		1,393,327,565		1,393,327,565

14.1 Fully Paid Ordinary Shares

	2015		2014	
	Number	Rs.	Number	Rs.
Balance at Beginning of the Year	528,457,545	1,393,327,565	528,457,545	1,393,327,565
Balance at End of the Year	528,457,545	1,393,327,565	528,457,545	1,393,327,565

15. REVALUATION RESERVE

	2015	2014
	Rs.	Rs.
On Buildings		
As at 1 April	1,101,419,969	1,101,419,969
Deferred tax reversal on depreciation impact (Note 6.2)	2,944,973	-
As at 31 March	1,104,364,942	1,101,419,969

Notes to the Financial Statements

Year ended 31 March 2015

16. AMOUNT DUE ON LEASEHOLD PROPERTY

	Amount Repayable Within 1 Year Rs.	2015 Amount Repayable Within 2-5 Years Rs.	Amount Repayable After 5 Years Rs.	2015 Total Rs.	2014 Total Rs.
Payable to the Board of Investment of Sri Lanka					
Gross Liability on Leasehold Land	4,275,600	17,102,400	18,883,900	40,261,900	44,537,500
Less: Finance Charges Allocated to Future Periods	(203,600)	(814,400)	(899,234)	(1,917,234)	(2,120,833)
Net Liability on Leasehold Land	4,072,000	16,288,000	17,984,666	38,344,666	42,416,667

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

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

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

If BOI exercises same right, at the end of 5 years 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.

17. INTEREST BEARING LOANS AND BORROWINGS

	2015 Amount Repayable Within 1 Year Rs.	2015 Amount Repayable After 1 Year Rs.	2015 Total Rs.	2014 Amount Repayable Within 1 Year Rs.	2014 Amount Repayable After 1 Year Rs.	2014 Total Rs.
Long Term Loans	96,359,486	612,544,881	708,904,367	122,602,729	271,721,574	394,324,303
Bank Overdraft (Note 20.2)	1,810	-	1,810	644,811,452	-	644,811,452
	96,361,296	612,544,881	708,906,177	767,414,181	271,721,574	1,039,135,755

17.2 Bank Loans

	As at 01.04.2014 Rs.	Loans Obtained Rs.	Interest Accrued Rs.	Repayments Rs.	Exchange Difference Rs.	As at 31.03.2015 Rs.
Commercial Bank of Ceylon PLC	13,160,000	698,156,000	9,376,045	(208,458,972)	-	512,233,073
DFCC Bank	156,732,423	-	2,948,470	(159,680,893)	-	-
International Finance Corporation	224,431,880	-	12,631,098	(41,637,861)	1,246,177	196,671,294
	394,324,303	698,156,000	24,955,613	(409,777,726)	1,246,177	708,904,367

17.3

Details of the Long Term Loans;	Approved Facility	Repayment Terms	Security	Security Amount Rs.
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 our interest Rs. 125 Mn)	Rs. 125 Mn
			Corporate Guarantee of Asiri Hospital Holdings PLC	Rs. 148.4 Mn
International Finance Corporation	USD 1.9 Mn	17 equal semi annual installments starting from 15 April 2013	Refer Note 17.4	

Notes to the Financial Statements

Year ended 31 March 2015

17.4 Group IFC Loan 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 Limited ranking concurrently and pari passu with the existing mortgage in respect of such property as further and additional security.

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

18. RETIREMENT BENEFIT LIABILITY

18.1 Retirement Benefit Obligations (Gratuity)

	2015	2014
	Rs.	Rs.
Defined Benefit Obligation at the Beginning of the Year	36,805,405	23,978,884
Interest Charge for the Year	4,048,595	2,637,677
Current Service Cost	10,042,776	7,385,643
Actuarial Loss	16,265,943	5,847,231
Benefit Paid During the Year	(2,747,409)	(3,044,030)
Defined Benefit Obligation at the End of the year	64,415,310	36,805,405
Interest Charge for the Year	4,048,595	2,637,677
Current Service Cost	10,042,776	7,385,643
Actuarial Loss	16,265,943	5,847,231
	30,357,314	15,870,551

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

Principal Actuarial Assumptions

The principal financial assumptions underlying the valuation are as follows:

	2015	2014
Discount Rate	10%p.a	11%p.a
Salary Increase Rate	10%p.a	10%p.a
Staff Turnover Rate	Up to 50 years - 10%	Up to 50 years - 10%

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

- 18.3** 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 Surgical Hospital PLC is as follows;

	2015	2014
Discount Rate as at 31 March	Rs.	Rs.
Effect on Retirement Benefit Obligation due to 1% increase in discount rate	(3,957,442)	(2,284,183)
Effect on Retirement Benefit Obligation 1% decrease in discount rate	4,474,779	2,588,187
Salary Escalation Rate as at 31 March	Rs.	Rs.
Effect on Retirement Benefit Obligation 1% increase in Salary Escalation rate	4,720,132	2,752,013
Effect on Retirement Benefit Obligation 1% decrease in Salary Escalation rate	(4,245,702)	(2,467,572)

Notes to the Financial Statements

Year ended 31 March 2015

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

	2015 Rs.
within the next 12 months	10,146,620
between 1 to 2 years	9,301,572
between 3 to 5 years	15,937,345
between 6 to 10 years	13,310,576
beyond 10 years	15,719,197
	<u>64,415,310</u>

The average duration of the defined benefit plan obligation at the end of the reporting period is 7.14 years.

19. TRADE AND OTHER PAYABLES

	2015 Rs.	2014 Rs.
Trade Payables	153,158,181	117,082,767
Other Payable - Related Party (Note 19.1)	47,961,355	1,623,109
Sundry Creditors Including Accrued Expenses	103,788,638	66,995,408
	<u>304,908,174</u>	<u>185,701,284</u>

19.1 Other Payable - Related Party

		2015	2014
	Relationship	Rs.	Rs.
Asiri Hospital Matara (Private) Limited	Fellow Subsidiary	-	215,835
Asiri Diagnostic Services (Private) Limited	Fellow Subsidiary	-	1,307,436
Central Hospital Limited	Fellow Subsidiary	-	99,838
Asiri Hospital Holdings PLC	Parent Company	47,961,355	-
		47,961,355	1,623,109

Outstanding Current Account balances as at the yearend are unsecured, Non-Interest bearing and settlement occurs in cash

20. CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT

Components of Cash and Cash Equivalents

	2015	2014
	Rs.	Rs.
20.1 Favourable Cash and Cash Equivalents Balance		
Cash and Bank Balances	83,808,280	29,012,653
	83,808,280	29,012,653
20.2 Unfavourable Cash and Cash Equivalents Balance		
Bank Overdraft	(1,810)	(644,811,452)
Total Cash and Cash Equivalents for the Purposes of the Cash Flow Statement	83,806,470	(615,798,799)

Notes to the Financial Statements

Year ended 31 March 2015

21. COMMITMENTS AND CONTINGENCIES

21.1 Capital Expenditure and Other Commitments

21.1.1 Capital Expenditure Commitments

The Company does not have significant capital commitments as at 31 March 2015 (2014 - Nil)

21.1.2 Other Commitments

The Company has not entered in to Foreign Exchange Forward Contracts as at 31 March 2015 (2014-Rs. 102,879,551/- (USD 782,354)).

21.2 Contingent Liabilities

a. Legal Claims

Pending litigations against the Company with a Maximum liability of Rs. 100 Mn exist as at the reporting date. (2014 - Rs. 50 Mn)

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

	2015	2014
	Rs. Mn	Rs. Mn
Cargills Bank Limited	125	-
Sampath Bank PLC	463	60
Nations Trust Bank PLC	200	378
Hatton National Bank PLC	180	180
Commercial Bank of Ceylon PLC	1,480	1,430
	<u>2,448</u>	<u>2,048</u>

22. ASSETS PLEDGED

The following assets have been pledged as security for liabilities:

Nature of Assets	Nature of liability	Carrying Amount Pledged	
		2015 Rs.	2014 Rs.
Medical Equipment (CT Scanner)	Primary Mortgage Bond for Loans and Borrowing	-	43,301,226
Medical Equipment (PET Scanner)	Primary Mortgage Bond for Loans and Borrowing	-	93,895,313
		-	137,196,539

23. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There have been no material events occurring after 31 March 2015 that require adjustments to or disclosure in the financial statements.

Notes to the Financial Statements

Year ended 31 March 2015

24. RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows.

24.1 Transactions with Parent and Related Entities

24.1.1

Nature of Transaction	Softlogic Holdings PLC Ultimate Parent Company	
	2015 Rs.	2014 Rs.
As at 1 April	107,888,812	97,810,629
Repayment of Temporary Finance Obtained and Fund Transfers	(2,114,078)	-
Temporary Finance Granted	-	-
Interest Charged	6,350,221	10,078,183
Sale/(Purchase) of Goods/ Services including Staff Related Items	104,810	-
Channelling Fee Collected by Related Party/ (Company on behalf of the Related Party)	-	-
Expenses Incurred by the Company on behalf of Related Party	(108,010)	-
As at 31 March	112,121,755	107,888,812
Included under Trade and Other Receivables (Note 13.2)	-	-
Included Under Loans Granted to Related Parties (Note 13.2 and Note 13.2.a)	112,121,755	107,888,812
Included under Trade and Other Payables (Note 19)	-	-
	112,121,755	107,888,812

* Group Companies include Asiri Hospital Matara (Private) Limited, Asiri Central Hospitals PLC, Asiri Diagnostics Services (Private) Limited, Asiri Hospitals Kandy (Private) Limited, Central Hospital Limited and Softlogic Retail (Private) Limited.

24.1.2 During the year, the Company has paid Dividends of Rs. 155,756,687/- (2014- Rs.607,451,082/-) to Asiri Hospital Holdings PLC for ordinary shares.

24.1.3 As at 31 March 2015, Company has paid Rs. 25,607,455/- to Softlogic BPO Services (Private) Limited for the implementation of new ERP system and included under Advances and Prepayments (Note 13).

Asiri Hospital Holdings PLC Parent Company		Transactions with Group Companies*		Total	
2015	2014	2015	2014	2015	2014
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
933,175,891	998,037,863	179,464,129	162,980,984	1,220,528,832	1,258,829,476
-	(1,207,931,248)	(17,888,058)	(126,329,488)	(20,002,136)	(1,334,260,736)
33,807,499	1,117,931,249	(143,807,499)	101,718,826	(110,000,000)	1,219,650,074
60,700,438	97,702,066	4,446,899	14,617,514	71,497,558	122,397,763
11,602,865	10,918,759	19,687,732	18,179,641	31,395,407	29,098,400
11,724,503	9,140,854	(374,150)	312,550	11,350,353	9,453,404
(148,459,527)	(92,623,652)	2,202,487	7,984,104	(146,365,050)	(84,639,548)
902,551,669	933,175,891	43,731,540	179,464,129	1,058,404,964	1,220,528,832
6,053,115	21,544,476	6,288,907	51,539,764	12,342,022	73,084,240
944,459,909	911,631,415	37,442,633	129,547,474	1,094,024,297	1,149,067,701
(47,961,355)	-	-	(1,623,109)	(47,961,355)	(1,623,109)
902,551,669	933,175,891	43,731,540	179,464,129	1,058,404,964	1,220,528,832

Notes to the Financial Statements

Year ended 31 March 2015

24.2 Off Balance Sheet Items

a. Guarantees made on behalf of Asiri Hospital Holdings PLC, has been given in Note 21.2.(b) to these Financial Statements.

b. Asiri Hospital Holdings PLC has granted Corporate Guarantees to Commercial Bank of Ceylon PLC, Sampath Bank PLC, Hatton National Bank PLC, Cargills Bank Limited and Nations Trust Bank PLC to secure the banking facilities obtained by the Company, for the value of Rs. 1,480 Mn, Rs. 463 Mn, Rs. 180 Mn, Rs. 125 Mn and Rs. 200 Mn respectively.

24.3 Transactions with Key Management Personnel of the Company

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

24.3.1 Key Management Personnel Compensation

	2015	2014
	Rs.	Rs.
Short Term Employment Benefits	5,060,000	4,200,000
Total Compensation Paid to Key Management Personnel	5,060,000	4,200,000

24.3.2 Share Transactions

The directors of the company hold 17,133 shares of Asiri Surgical Hospital PLC as at 31 March 2015.(2014- 17,133 shares)

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

Name of the Related Party	Details of Transactions	Services	Services
		(Obtained)/ Rendered 2015 Rs.	(Obtained)/ Rendered 2014 Rs.
Asian Alliance Insurance PLC	Insurance	(8,905,690)	(5,076,609)
Softlogic BPO Services (Private) Limited	Software Maintenance	(2,092,910)	(2,688,000)
Softlogic Computers (Private) Limited	Purchase of Computers and Accessories	(724,256)	(358,176)
Softlogic Brands (Private) Limited	Supply of Furniture	(76,810)	-
Softlogic Communication (Private) Limited	Purchase of Mobile Phones	(203,050)	(541,702)
Softlogic Information Technologies (Private) Limited	Purchase of Computers and Accessories	(6,772,963)	(5,428,336)
Softlogic Corporate Services (Private) Limited	Secretarial Services	(1,005,750)	(874,200)
Softlogic Retail (Private) Limited	Purchase of Computers and Software Accessories	(10,324,838)	(11,322,170)
Future Automobiles (Private) Limited	Purchase of Motor Vehicles	(21,526,825)	(3,700,000)
Softlogic Finance PLC	Motor vehicles	(400,000)	-
Softlogic Automoblies (Pvt) Ltd	Services and Repairs	(103,572)	-

24.4 Other Transactions

The shareholders of the Company are eligible for a 50% discount 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 investigations on out patients such as 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.

Notes to the Financial Statements

Year ended 31 March 2015

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

Service Quality and Reputation Risk

The Company has systems to ensure the provision of quality service to its patients so that they are satisfied and retained. In today's world, a sound reputation has become an organization's most valuable asset. "Asiri" has developed into a leading household brand name. The Company has recognized the need to protect itself from loss of reputation and against sanctions arising from non-compliance with laws, regulations and ethical standards. Though adequate insurance cover is available, losses could arise due to patients who resort to legal action for professional negligence.

Operational Risk

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

Regular reviews are done to ensure that the systems introduced function effectively and the impact, if any, on the performance of the assets of the Company.

Credit Risk

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

Interest Rate Risk

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

Legal Risk

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

Foreign Exchange Risk

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

Investment Risk

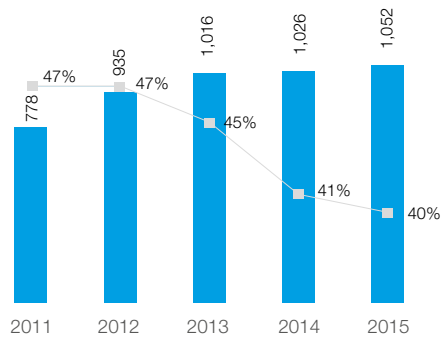
A common uncertainty associated with investments is that they may not provide the desired returns. The Company invests substantial sums in capital expenditure for expansion and new services. Returns on such investments are closely monitored and benefits are periodically evaluated.

Liquidity Risk

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

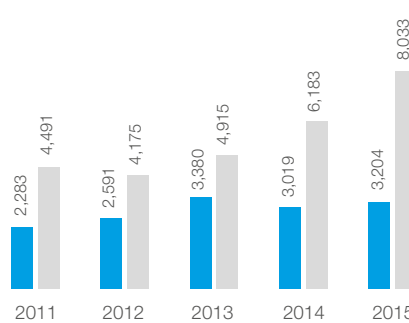
Graphical Review

Gross Profit



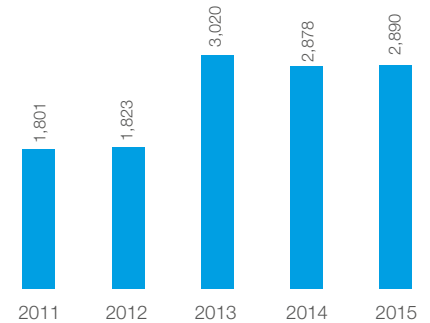
Gross Profit
Gross Profit Margin

Total Equity Vs Market Capitalization



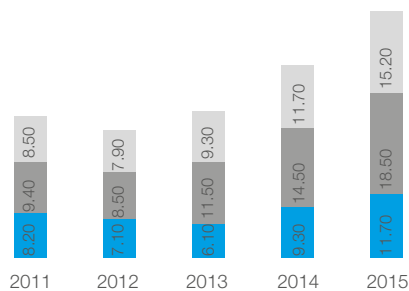
Total Equity
Market Capitalization

Property, Plant & Equipment



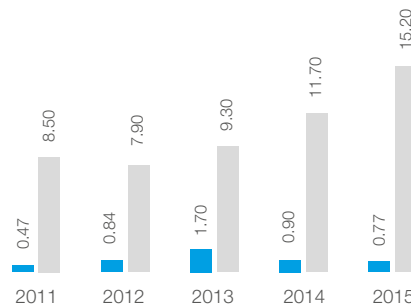
Property, Plant & Equipment

Share Price



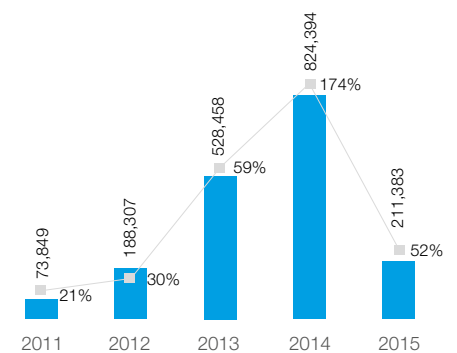
Low
High
Price Last Traded

Earnings and Market Value



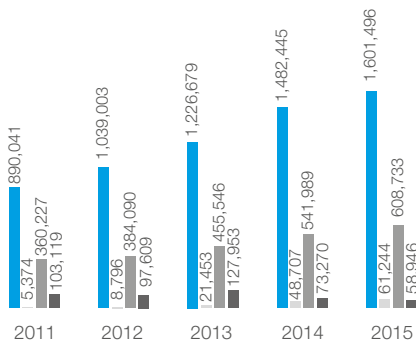
Earnings Per Share
Market Price Per Share

Dividends Paid & Dividend Payout Ratio



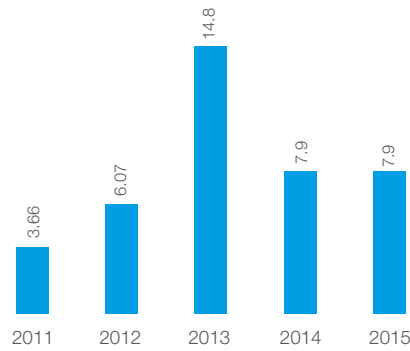
Dividends Paid
Dividend Payout Ratio

Expense Analysis



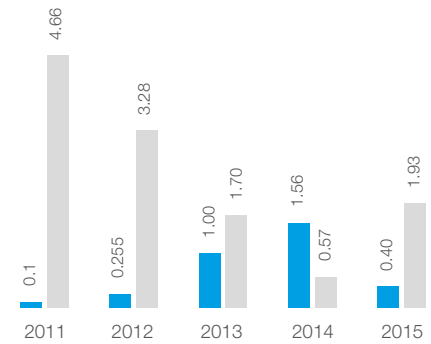
Cost of Services ■
 Distribution Expenses ■
 Administration Expenses ■
 Financial Cost ■

Interest Cover



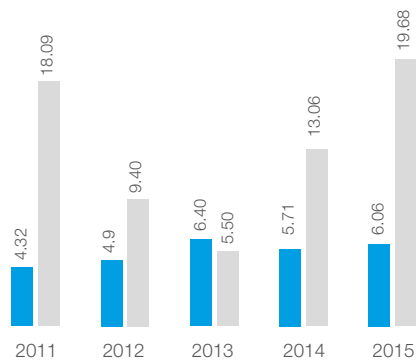
Interest Cover ■

Dividends



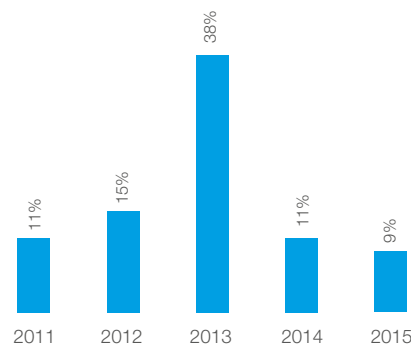
Dividend ■
 Dividend Cover ■

Share Value



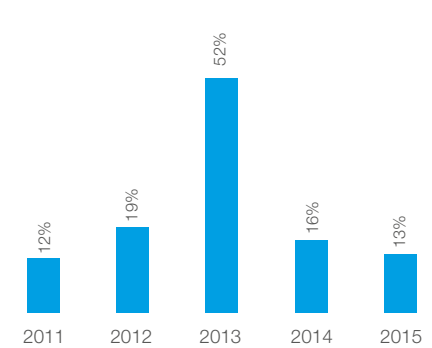
Net Assets Per Share ■
 P/E Ratio ■

Return On Capital Employed



Return On Capital Employed ■

Return On Equity



Return On Equity ■

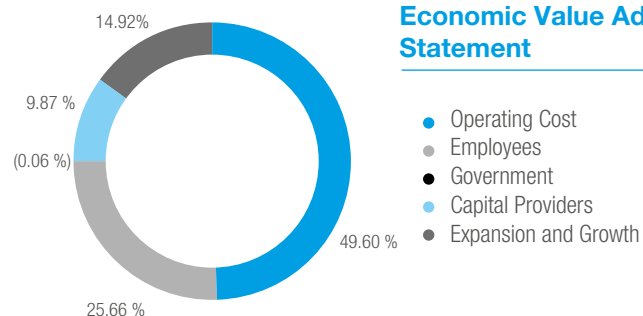
Economic Value Added Statement

		2014/15	2013/14	
		Rs.'000	Rs.'000	%
Direct economic value generated				
Revenue		2,653,705	2,508,491	
Other Income		9,817	11,166	
Finance Income		73,382	132,260	
		2,736,904	2,651,916	
Economic Value Distributed				
Operating Cost	49.60	1,357,484	1,286,343	48.51
Employees				
Employee Wages & Benefits	25.66	702,381	566,573	21.36
Government				
All Taxes	(0.06)	(1,693)	32,170	1.21
Capital Providers				
Finance Cost	2.15	58,946	73,270	2.76
Shareholders	7.72	211,383	473,335	17.85
Expansion and Growth				
Depreciation	7.73	211,609	220,225	8.30
Retained Profit	7.19	196,794	-	-
	100.00	2,736,904	2,651,916	100.00

The creation of wealth is the main purpose of existence of any commercial organisation.

The value added statement highlights the wealth created by the activities of the company over the last two years and the distribution of this wealth created, among its stakeholders.

Through its operations during the financial year 2014/15, the company created a total wealth of Rs. 2.73 billion, which was a 3% increase over the previous year.



Shareholder Information

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

The Audited Financial Statements of the Company for the year ended March 31, 2015 and copies of this annual report have been submitted to the Colombo Stock Exchange

Distribution of Shareholders

Shareholdings	No of	3/31/15			3/31/14		
		No of Shareholders	Holding	Holding %	No of Shareholders	Holding	Holding %
1 to 1000 shares		1,601	447,252	0.08	1,579	469,842	0.09
1001 to 10,000 shares		756	3,036,561	0.57	771	3,277,678	0.62
10001 to 100,000 shares		480	14,712,694	2.78	503	14,780,832	2.80
100001 to 1,000,000 shares		106	28,666,935	5.42	97	27,032,795	5.12
Over 1,000,001 shares		13	481,594,103	91.13	14	482,896,398	91.38
Total		2,956	528,457,545	100.00	2,964	528,457,545	100.00
Composition of Shareholders							
Individual		2,887	134,399,472	25.43	2,904	133,430,330	25.25
Institutional		69	394,058,073	74.57	60	395,027,215	74.75
Total		2,956	528,457,545	100.00	2,964	528,457,545	100.00
Resident		2,932	527,763,831	99.87	2,944	528,354,209	99.98
Non-Resident		24	693,714	0.13	20	103,336	0.02
Total		2,956	528,457,545	100.00	2,964	528,457,545	100.00

Major Shareholdings

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

	31st March 2015		31st March 2014	
		%		%
1 Asiri Hospital Holdings PLC	389,391,719	73.68	389,391,719	73.68
2 Mr. D. K. Subasinghe/Mrs. S. N. Subasinghe	49,514,793	9.37	49,514,793	9.37
3 Mr. P. P. Subasinghe	8,708,959	1.65	8,688,959	1.64
4 Mrs. N. Weerasinghe	7,500,015	1.42	7,500,015	1.42
5 Mrs. N. Weerasinghe/Miss L. I. Weerasinghe	7,499,999	1.42	7,499,999	1.42
6 Mrs. N. Weerasinghe/Miss. T. T. Weerasinghe	7,499,999	1.42	7,499,999	1.42
7 Mr. D. M. Rajapaksa	3,438,622	0.65	3,388,622	0.64
8 Mr.M.D.N. Jayaratne/Mrs.H.C.D.Jayaratne	2,249,998	0.43	2,249,998	0.43
9 Mr. M.R. Weerasinghe	2,000,000	0.38	2,000,000	0.38
10 Employee Trust Fund Board	-	0.00	1,322,295	0.25
11 Miss. Chandani Vishaka Ariyaratne	1,333,333	0.25	1,333,333	0.25
12 Mrs.Menaka Priyadarsani Rajapakse	1,283,333	0.24	1,333,333	0.25
13 Mr.Edirisingha Chandrasekara	1,173,333	0.22	1,173,333	0.22
14 Bank of Ceylon	1,000,000	0.19	1,000,000	0.19
15 Dr.Dammearchi Anuja Somaratne	862,499	0.16	862,499	0.16
16 Mr.Chaminda Dilantha Weerasinghe(Deceased)	833,333	0.16	833,333	0.16
17 Mr Uditha Harilal Palihakkara/Mrs.D.S.Palihakkara	827,687	0.16	824,187	0.16
18 Dr.Himali Rangika Jayasekara Gunawardena	749,999	0.14	749,999	0.14
19 Dr.W.M.Swarnamali Welagedara	749,999	0.14	749,999	0.14
20 Ruhunu Cables (Private)Limited	-	0.00	749,999	0.14
21 Mrs Sithy Jazeema Badurdeen	749,999	0.14	-	-
22 Mr Mohamed Faizer Hashim	748,726	0.14	-	-
	488,116,345	92.37	488,666,414	92.46
Shares held by the other shareholdings	40,341,200	7.63	39,791,131	7.54
Total No. of Shares issued	528,457,545	100.00	528,457,545	100.00
Public Shareholding	139,048,693	26.31	139,048,793	26.31

Share Trading

	2014/15		2013/14	
Market Price (Rs.)				
Highest	18.50	(7/11/14)	14.50	(3/01/14)
Lowest	11.70	(10/04/14)	9.30	(23/04/13)
As at year end	15.20	(31/03/15)	11.70	(31/03/14)
No of Trades	5487		4174	
No of Shares Traded	11,294,777		10,656,199	
Value of the Shares Traded (Rs.)	166,898,477		128,251,899	
Earnings per Share (Rs.)	0.77		0.90	
Dividends per Share (Rs.)	0.40		1.56	
Net Assets per Ordinary Share (Rs.)	6.06		5.71	

Five Year Summary

Year ended 31 March 2015	2015	2014	2013	2012	2011
Rs.'000					
Income Statements					
Revenue	2,653,705	2,508,491	2,242,969	1,973,666	1,668,484
Cost of Services	(1,601,496)	(1,482,445)	(1,226,679)	(1,039,003)	(890,041)
Gross Profit	1,052,209	1,026,046	1,016,290	934,663	778,443
Other Income and Gains	9,817	11,166	1,252,965	8,327	11,054
Administration and Distribution Expenses	(669,977)	(590,696)	(476,999)	(392,885)	(365,601)
Finance Cost	(58,946)	(73,270)	(127,953)	(97,609)	(103,119)
Finance Income	73,382	132,260	113,253	21,889	10,809
Share of Profit/(Loss) of Associate	-	-	(12,324)	36,181	(57,738)
Net Trading Income/ (Expenses)	-	-	-	21,426	-
Net Exchange Gain/ (Loss)	-	-	2,034	(38,214)	-
Profit before Tax	406,485	505,505	1,767,266	493,778	273,848
Income Tax (Expense)/ Reversal	1,693	(32,170)	(21,584)	1,902	(6,619)
Net Profit for the year	408,177	473,335	1,745,683	495,680	267,226
Balance Sheet					
Property Plant & Equipment	2,890,390	2,878,157	3,019,867	1,822,772	1,800,963
Deferred Tax Asset	-	-	-	10,586	8,420
Investment in Associates	-	-	-	763,176	726,994
Investment in Equity Securities	-	-	-	270,021	270,021
Inventories	158,481	138,336	127,300	120,286	105,886
Receivables	1,329,051	1,431,466	1,389,701	890,072	417,431
Cash and Cash equivalents	83,808	29,013	44,929	20,605	13,218
Total Assets	4,461,730	4,476,972	4,581,797	3,897,517	3,342,933
Stated Capital	1,393,328	1,393,327	1,393,327	1,393,328	1,393,328
Reserve	1,104,365	1,101,420	1,101,420	53,047	53,047
Retained Earnings	705,830	524,466	885,374	1,145,058	836,405
Shareholders' Funds	3,203,522	3,019,213	3,380,121	2,591,433	2,282,780
Non Interest Bearing Long Term Liabilities	34,273	38,345	42,417	46,489	50,561
Interest Bearing Long Term Liabilities	612,545	271,722	383,853	598,039	320,788
Deferred Tax Liability	134,340	132,660	137,288	-	-
Deferred Retirements Obligations	64,415	36,805	23,979	23,976	19,038
Trade Creditors	304,908	185,701	166,727	130,478	125,096
Other Payables	7,294	21,040	8,473	1,176	1,182
Non Interest Bearing Loans and Borrowings	4,072	4,072	4,072	4,072	5,113
Interest Bearing Short Term Borrowings	96,361	767,414	434,867	501,854	538,374
Total Equity & Liabilities	4,461,730	4,476,972	4,581,797	3,897,517	3,342,932
Cash Flow					
Net Cash Flow from operating activities	761,918	549,273	307,816	190,261	280,459
Net Cash Flow used in Investing activities	(164,456)	47,487	2,010,484	(182,044)	(116,849)
PBIT/Turnover	18%	23%	84%	30%	23%
GP Margin	40%	41%	45%	47%	47%
Debts to Equity	28%	33%	26%	34%	32%

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Fifteenth Annual General Meeting of Asiri Surgical Hospital PLC will be held at Hotel Janaki, Fife Road, Colombo 05 on Tuesday the 29th of September 2015 at 11.30 a.m. for the following purposes:

- 1) To receive and consider the Annual Report of the Board of Directors and Financial Statements of the Company for the year ended 31st March 2015 together with the Report of the Auditors thereon.
- 2) To ratify the Interim Dividend of Rs. 0.40 per share paid on 25th March 2015 as the Final Dividend for the year ended 31st March 2015.
- 3) To re-elect Mr. S A B Rajapaksa who retires by rotation in terms of Article 24(6) of the Articles of Association, as a Director of the Company.
- 4) To re-appoint Messrs Ernst & Young as Auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration.
- 5) To authorize the Directors to determine and make donations for the year ending 31st March 2016 and up to the date of the next Annual General Meeting.

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

(Sgd.)
SECRETARIES

Colombo
24th July 2015

Note:

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

A Form of Proxy is enclosed in this Report.

The completed Form of Proxy should be deposited at the Registered Office of the Company, 21, Kirimandala Mawatha, Colombo 05, not less than 48 hours before the time for holding the Meeting.

Form of Proxy

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

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

as *my/our Proxy to represent me/us and to speak and vote for *me/us on *my/our behalf at the 15th ANNUAL GENERAL MEETING OF THE COMPANY to be held at HOTEL JANAKI, Fife Road, Colombo 05 at 11.30 a.m. on Tuesday the 29th of September 2015 and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

	FOR	AGAINST
1) To receive and consider the Annual Report of the Board of Directors and Financial Statements of the Company for the year ended 31st March 2015 together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2) To approve the interim dividend of Rs. 0.40 per share paid on 25th March 2015 as the final dividend for the year ended 31st March 2015.	<input type="checkbox"/>	<input type="checkbox"/>
3) To re-elect Mr. S A B Rajapaksa who retires by rotation in terms of Article 24(6) of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4) To re-appoint retiring Auditors Messrs Ernst & Young and to authorize the Directors to fix their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
5) To authorize the Directors to determine and make donations for the year ending 31st March 2016 and up to the date of the next Annual General Meeting.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day of Two Thousand and fifteen.

.....
 *Signature/s

Note:

*Please delete the inappropriate words.

Instructions as to completion are noted on the reverse hereof.

The shareholders / proxy holders are requested to bring their National Identity Card or Passport when attending the meeting.

INSTRUCTIONS AS TO COMPLETION

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.

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.

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.

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.

The completed Form of Proxy should be deposited at the Registered Office of the Company, No. 21, Kirimandala Mawatha, Colombo 05, not less than forty eight (48) hours before the time appointed for holding of the Meeting.

Please provide the following details :

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

Corporate Information

Name of the company

Asiri Surgical Hospital PLC

Registered office

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

Legal form

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

The Company has re-registered under the Companies Act No. 07 of 2007. An undertaking approved by the Board of Investment of Sri Lanka (BOI) under the Board of Investment of Sri Lanka Law No. 4 of 1978.

Stock exchange listing

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

Company registration number

PQ 208

Date of Incorporation

2nd March 2000

Directors

Mr. A.K. Pathirage - Chairman/Managing Director
Dr. S. Selliah - Deputy Chairman
Dr. Manjula Karunaratne - Director/Chief Executive Officer
Mr. G.L.H. Premaratne
Mr. S.A.B. Rajapaksa

Auditors

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

Secretaries

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

Stock Code

AMSL.N0000



Asiri
Surgical
HOSPITAL PLC