



ASIRI HOSPITAL HOLDINGS PLC
ANNUAL REPORT 2016/17

THRIVE

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ASIRI HOSPITAL HOLDINGS PLC

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Thrive

As a healthy tree not only has strong roots, but also sturdy branches to thrive, our history has us anchored as a strong and reliable entity in the industry while we reach high for excellence and give life to every budding opportunity, flourishing as a group.



[Group Profile >](#)

ABOUT US

Over the years, the Group has added to its portfolio of hospitals, which now includes four fully-fledged hospitals; Asiri Medical Hospital, Asiri Surgical Hospital, Asiri Central Hospital, Asiri Hospital – Matara, as well as the island-wide network of Asiri Laboratories.



Asiri Hospital Holdings PLC, more commonly known under its flagship brand - Asiri Health; is Sri Lanka's leading provider of private healthcare services. Since the launch of Asiri Medical in 1986, the Group has remained at the forefront of the healthcare industry.

Over the years, the Group has added to its portfolio of hospitals, which now includes four fully-fledged hospitals; Asiri Medical Hospital, Asiri Surgical Hospital, Asiri Central Hospital, Asiri Hospital – Matara, as well as the island-wide network of Asiri Laboratories.

United by the Group mission "To care for and improve the quality of human life, through the provision of ethical healthcare solutions together with cutting-edge technology" the Asiri brand, today is synonymous with the most advanced clinical care available in the country, thanks to investments in latest technology, multi-disciplinary capability, state of the art facilities, world-class infrastructure and excellent patient care ambience. Moreover, the Asiri Health dedicated centres of excellence are among the finest clinical programmes in Sri Lanka. A beacon of hope for many, these centres of excellence focus on certain critical disciplines such as Cardiac, Brain and Spine, Oncology, Bone Marrow Transplant and Stroke Care and offer patients the very best treatment on par with top hospitals in the region.

At Asiri Health high quality, patient-centered healthcare has always been a top priority. In testimony to this commitment, Asiri Central Hospital is JCI (Joint Commission International) accredited, earning the Gold Seal of Approval in quality and patient safety, while both Asiri Surgical and Asiri Medical, are working towards obtaining the ACHS (Australian Council on Healthcare Standards) accreditation.



[Group Profile >](#)

VISION, MISSION AND VALUES

VISION

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

MISSION

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

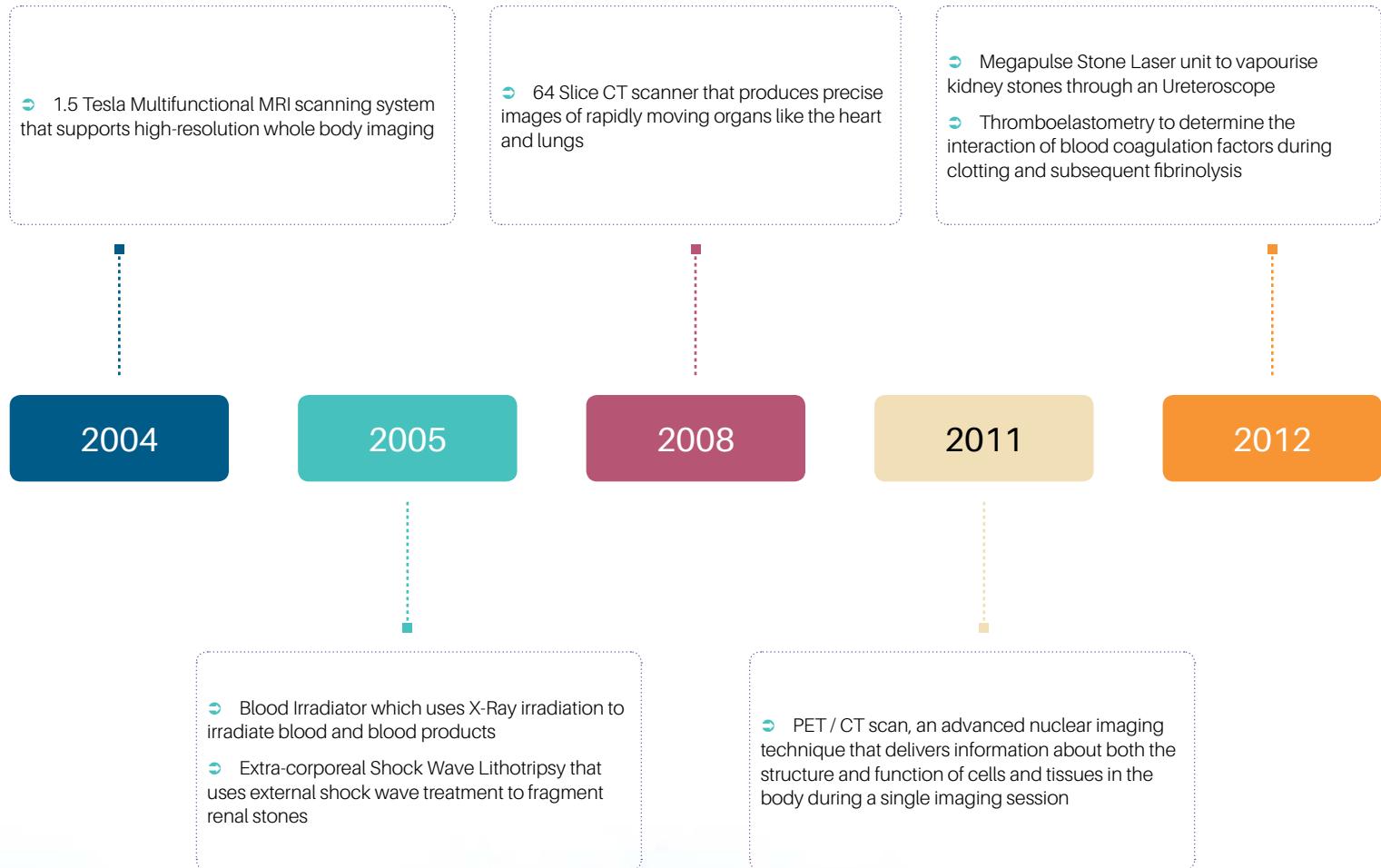
VALUES

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



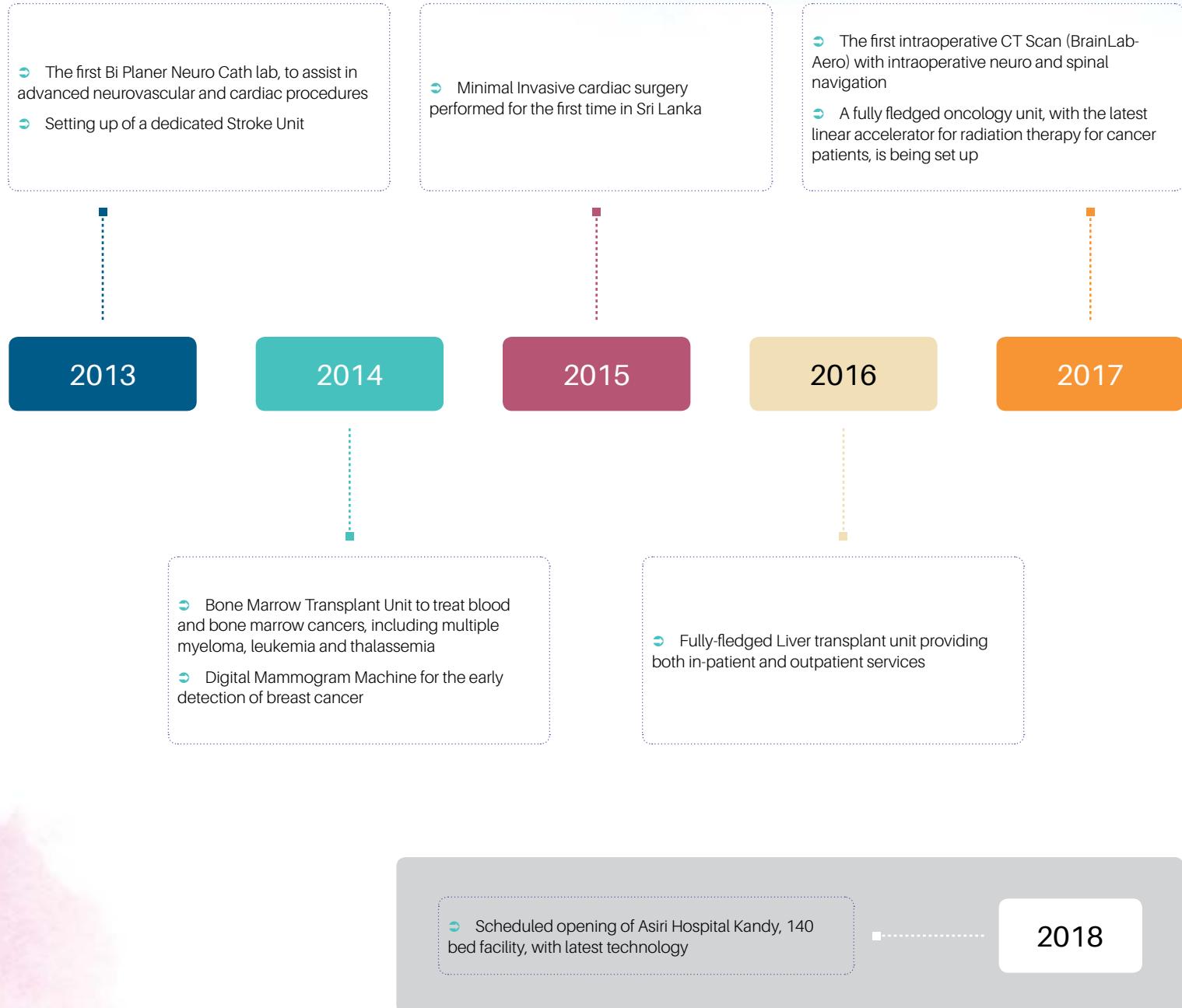
Group Profile >

KEY MILESTONES



Group Profile >

KEY MILESTONES



Thriving on Trust



The trust placed upon us by our stakeholders is the reason we do what we do. Their confidence in us spurs us forward and inspires us to be better than ever.

[Group Profile >](#)

BOARD OF DIRECTORS



From left to right

Mr. Vishal Bali - Director

Mr. Samantha Rajapaksa - Director

Mr. Vishwarupe Narain - Director

Dr. Manjula Karunaratne - Group Chief Executive Officer

Mr. Ashok Pathirage - Chairman/Managing Director

Dr. Sivakumar Selliah - Deputy Chairman

Mr. Harris Premaratne - Director

Mr. Jeremy Huxtable - Director

Mr. Ashok Pathirage

Chairman/Managing Director

Mr. Pathirage is one of the country's leading entrepreneurs and business leaders. He is the founder and Chairman/Managing Director of Softlogic Group. Mr. Pathirage is also Chairman/Managing Director of the Asiri hospital chain and the Chairman Softlogic Capital PLC, Softlogic Finance PLC, Softlogic Life Insurance PLC and Odel PLC which are listed public companies on the Colombo Stock Exchange in addition to the other companies of the Group operating in Leisure and Restaurants, Retail, Automobile and ICT industries. He is also the Deputy Chairman of National Development

Bank PLC and the Chairman of NDB Capital Holdings Limited.

Dr. Sivakumar Selliah

MBBS, M.Phil

Deputy Chairman

Dr. Selliah holds an MBBS Degree and a Master's Degree (M.Phil), and has over two decades of experience in many diverse fields.

Dr. Selliah is currently the Deputy Chairman of Asiri Surgical Hospital PLC and Central Hospitals Private Ltd. He is a Director of Lanka Tiles PLC, HNB Assurance PLC, Softlogic Holdings PLC, ODEL PLC, Lanka Walltiles PLC, Lanka Ceramic

Group Profile >

BOARD OF DIRECTORS

PLC, Horana Plantation PLC, ACL Cables PLC, Swisstek (Ceylon) PLC and Swisstek Aluminium Pvt Ltd. Dr. Selliah is also the Chairman of JAT Holdings Pvt Ltd, Vydexa (Lanka) Power Corporation Pvt Ltd and Cleanco Lanka Pvt Ltd.

Dr. Selliah serves on the Audit Committee, Investment committee, Strategic planning committee, Related party transaction committee and Remuneration committee which are sub committees of the board, of some of the companies listed above.

Dr. Manjula Karunaratne

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

Group Chief Executive Officer

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

Dr. Karunaratne possesses over 30 years of professional medical experience both in Sri Lanka and overseas, and is responsible for the overall medical policy of the Group.

Mr. Harris Premaratne

Director

Mr. Premaratne was appointed to the Board in March 2008 after 40 years of banking experience with Commercial Bank. He is specialised in Corporate Banking, and is an Associate of the Chartered Institute of Bankers of London. He

served as the Managing Director of Sampath Bank from 2009 to December 2011. He was the Managing Director of Cargills Bank Limited from 2012 to 2014. He held the position of Chairman of Sri Lanka Banks' Association.

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

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

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

He returned to Sri Lanka in 2008 to take up the appointment as Group Director of Kshatriya Holdings PLC and thereafter joined as a Group Director of the Softlogic Group responsible for

group business development initiatives and as Director/ Chief Executive Officer of Softlogic Communications Ltd handling the Nokia operations in Sri Lanka and the Maldives.

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

He also currently holds Directorships on the Boards of AMW Capital Leasing and Finance PLC, Asiri Hospitals Holdings PLC and Asiri Surgical Hospital PLC.

Mr. Jeremy Huxtable

Director

Mr. Huxtable was appointed to the position of Group Chief Officer – Enterprise Business of Dialog Axiata PLC with effect from 19th April, 2012. He counts a total of 19 years industry experience in telecommunications on the backdrop of a multi-country and multi-sector management career spanning over 3 decades.

Mr. Huxtable joined the Group Senior Management Team of Dialog following a stint close upon 7 years as the Managing Director of Suntel Ltd. Prior to taking the helm at Suntel in 2005, he held several senior management positions in the Scandinavian region with Orange International, the mobile arm of France Telecom including that of CEO of Orange Sweden, a 3G green-field start up and that of Director for Strategy and Planning at Orange Denmark. Prior to joining Orange, he held the position of Vice President at FortuneCity.com an internet start-up that was listed on the German Neuer Market.

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

Group Profile >

BOARD OF DIRECTORS

Mr. Vishwarupe Narain

Director

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

He is currently serves on the boards of AGS Transact Technologies Ltd, Healthium Medtech Pvt Ltd, Flexituff International, India Transact Service Ltd, Secure Value India Ltd, Global Gene Corp, Landmark Cars Pvt. Ltd, Landmark Automobiles Pvt. Ltd, Landmark Insurance Brokers Pvt. Ltd, Quality Needles Pvt. Ltd, Interstellar Services Private Limited, Firstmed Healthcare Pvt. Ltd, Cyberabad Citizens Health Services Pvt Ltd, American Institute of Pathology & Laboratory Sciences Pvt. Ltd, Rhea Healthcare Private Limited and Cancer Treatment Services Hyderabad Pvt. Ltd.

Prior to joining TPG Growth in 2007, Mr. Narain was an investor with Bessemer Venture Partners in New York. Previous to that, Mr. Narain was an Engagement Manager in McKinsey's Private Equity Practice in Palo Alto and London. Mr. Narain joined McKinsey from Deloitte Consulting, where he was a Senior Consultant.

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

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

the WEF banner. Vish was also nominated as an Aspen Fellow in 2014 and is a member of the Aspen Leadership Institute.

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

Mr. Vishal Bali

Director

Mr. Bali brings with him 24 years of experience in building and leading global healthcare delivery organisations through organic and M&A driven strategic growth initiatives across Asia Pacific. His experience of managing a billion dollar integrated healthcare delivery organisation comprising Hospitals, Diagnostics, Primary Care and Daycare Speciality in diversified geographies of India, Australia, New Zealand, Hong Kong, Singapore, Vietnam, Sri Lanka and Dubai has given him the exceptional opportunity to transform healthcare businesses in both developing and developed countries.

Mr. Bali is currently Asia Head - Healthcare , TPG Growth which is amongst the leading private equity firms globally. He is also Co-founder & Chairman of Medwell Ventures, India.

Prior to his current assignment he was the Group CEO for Fortis Healthcare Limited which is the leading provider of healthcare services in India with a network of 68 hospitals and had earlier built Asia's leading integrated healthcare delivery system with presence across 12 countries and a human capital base of more than 20,000 people. His earlier roles also include CEO for Fortis Healthcare International in Singapore and CEO for Fortis Hospitals in India. His past assignment also includes spearheading the growth and transformation of Wockhardt Hospitals from a

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

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

[Group Profile >](#)

GROUP SENIOR MANAGEMENT TEAM



Seated from left to right

Mr. Neil Priyath John

Director Laboratory Services

Ms. Mihiri Cabandugama

Head of Strategic Planning and Business Development

Dr. Samanthi de Silva

Director Operations - Asiri Medical Hospital & Asiri Surgical Hospital

Dr. Ruwan Senatilleke

Medical Director - Asiri Central Hospital

Standing from left to right

Dr. Hasanthie Iddamalgoda

Medical Director - Asiri Medical Hospital

Mrs. Hasanthi De Saram Karandagaspitiya

Group Head - Human Resources & Human Resource Development

Mr. Nipuna Mediwick

Chief Financial Officer

Dr. Harsha Baranage

Medical Director - Asiri Surgical Hospital

Mr. Nihal Rathnayake

Director Operations - Asiri Central Hospital

Mrs. Rochelle de Silva

Director Marketing

Mr. Nalin Pasqual

General Manager - Asiri Hospital Matara

Mrs. Thelani Weerasinghe

Director Nursing

[Group Profile >](#)

GROUP CONSULTANT MEDICAL TEAM



From left to right

1. **Dr. Anil Perera**
Consultant / Head Dept. of Anaesthesiology
- Asiri Medical & Asiri Surgical Hospital
2. **Dr. Menik Goonewardene**
Consultant Neonatologist
3. **Prof. L R Amarasekara**
Consultant Histopathologist
4. **Dr. Gamin Jayaweera**
Consultant /Head Dept. of Transfusion Medicine
- Asiri Group
5. **Dr. Hiranthi Abeysinghe**
Consultant Anaesthesiologist
6. **Dr. Y K M Lahie**
Consultant Cardiothoracic Surgeon
7. **Dr. Gulpa Subasinghe**
Consultant Radiologist
8. **Dr. S D Athukorala**
Consultant Clinical Bacteriologist
9. **Dr. Gitanjali Jayathilaka**
Consultant Anaesthesiologist
10. **Dr. Rajeeva Pieris**
Consultant Cardiothoracic Surgeon
11. **Dr. Rohini Ranwala**
Clinical Director - Dept. of Neuro Science,
Asiri Central Hospital
12. **Dr. Sumedha Amarasekara**
Consultant Orthopaedic Surgeon
13. **Dr. Stella Fernando**
Consultant Aaesthesiologist
14. **Dr. Philomena Chandrasiri**
Consultant Microbiologist
/Head of infection Control
15. **Dr. Thushara Fernando**
Consultant Anaesthesiologist
16. **Dr. Kalyani Miranda**
Consultant Radiologist
17. **Dr. Lallindra Gooneratne**
Director- Bone Marrow Transplant & Clinical
Haematology Unit - Asiri Central Hospital

Group Profile >

GROUP CONSULTANT MEDICAL TEAM

*From left to right*

1. **Prof. Vajira Dissanayake**
Consultant Medical Geneticist
 2. **Dr. Nihal Wijewardhana**
Consultant Interventional Radiologist
 3. **Dr. Darshani Amarsasinghe**
Consultant Anaesthesiologist
 4. **Dr. Saman Perera**
Consultant Radiologist
 5. **Dr. Kantha Samarawickrema**
Consultant /Head - Dept. of Nuclear Medicine
 6. **Dr. Aruna Nandasena**
Consultant Genito- Urinary Surgeon
 7. **Dr. Gayani Senanayake**
Consultant Anaesthesiologist
 8. **Dr. Vivek Guptha**
Senior Consultant Cardiothoracic Surgeon
 9. **Dr. Natasha Peiris**
Consultant Resident Physician
 10. **Dr. Samantha De Silva**
Consultant Neonatologist
 11. **Dr. Rangika Goonaratne**
Consultant Eye Surgeon
 12. **Dr. Shantha Hettiarachchi**
Consultant/ Head Dept. of Radiology
- Asiri Medical and Asiri Surgical Hospital
 13. **Dr. Thurul Attygalle**
Resident Physician Stroke Unit
 14. **Dr. Chrishantha Mendis**
Consultant / Head Dept. of Anaesthesiology
- Asiri Central Hospital
 15. **Dr. Sunil Perera**
Consultant/Head - Dept. of Neuro Science,
Asiri Central Hospital
 16. **Dr. Dinesh De Silva**
Consultant Eye Surgeon
 17. **Dr. Lakmali Parahewa**
Consultant/Head Dept. of Radiology
- Asiri Central Hospital
 18. **Dr. Ajith Karunaratne**
Consultant Cardiothoracic Surgeon
- Absent**
19. **Dr. Dishna De Silva**
Consultant Paediatrician
 20. **Dr. Charitha Weerasinghe**
Consultant Vascular Surgeon

[Group Overview >](#)

GROUP STRUCTURE



Asiri Hospital Holdings PLC

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



Asiri Surgical Hospital PLC

With a bed capacity of 150, Asiri Surgical Hospital offers specialised surgical care and treatments using the latest medical technology, inclusive of several Intensive Care units, Emergency Treatment services, Modern Operating Theatre suites, fully fledged Urology services and a state of the art Heart Centre which offers world class cardiac care. It is recognised as the most technologically advanced private hospital in the country.



Central Hospital Ltd

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



Asiri Hospital Matara (Pvt) Ltd

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



Asiri Hospital Kandy (Pvt) Ltd

A 140 bed multi discipline hospital housing state of the art technology, some of which will be the first for the Central Province. The Hospital is scheduled to commence operations in the last quarter of 2018.



Asiri Laboratories

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

[Group Overview >](#)

BUSINESS MODEL



Fully-fledged healthcare solutions - Our centres of excellence across clinical and medical specialties, together with our ambulatory services, provide patients with integrated care and solutions



Sustainability - delivering sustainable value to all stakeholders by Nurturing People, Focus on Health and Safety, Environmental Sustainability and Community Investment



Capacity Building - 05 fully-fledged hospitals (+ 1 under construction) + 08 centres of excellence + island-wide laboratory network



Quality and Safety standards - Accreditations from JCI (Joint Commission International), ISO 14001 : 2004 (Environmental Management System), ISO 9001 : 2008 (Quality Management System), OHSAS 18001 : 2007 (Occupational Health and Safety Management System), ISO 22000 : 2005 (Food Safety Management System)



Professional Expertise - experienced team of personnel, including; medical specialists, nurses, allied health personnel as well as hospital management and the operations team



Innovation - bringing in new medical knowledge into the country through investments the latest medical equipment, operations and systems infrastructure, which enable patients to benefit from the latest breakthrough medical treatment at a fraction of the cost of obtaining treatment overseas



Support Services - an extended support system that provides assurance of products, supplies and integrity of processes (IT, inventory, etc.) that underpin the smooth operations for all Asiri Hospitals



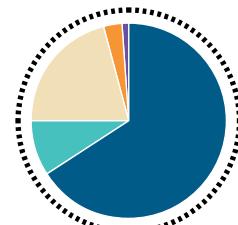
Collaborative Partnerships - value-adding strategic tie-ups to generate a sustainable competitive advantage for the long term

Group Overview >

KEY FINANCIAL HIGHLIGHTS

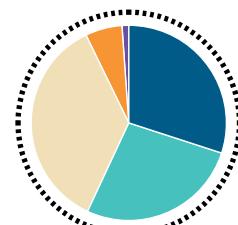
Group	2016/17	2015/16
<u>Financial Performance (Rs. Mn)</u>		
Revenue	10,396.22	9,952.38
Operating Profit	2,041.71	2,058.82
Pre-tax Profit	1,297.21	1,582.79
Income tax expense	177.21	193.82
Net Profit	1,120.00	1,388.97
<u>Financial Position (Rs. Mn)</u>		
Total Assets	18,841.58	16,767.55
Borrowings	9,325.20	7,939.34
Shareholders Funds	6,412.06	5,931.74
<u>Information per Ordinary Share (Rs.)</u>		
Earnings per share	0.90	1.06
Dividend per share	0.95	1.94
Net Asset Value per share	5.64	5.21

EBIT Breakdown



EBIT - Earnings Before Interest and Taxes

Revenue Breakdown



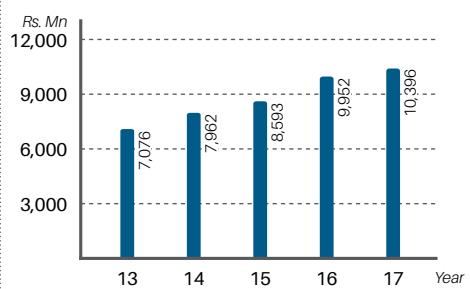
Rs. 10,396.22 Mn

Revenue

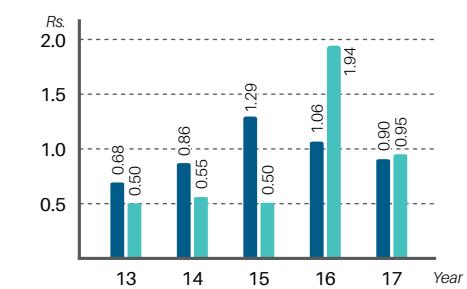
Rs. 2,041.71 Mn

Operating Profit

Revenue Growth



EPS/DPS



■ EPS ■ DPS

[Group Overview >](#)

GROUP QUALITY FOCUS



ISO 22000:2005- Food Safety Management Demonstrates the organisation's ability to control food safety hazards in order to ensure that food is safe.



ISO 14001: Environmental Management Systems Design and implementation of a set of standards of effective environmental management.



Joint Commission International (JCI) Accreditation The gold standard in global healthcare, JCI is widely accepted to be the author and evaluator of the most rigorous international standards in patient safety and quality.



ISO 9001:2008 Quality Management Systems Certifications.



OHSAS 18001:2005 Occupational Health & Safety Management Systems Certification.



ISO 22000:2005- Food Safety Management Demonstrates the organisation's ability to control food safety hazards in order to ensure that food is safe



ISO 22000:2005- Food Safety Management Demonstrates the organisation's ability to control food safety hazards in order to ensure that food is safe



Member of



Member ID # 383029



Member Number: 4790

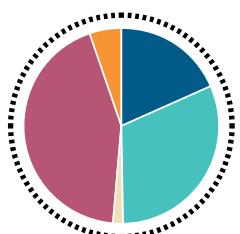


ISO 15189
ML 009-01

ECONOMIC VALUE ADDED STATEMENT

Company	31-Mar-2017	%	31-Mar-2016	%
	Rs. '000		Rs. '000	
Direct Economic Value Generated				
Turnover	3,239,834	75%	2,730,388	87%
Finance Income	18,496	1%	32,256	1%
Other Income	1,048,907	24%	384,739	12%
	4,307,236	100%	3,147,382	100%
Employees				
Employee wages & Benefits	792,934	18%	650,289	21%
Economic Value Distributed				
Operating Cost	1,359,646	32%	1,180,738	38%
Government				
Taxes Paid	72,627	2%	105,132	3%
Capital Providers				
To lenders as Interest	776,819	18%	430,619	14%
To Shareholders as dividends	1,080,657	25%	2,206,815	70%
Currency Fluctuation	-	0%	45,950	1%
Expansion and Growth				
Depreciation	123,210	3%	86,631	3%
Retained Earnings	101,344	2%	(1,558,792)	(50%)
	4,307,236	100%	3,147,382	100%

Distribution of Economic Value Added - 2017



Employees	18%
Operating Cost	32%
Government	2%
Capital Providers	43%
Expansion and Growth	5%

REPORT OVERVIEW

Scope and Boundary

This report covers the activities of the Asiri Hospital Holdings PLC (Group) for the financial year 01st April 2016 – 31st March 2017.

As the 2nd consecutive Integrated Report released, this report aims to provide a balanced and succinct view of the Group's financial and non-financial performance, including sustainability matters. As such, it provides information on the key strategic drivers; namely growth, quality and sustainability along with related corporate governance and accountability processes.

The information provided in this integrated report has been guided by local and international requirements. These include:

- ➲ the International Integrated Reporting Council's (IIRC) <IR> framework;
- ➲ the principles of the Global Reporting Initiative (GRI) G4 guidelines;
- ➲ the Code of Best Practice on Corporate Governance jointly issued by The Institute of Chartered Accountants of Sri Lanka, The Securities and Exchange Commission of Sri Lanka and The Colombo Stock Exchange.
- ➲ CSE Listings Requirements;

Disclosure and Assurance

The Group strives to achieve high standards in all disclosures included in this report, in order to provide meaningful, accurate, complete, transparent and balanced information to stakeholders.

The board, its committees and management were involved in finalising disclosures made in this integrated report and assume responsibility

for the information contained therein. This ensures a collaborative and mutually responsible approach for ensuring the accuracy of data presented, while allowing for multiple stages of review and verification.

Forward-looking Statements

This integrated report contains forward-looking statements that, unless otherwise stated, reflect the Group's expectations at 31st March 2017. Therefore, actual results may differ materially from the Group's expectations depending on the known or unknown risks or uncertainties that may affect the business, or if estimates or assumptions prove inaccurate. As such, the Group cannot guarantee that any forward-looking statement will materialise and readers are cautioned not to place undue reliance on these forward-looking statements. Further, the Group disclaims any intention and assumes no obligation to update or revise any forward-looking statement.

Board Responsibility

The board, assisted by its respective committees, is ultimately responsible for overseeing the integrity and completeness of the integrated report. The board has applied its collective mind to the preparation and presentation of the integrated report and has concluded that the report materially aligns with the IIRC's <IR> Framework.

Queries and Comments

Any queries and comments regarding this report should be directed to;

Chief Financial Officer

Email: info@asiri.lk

[Group Leadership Reports >](#)
CHAIRMAN'S MESSAGE

"CHL received global recognition when its Neurosurgical Unit was selected as an examination centre for the Royal College of Surgeons of Edinburgh, UK. I believe these accomplishments are symbolic of our efforts to reinvent Asiri Health as a premier healthcare brand in Asia."



Ashok Pathirage
Chairman

Dear Stakeholder

It gives me pleasure to present the second consecutive integrated report of Asiri Hospital Holdings PLC. We continue to believe that integrated reporting is an appropriate way of transparently communicating with our stakeholders, as it encompasses our material financial and non-financial performance. As part of our integrated reporting journey, this year we have worked to improve the transparency of and highlight material disclosures that will be of interest to our stakeholders.

Operating Environment

Sri Lanka's economy in 2016 grew at a slower pace of 4.4% amidst a host of global and local challenges. As a key component of the country's service sector, the private healthcare industry



continues to gain traction as a key contributor to economic growth.

However competition in the private sector healthcare industry continues to intensify particularly with hospitals adopting patient-centric strategies in response to the patients' demands for more advanced technology and higher quality services.

Group Strategy

Operating amidst this backdrop, in the year under review the Group strategy was sharpened based on three focus areas: Growth; Quality and Sustainability.

Our intention was to leverage on these strategic thrust areas to provide high-quality, cost-effective

patient-centered healthcare that would help maintain Asiri Health as the leading private hospital operator in Sri Lanka.

To drive growth, we continued to build capacity across all our hospitals and I am indeed proud to say that today, Asiri occupies a preferred place in many of the clinical areas that it has concentrated on building capability in. Most notably, the investment made in acquiring the first intraoperative CT Scan (BrainLab-Aero) which augments our surgical capabilities with intraoperative neuro and spinal navigation. From the time of establishing Neuronavigation in Asiri Hospitals, we have done more than 2500 Neuronavigation guided surgical procedures in our theatres.

Group Leadership Reports >
CHAIRMAN'S MESSAGE

Further reinforcing our credentials as the premier medical brand in the country, Central Hospital Limited (CHL) made history by becoming the first and only hospital in Sri Lanka to perform a bone marrow transplant. Following this groundbreaking achievement CHL's Bone Marrow Transplant unit became the first ever hospital in Sri Lanka to be accredited as a centre for postgraduate medical training. In yet another first, CHL received global recognition when its Neurosurgical Unit was selected as an examination centre for the Royal College of Surgeons of Edinburgh, UK. I believe these accomplishments are symbolic of our efforts to reinvent Asiri Health as a premier healthcare brand in Asia.

I am also particularly pleased with the progress made on our quality drive, where our intention is to raise our standards on par with globally recognised healthcare standards. In this regard, CHL achieved a significant landmark by securing the globally recognised JCI (Joint Commission International) accreditation for quality and patient safety. At the same time both ASH and AMH began working towards obtaining the ACHS (Australian Council of Healthcare Standards), a process that I expect would be completed in the forthcoming year.

Sustainability continues to be firmly embedded within the Group and as an industry leader, we recognise the great responsibility and opportunity to make a positive impact by focusing on empowering people, preserving the environment and supporting communities in which we work and live. The Group has identified several factors that are material to our sustainability. These initiatives are covered in greater depth within our Sustainability Report on page 40 to 47.

Financial Performance

The Group produced satisfactory results for the year, tabling Consolidated Revenue of Rs. 10.4Bn and net profits of Rs. 1.1Bn as at 31st March 2017.

Share Price

Asiri Hospital Holdings PLC shares registered healthy trading volumes throughout the year, with the lowest traded price of Rs. 23.20 being recorded in April 2016, while the highest traded price per share of Rs. 32.50, was achieved in August 2016. The closing price per share as at 31st March 2017, was Rs. 25.80.

Governance

The board strives to provide effective leadership, strategic direction and a productive environment that can sustain the delivery of value to stakeholders. Our corporate governance structure assists the board in achieving these objectives by ensuring compliance with the Code of Best Practice on Corporate Governance jointly issued by The Institute of Chartered Accountants of Sri Lanka, The Securities and Exchange Commission of Sri Lanka and The Colombo Stock Exchange. These good governance practices are cascaded through the Group and are reflected in the day-to-day practices, policies and procedures of each strategic business unit.

Future Outlook

The Group enters the new financial year with a positive growth outlook for the medium term. Essentially the Group strategy would remain the same. Nonetheless, our main priority would be to ensure that the Group keeps abreast of the latest technological and medical advancements, for we recognise that as service providers we must continuously strive to improve our service and

even exceed the service level expectations of our patients.

Meanwhile, as Sri Lanka's health sector remains plagued by a chronic shortage of skilled paramedical staff, we may even be compelled to look for alternative sources to meet our requirements and stay ahead of the competition in the coming years.

Appreciations

To conclude, I wish to express my sincere thanks to my fellow board members for their advice and overall guidance in steering our path. To all our doctors, nurses, employees and service providers working tirelessly at our facilities, you have the board's appreciation for your dedication and passion.

To our shareholders and all our valued stakeholders, thank you for continuing to walk our journey with us.

*Sgd.
Ashok Pathirage
Chairman*

"We continued to build capacity across each of our hospitals, making significant investments to upgrade physical infrastructure, marking our next step in the Group's journey to establish Asiri Health as a regional leader in private healthcare."



Dr. Manjula Karunaratne
Group Chief Executive Officer



The twelve months ending 31st March 2017 marked the conclusion of another satisfactory year for Asiri Hospital Holdings PLC. Despite the growing competition in the country's private healthcare industry, the Group made steady progress in increasing its market leverage, thanks in part to the decision made in the previous year to consolidate our branding under the common "Asiri Health" banner.

With "Asiri Health" gaining traction across diverse market segments, in the year under review we witnessed a significantly higher number of patients patronising our four hospitals as well as our island-wide Laboratory network.

Financial Results

I am happy to report that the Group produced solid financial results for the year ending 31st

March 2017. Consolidated Group Revenue for 2016/17 was Rs. 10.4Bn, with Asiri Medical Hospital (AMH), Asiri Surgical Hospital (ASH), Central Hospitals Limited (CHL) and Asiri Hospitals – Matara (AH-M) contributing Rs. 3.2Bn, Rs. 2.9Bn, Rs. 3.8Bn and Rs. 0.67Bn respectively.

The Group recorded Consolidated Net Profit of Rs. 1.1Bn, with all segments contributing positively to the bottom line. Reporting a Net Profit of Rs. 1.2Bn AMH was the largest contributor to the Group's bottom line, while ASH, CHL and AH-M contributed Rs. 0.26Bn, Rs. 0.52Bn and Rs. 0.08Bn respectively.

Striving for Excellence

Faced with an ageing population and higher incidence of non-communicable diseases, the demand for private healthcare services in Sri

Lanka is on the rise. Amidst this backdrop, the overreaching goal for the Asiri Group is to strive for excellence across all aspects of our operation. Simply put - we want to be overwhelmingly different from our peers by excelling in everything we do.

In tandem with this goal, We continued to build capacity across each of our hospitals, making significant investments to upgrade physical infrastructure, marking our next step in the Group's journey to establish Asiri Health as a regional leader in private healthcare, the renovation of AMH kicked off in 2016, a massive three-year undertaking to completely renovate and expand all key areas of the hospital. The first phase of the project, which was completed in the year under review saw the exterior façade of the hospital being fully renovated. As part of this effort, we

Group Leadership Reports >
CEO'S REVIEW

also acquired land located adjacent to the AMH premises in Colombo 05. Following further developments, the area was made available as a car park for the convenience of AMH patients.

Parallel to the AMH renovation project, the Main Laboratory service within the hospital premises was relocated to a standalone building and officially commissioned on 10th of October 2016. Comprising of 11,000 Sqft of space, the new facility is geared to bring greater convenience to the customer. Designed with multiple customer stations, the new facility has the capacity to serve over 2,000 patients per day.

Underpinning our strategy to secure first-mover advantage in the market, we continued to pioneer new path-breaking technologies in modern medicine. The new super-silent 3.0T MRI scanner and a Gamma Camera at ASH, the "Brain Lab" and a Digital Mammogram at CHL and a new 16-slice CT scan unit at AH-M were among the major investments for 2016/17.

We were also quite aggressive in our efforts to set up specialised clinics, mainly in response to the rising incidence of non-communicable diseases, the impacts of changing lifestyle patterns and shifts in population demographics. At AMH we set up a Diabetic Care Centre and Pediatric Respiratory Centre, while a fully-fledged Wound Management Centre, a Sports Injury Clinic and an Elder Care Centre were added to the facilities offered by ASH. We also launched Cardiac and Brain and Spine Clinics across the Group.

At the same time, to benefit from knowledge sharing that brings further value-addition to our efforts, we pursued a number of strategic partnerships. Partnering with the American Institute of Oncology (AIO), we set up of a fully-

fledged Radio Therapy Unit at ASH. We also tied up with Manipal Hospital in Bangalore to set up a Liver Transplant unit, also at ASH.

As always, management of patient care based on an understanding of their specific healthcare needs was a priority, as did the development of tailored care regimes that delivered truly personalised care. The year saw our care teams continuing to work closely with visiting medical consultants to ensure that high levels of patient care were implemented consistently.

To assist in the measurement of patient experience, we rolled out a new patient feedback mechanism across all of our hospitals. The new user-friendly tri-lingual feedback mechanism launched in September 2016 has led to a tremendous increase in the number of respondents, which has enabled a more accurate assessment of our performance. I am happy to report, that the patient feedback score shows an overall improvement in 2016/17.

Signalling the next step in our journey to enhance the patient experience, we launched Doc 990, a digital health portal, which provides medical appointment booking facilities and is accessible via a mobile app (downloadable from the Google Play Store), and via web on www.doc.lk or by dialling the short code 990 on mobile network. Launched in April 2016 Doc 990 is operated by Digital Health Ltd, an associate company of the Dialog Group.

Renewing the commitment to the Group's quality-centered focus, CHL completed the necessary protocols to secure the globally recognised JCI (Joint Commission International) accreditation for quality and patient safety. In parallel, we began working towards securing the

Australian Council Healthcare Standards (ACHS) accreditation for all our other hospitals. The ACHS accreditation would add a considerable boost to our profile, bringing our hospitals on par with some of the best healthcare facilities in Asia and Australia.

I must admit, it is most rewarding to be recognised for the hard work that we put in each and every day. In a landmark achievement CHL's Bone Marrow Transplant unit became the first ever hospital in Sri Lanka to be accredited as a centre for postgraduate medical training. However, by far the most significant milestone for the year was CHL's Neurological Surgery Unit being selected as an examination centre for the Royal College of Surgeons of Edinburgh, UK. Personally I believe that through these achievements, the Group has succeeded in raising the bar for the entire healthcare industry in Sri Lanka.

Staying Ahead

While Asiri Health does enjoy a commanding lead over peers, it is critical that we continue to explore new avenues to increase our market share. Among the key efforts in this regard is our ongoing investment to build a 140-bed tertiary care hospital in Kandy. Since the groundbreaking ceremony in November 2015, we have made steady progress on the project and I am confident that if work continues at the current pace, we can comfortably meet our scheduled opening date in the third quarter of 2018.

Throughout the year we expanded our island-wide Laboratory network, investing to set up a new laboratory and 29 new collection centres across Sri Lanka, which brings the total network to 9 laboratories and 43 collection centres as at 31st March 2017. In related developments,

"In a landmark achievement CHL's Bone Marrow Transplant unit became the first ever hospital in Sri Lanka to be accredited as a centre for postgraduate medical training."

Asiri Laboratory Microbiology Department was rated as the #1 laboratory service in Sri Lanka according to an assessment conducted by the Medical Research Institute of Sri Lanka. Meanwhile, in recognition of the commitment to quality, Asiri Labs was awarded a commendation certificate at the National Quality Awards 2016.

In the year under review, the Group took several important steps to expand the captive patient base, a strategy we felt was necessary in order to improve scalability and drive long term growth. Our main effort was the sign up with the National Insurance Trust Fund (NITF), the primary medical funding plan offered to state sector employees. The tie up allows the Group to promote the Asiri Health proposition to NITF's database of over 2 million members.

In yet another new development, we set up a customer relationship unit tasked with tapping into the potential opportunities for medial tourism in international markets like the Maldives and Seychelles.

Alongside these growth plans, we continued to stay focused on our costs in order to remain

competitive. And as the depreciation of the Rupee impacted our cost structures for the year, we initiated stricter cost containment measures to ensure we keep our cost-per-patient within our internal benchmarks.

Meanwhile, to attract and retain the best quality personnel we made improvements to our incentive schemes and restructured our training programmes cognizant to the demands of modern healthcare practices.

Equally important to us is the safety and wellbeing of our people. It is why we review and update on an ongoing basis, our people development initiatives to ensure we provide each individual with opportunities for both professional and personal growth.

Giving Back to the Community

As a responsible corporate citizen, we have always made sure that our community service interventions are a reflection of who we are, for we believe it is the only meaningful way the Group can bring about a positive change in society. The Asiri Health free awareness clinics remains our flagship community-based campaign. In the year under review we rolled out a new Liver clinic, to tie in with the launch of the Liver transplant unit at ASH. Also launched during the year were the Cardiac and sports injury clinics jointly held between ASH and CHL, the Brain & Spine clinic at CHL and an antenatal clinic for expectant mothers conducted by AMH.

Future Strategy

Given the Group's sound fundamentals and consistent track record, I look forward to the future with optimism. Going forward, our focus would be to broaden the portfolio of specialised medical services, with a strong emphasis on

sharpening our expertise on preventive medicine. Further, we expect innovation-led capacity enhancements to drive prospects in the field of curative medicine. Moreover, improvements in patient care and strengthening the Asiri Health brand will remain key enablers in deepening the Group's market share in Sri Lanka's private healthcare sector.

Appreciations

To conclude, I wish to extend my sincere thanks to the board for their guidance and leadership that has helped the Group to succeed in a manner that is both profitable and sustainable. To our doctors, nurses, employees and service partners, thank you for helping us to achieve success despite ongoing industry challenges. To our shareholders, thank you for your support and belief in our vision. I seek your continued patronage to ensure the Group grows and thrives in the years ahead as well.

Sgd.

Dr. Manjula Karunaratne
Group Chief Executive Officer



MOTHER AND BABY CARE

At our Mother and Baby Centre, we consider it a privilege to share in the birth of your baby. We view our relationship with each patient as a special partnership. It's what inspires us to ensure that every mother has a safe and comfortable delivery. Happy mums and healthy babies is our one aim.



*Thriving on
new ideas*



Innovation is the cornerstone of our industry and we strive every day to bring the best in technology and processes to our stakeholders as we continue to grow.

[Strategy and Focus >](#)

STAKEHOLDER ENGAGEMENT

We believe, effective stakeholder management is a key aspect of good governance and can proactively mitigate certain risks within the business, in particular reputational risk. Further we believe that creating and maintaining good stakeholder relations gives us a better perspective of what our stakeholders expect of us, through which we are able to determine our growth strategy.

Stakeholder Group	Engagement Methodology	Key Expectations
Patients	<ul style="list-style-type: none"> ➲ One-on-one interactions with Doctors, Nursing staff and other medical personnel ➲ Customer Feedback Survey ➲ Corporate Website 	<ul style="list-style-type: none"> ➲ Ease of admission, billing and discharge procedures. ➲ Quality nursing care. ➲ Internationally benchmarked clinical best practice that promote quality care and improved patient outcomes. ➲ Low infection rates and medication errors. ➲ Latest state-of-the-art technology and clinical facilities. ➲ Access to multi-disciplinary health services ➲ Positive hospital experience.
Employees	<ul style="list-style-type: none"> ➲ Open Door policy ➲ Performance Appraisal discussion ➲ Grievance mechanism ➲ Regular divisional staff meetings ➲ Staff newsletter ➲ Whistle blower policy 	<ul style="list-style-type: none"> ➲ Recognition and reward for quality performance. ➲ Training and personnel development. ➲ Equal opportunity in non-discriminatory culture. ➲ Competitive remuneration and benefits package. ➲ Structured ethical working environment. ➲ Access to a wellness programme. ➲ Work environment focused on safety and minimising of occupational risks. ➲ Employee engagement.
Doctors	<ul style="list-style-type: none"> ➲ Regular one-on-one open communication with doctors. ➲ Participation in medical advisory committees. ➲ CME programmes 	<ul style="list-style-type: none"> ➲ High-quality support with regard to nursing, hospital facilities, technology and equipment. ➲ Access to multi-disciplinary health services. ➲ Participation in medical advisory committees. ➲ Access to quality consulting rooms.

Strategy and Focus >

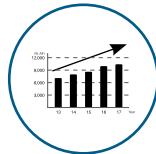
STAKEHOLDER ENGAGEMENT

Stakeholder Group	Engagement Methodology	Key Expectations
Suppliers	<ul style="list-style-type: none"> ⦿ Ongoing interaction with suppliers in reviewing and renewing contracts and procurement initiatives. ⦿ Regular meetings and negotiations with strategic supply partners. ⦿ Transparent tender process. 	<ul style="list-style-type: none"> ⦿ A reputation for ethics and fairness in dealings with suppliers. ⦿ Negotiations with suppliers built on mutual respect and fair pricing structure.
Government	<ul style="list-style-type: none"> ⦿ Ongoing interaction with the Ministry of Health at an executive level. ⦿ Ongoing communication on private/public sector issues. ⦿ Participation in government forums and priority projects. 	<ul style="list-style-type: none"> ⦿ Compliance with regulations. ⦿ Assisting in the development of appropriate healthcare regulation ⦿ Access to affordable healthcare.
Shareholders	<ul style="list-style-type: none"> ⦿ Annual General Meeting ⦿ Corporate website 	<ul style="list-style-type: none"> ⦿ Sustained growth and financial stability. ⦿ Strong corporate and clinical governance to safeguard business. ⦿ Clear and transparent communication of the Group's strategy and results. ⦿ Business outreach. ⦿ Market share. ⦿ Environmental sustainability.

Strategy and Focus >

MATERIALITY ASSESSMENT

Understanding the economic, environmental and social components of sustainability will make us more responsive in transforming our business towards a more sustainable entity. In this regard a materiality analysis was conducted internally to identify material sustainability issues that arise across our business value chain.



Economic Impact

Health and Safety

- ⌚ Fire Emergency Response
- ⌚ Disaster Management
- ⌚ Hazardous Material and Clinical Waste Management
- ⌚ Medical Equipment Management
- ⌚ Utility Management
- ⌚ Security Management



Environmental Impact

Environmental Sustainability

- ⌚ Energy Consumption
- ⌚ Water Consumption
- ⌚ Waste Management
- ⌚ Incineration



Social Impact

Nurturing People

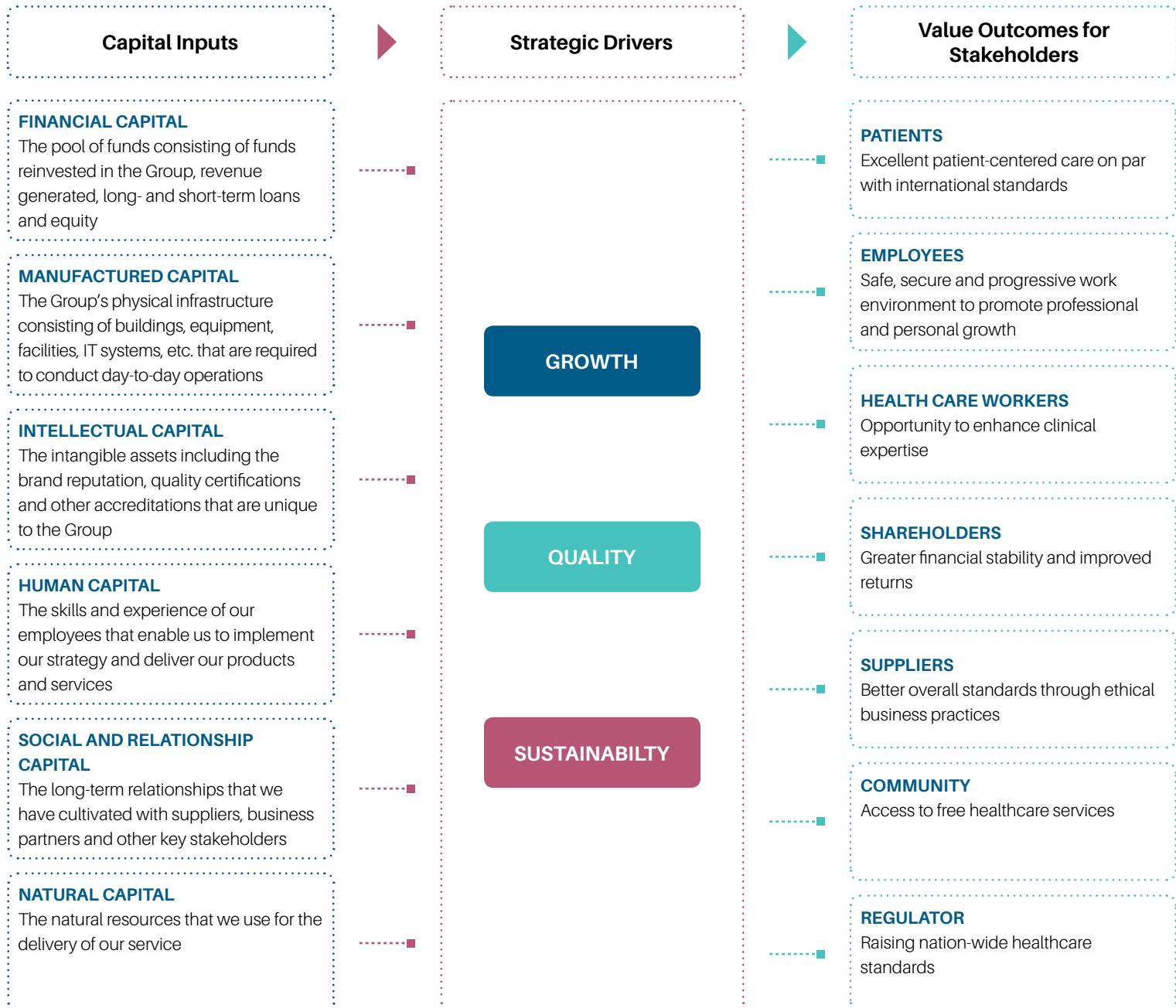
- ⌚ Diversity and Inclusion
- ⌚ Remuneration and Benefits
- ⌚ Training and Development
- ⌚ Performance Management
- ⌚ Employee Health and Safety
- ⌚ Employee Relations
- ⌚ Employee Engagement

Community Investment

- ⌚ Free Healthcare Services
- ⌚ Corporate Social Responsibility

Strategy and Focus >

VALUE CREATION PROCESS



OPERATIONS REVIEW



Private Health Care Industry

Sri Lanka's Private Health Care industry, which began in the 1980's has since then evolved into one of the fastest growing industries of the economy. The demand for private hospital care has increased rapidly over the past few years driven by an increase in overall demand for healthcare as well as capacity limitations in the public sector healthcare system.

Moreover, higher income levels have made private healthcare affordable, and enabled wider access and choice relating to facilities, treatment types and medicine, once again heightening the demand for paid healthcare. Demographic changes, in particular; health concerns associated with an ageing population as well as the rise of non-communicable diseases arising as a result of changing lifestyle patterns, have also contributed towards shaping the demand for private healthcare.

Given the strong demand, competition among private sector healthcare providers remains stiff. In recent years most leading hospitals have taken to capacity expansion both in terms of increasing bed capacity as well as enhancing infrastructure and broadening service capabilities on par with international standards.

OPERATIONS REVIEW



Asiri Medical Hospital (AMH)

At AMH Revenue was up by a 19% from Rs. 2.7Bn in 2015/16 to Rs. 3.2Bn in 2016/17, while profits recorded a 82% increase from Rs. 0.65Bn in the previous year to Rs. 1.2Bn in the year under review. And even amidst the ongoing expansion plans, occupancy levels averaged 61% for the year.

Operationally, the key focus for AMH in the year under review was the ongoing renovation of the hospital. The first phase of the project kicked off in the year under review with the renovation of the exterior façade of the hospital building, to bring an entirely new look and feel to AMH through a sleek and modern face lift.

Marking phase 2 of the project, work also began on renovating the outpatients department including the pharmacy, with many of the key investments aimed at improving accessibility for patients as well as enhancing the facilities available for consultants. To further support this effort, the property adjacent to the AMH building was acquired and developed as a customer car park.

Phase 3 of the project, being the renovation of the consultation rooms commenced in December 2016. However progress on this front has remained slow, owing to the fact that renovations were being done with due



consideration to patient wellbeing and minimal disruptions to existing hospital operations.

With the renovation project taking center stage, capacity expansions for the year were somewhat limited. However the following initiatives were completed during the year;

- ➲ Setting up a Diabetes Care Centre. Manned by trained diabetes nurses, the facility is geared to handle such medical issues as diabetic foot, retinopathy screening, customised screening, dietary counselling, diabetic wound management counselling and pharmacy.
- ➲ Setting up of a specialised Paediatric Respiratory Centre to enable patients to better manage respiratory conditions.
- ➲ Continuing with the main marketing thrust to position AMH as a mother and baby hospital, a series of initiatives were rolled out to achieve the desired objective. A new free antenatal education programme

for expectant mothers was launched. Developed in partnership with the MOH Narahenpita. The programme covers topics such as physiological changes in pregnancy, modes of delivery and pain management, new born care, nutrition, etc. and included sessions conducted by nutritionists, a clinical psychologist, physiotherapists, midwife and sexual health specialists.

A dedicated follow up process was also established to strengthen the post-discharge follow up procedure in order to address frequent mother and baby issues, and thereby reduce the incidence of re-admission. Adding further value to the effort, the resources at the neo-natal ICU (NICU) and the vaccination centre were also strengthened.

OPERATIONS REVIEW



Asiri Surgical Hospital (ASH)

In the year under review, ASH recorded Revenue of Rs. 2.9Bn, translating into a net profit of Rs. 0.26Bn. Meanwhile, notwithstanding stiff competition in the market, ASH succeeded in maintaining average bed occupancy levels at 58%, on par with the previous year.

ASH also made steady progress against its strategic agenda to build capacity and strengthen its position as the only fully-fledged surgical hospital in the country.

Cognizant to this goal, all efforts for the year were pivoted on three key pillars; attracting more specialist consultants, investing in capacity expansion, and realigning the pricing structure, all of which will ultimately go on to augment the ASH value proposition in the market.

Leveraging on the Asiri brand equity, new specialist consultants in the disciplines of Urology, Vascular Surgery, Orthopedics, Clinical Psychology, Anaesthesiology and Geriatric Care were added to the medical team, bringing the total number of specialists to 250 as at 31st March 2017.

Capital investment was predominantly in the areas of equipment replacement and capacity expansion, which in the year under review included;



- ➲ Investment in a new 3.0T MRI scanner and a Gamma camera unit for the Radiology unit further strengthens the hospital's dominance in the segment.
- ➲ Setting up of a fully-fledged Radio Therapy Unit in partnership with the American Oncology Institute (AOI). Investments in this regard included a linear accelerator and a Brachytherapy machine for advanced treatment of specific forms of cancer
- ➲ Setting up of a fully equipped Liver Transplant Unit in collaboration with Manipal Hospital, Bangalore. Equipped with the latest technology including pressure-controlled rooms for immune-compromised post-surgery patients; the new Liver Transplant Unit provides comprehensive and innovative treatment for people with end-stage liver disease due to chronic liver disease and acute liver failure.
- ➲ Expansion of the existing wound management unit saw a new six-station specialised wound management centre being set up during the year.
- ➲ Investments to upgrade the point of care equipment and ambulatory services forms part of the strategy to promote ASH as the trusted partner for accident and emergency services.

Meanwhile, to complement the hospital's profile as the premier surgical facility in the country, the standard package-based pricing structure was reviewed and a more variable market-driven pricing policy was adopted for all frequently used surgical procedures. The new pricing strategy, rolled out in the third quarter of 2016/17 seeks to provide greater clarity and enable the customer to make a more informed decision regarding key elements of the surgical process.

OPERATIONS REVIEW



To further deepen its position as the premier multi-disciplinary private hospital in Colombo, CHL continued with strategic investments to boost capacity. The major investment in this regard was the acquisition of the “Brain Lab” - the latest Neuronavigation system.

Central Hospitals Limited (CHL)

CHL reported good results in the year under review, tabling year-on-year Revenue growth of 7% from Rs. 3.5Bn in 2015/16 to Rs. 3.8Bn in 2016/17. Profits also increased significantly to hit Rs. 0.52Bn as at 31st March 2017, up 48% from a year ago. CHL’s occupancy levels averaged 57% for the year.

To further deepen its position as the premier multi-disciplinary private hospital in Colombo, CHL continued with strategic investments to boost capacity. The major investment in this regard was the acquisition of the “Brain Lab” - the latest Neuronavigation system. CHL also invested in a Digital mammogram to complement its strong preventive care facilities. Renewing the commitment to the Group’s quality-centered focus, CHL completed the necessary protocols to secure the globally recognised JCI (Joint Commission International) accreditation for quality and patient safety.

Raising the bar for the country’s healthcare industry, CHL’s Bone Marrow Transplant Unit became the first ever private sector hospital in Sri Lanka to be accredited as a centre for postgraduate medical training. However, by far the most significant milestone for the year was CHL’s Neurological Surgery Unit being selected as an examination centre for the Path to Education programme of the Royal College of Surgeons of Edinburgh.



OPERATIONS REVIEW



Key Achievements

- ➲ Asiri Laboratory Microbiology Department was rated as the #1 laboratory service in Sri Lanka
- ➲ Asiri Laboratories receives Commendation Certificate at National Quality Awards 2016
- ➲ Asiri Laboratories was awarded Silver at the quality circle competition conducted at the National Convention on Quality & Productivity 2017

Asiri Laboratory Services (AL)

As the country's leading laboratory service, AL's island-wide network as at 31st March 2017 consisted of 8 satellite labs, 43 collection centres, 3 fast-track collection centres, 4 third party franchise holders and over 460 third party collection centres across the country. This is in addition to the two main labs in Colombo 05 and Kandy as well as the labs at ASH, CHL and AH-M, which also come under the purview of AL. As part of the network expansion drive, a new lab was opened in Badulla, to serve the Uva province. In addition, an Asiri owned collection center was set up in Bandarawela for greater customer convenience. We also expanded our own network of collection centers with 29 new centers opened in the current financial year alone, in strategic locations throughout the country.

Across the network, more than 2 million patients were served during the year under review, with an average of 11,000 tests being conducted per day.

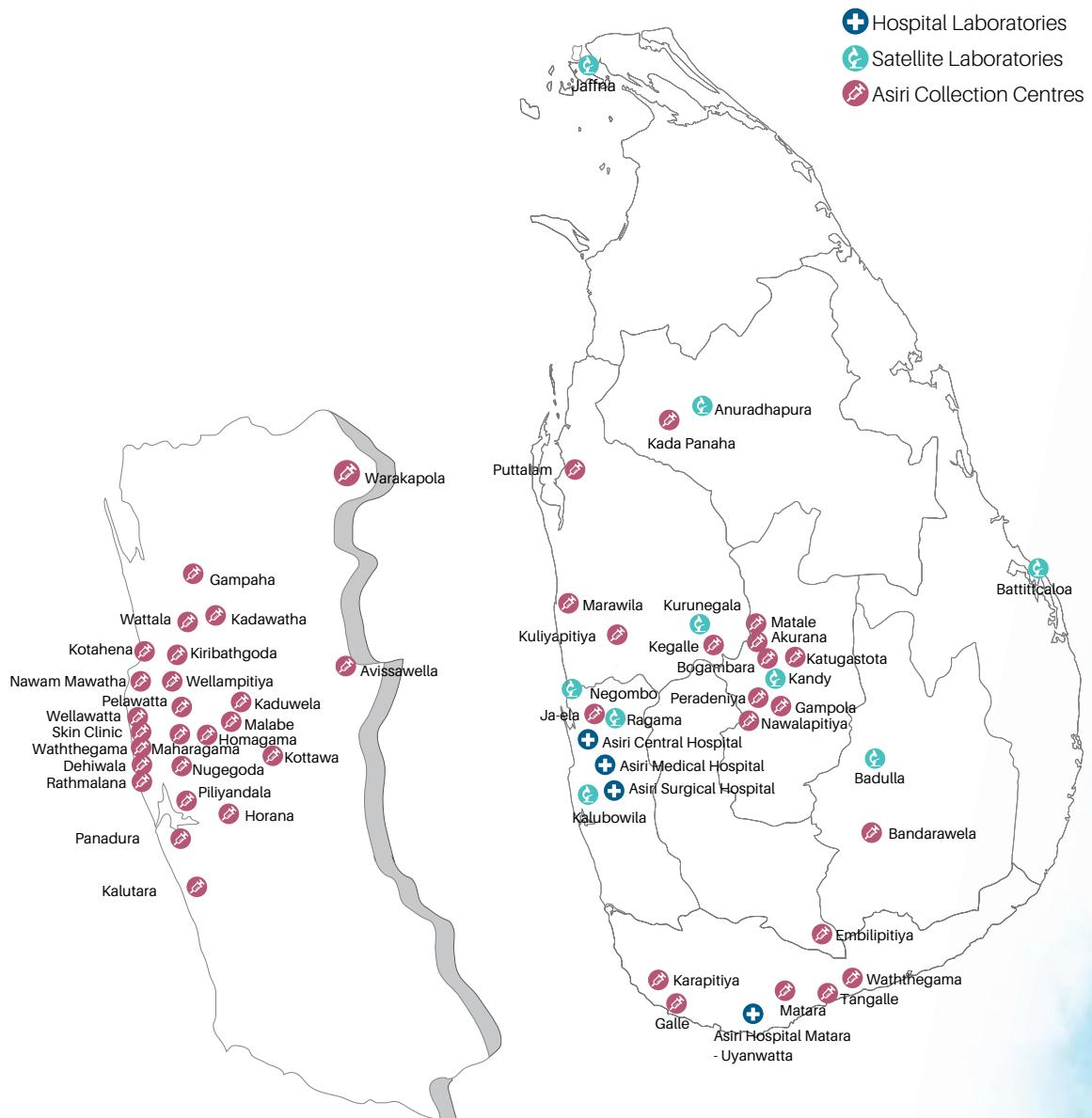
The Main Laboratory service at AMH was relocated to a standalone building and officially commissioned on 10th of October 2016. Comprising of 11,000 Sqft of space, the new facility is geared to bring greater convenience to the customer. Designed with multiple customer stations, the new facility has the capacity to serve over 2,000 patients per day. Following the launch of the new state-of-the-art facility, the following new tests were also introduced:

- ➲ Metal Screening (Cadmium, Cobalt, Selenium, Thallium)
- ➲ VGKC (Voltage Gating Potassium Channel) test
- ➲ HLA-A typing

AL also has one of the fastest growing mobile lab services, with over 3,000 registered patients as at 31st March 2017.

OPERATIONS REVIEW

ASIRI LABORATORIES AND COLLECTION CENTRES



OPERATIONS REVIEW



Thanks to its state-of-the-art infrastructure and superior patient care, AH-M remains well patronised with its OPD and preventive medicine segment seeing a dramatic increase in numbers in 2016/17.

Asiri Hospital - Matara (AH-M)

Gaining traction as the most technologically advanced hospital in the south of the country, AH-M reported strong results for the year under review. Revenue was up from Rs. 565Mn in 2015/16 to Rs. 665Mn in 2016/17, an impressive year-on-year increase of 18%. Similarly Profits for the year stood at Rs. 80Mn, a notable increase of 13% from the Rs. 70Mn tabled in the



Schematic Proposal - Asiri Hospital, Kandy

previous year. As the largest regional hospital operating outside Colombo we have made great progress in terms of revenue, facilities and other infrastructural capacities in our two locations.

Thanks to its state-of-the-art infrastructure and superior patient care, AH-M remains well patronised with its OPD and preventive medicine segment seeing a dramatic increase in numbers in 2016/17. Admissions increased by 12% year-on-year, prompting efforts to expand the bed capacity. We also achieved much recognition as the best mother and child care hospital in the Southern Province with exceptional results in terms of VOG and Pediatrician Channeling as well as Cesarian and Natural Delivery cases.

Major technology upgrades were also carried out at the Radiology department, including the investment in a new 16-slice CT scan machine.

Asiri Hospital - Kandy (AH-K)

Still in the construction stage, the structural progress of the AH-K project remains on track to meet the target launch in third quarter of 2018. Plans were drawn up in the current financial year to set up a catheterisation lab and a fully-fledged cardiac centre as part of phase 2 of the AH-K project.

Meanwhile, the staffing recruitment initiative also commenced during the year, with the first batch of nurses being enrolled in the Group's 36-month training programme that will conclude prior to the launch of AH-K by the third quarter of 2018.



BRAIN AND SPINE CARE

Our ultra modern Neurosurgery Theatre Complex is the best in the country and is on par with world standards. Our intraoperative CT Scan (BrainLab-Aero) guides surgeons through critical neurosurgical procedures with a high level of precision.



GROUP SUSTAINABILITY REPORT

Asiri Health is committed to saving lives and improving the quality of life by delivering value to all our stakeholders. Spearheaded by the Asiri Group Sustainability Model, we strive to integrate sustainability into every aspect of business in order to contribute meaningfully towards socio-economic upliftment of our people communities and also to meet environmental challenges.

Asiri Group Sustainability Model

As a reputed Group, the goal of our sustainability model is to ensure that society as a whole benefits from the Group's vision and mission.

Hence, we are committed to conducting our business in line with the legal obligations, ethical standards, local and international healthcare norms and the codes of practice prevailing in the country. Our commitment to sustainability is reflected in all our standards and procedures as well as the contributions we make to the stakeholders and to the local communities where we operate in.

Sustainability Governance

The Group Steering Committee (GSC) provides oversight for all Sustainability projects. The GSC monitors the overall execution of Group-level projects to ensure budgets are utilised effectively.

The GSC has the authority to appoint a special committee to oversee specific projects for individual hospitals. In such cases, the hospital concerned may appoint a special sub-committee to plan and execute the sustainability project in line with the GSC-approved mandate.

All projects conducted either by the GSC or a designated sub-committee would need to be within the four pillars that underpin the Group's

sustainability framework; Nurturing Employees, Health and Safety, Environmental Sustainability and Community Investment.



Nurturing Employees

Being in the service industry, we believe that our people are the lifeblood of our business. Asiri Health recognises that the competence of its human resources is a critical factor for its future progress, service excellence and prosperity.

At Asiri Health we consider every aspect of the people development process to be an absolute priority. The Group continues to work to attract and retain high-caliber people and in doing so, complies with all applicable local legislation as well as internationally accepted best practices as per the ILO conventions.

We have a diverse workforce of over 4,000 staff members, however, shortage of skilled healthcare personnel and staff retention are the key challenges to overcome.

	Total Employees 2016/17
AMH	757
ASH	947
CHL	1,294
AH - M	423
Labs	690

Diversity and Inclusion

We realise that our success depends on creating a business that values diversity in its workforce and leadership. Hence the Group seeks to treat all employees equitably and with respect. We take great pride in the diversity of our people and remain committed to provide an inclusive environment to develop the skills of talented professionals.

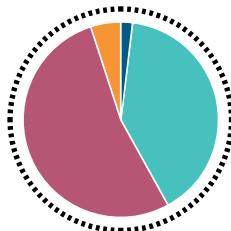
Providing appropriate tools for development and merit-based rewards are pillars of the Group's approach to employment equity. Policies are in place to ensure that merit is viewed as paramount and no discrimination occurs on the basis of age, gender, religion or any other differentiating factors.

Remuneration and Benefits

Asiri Health offers competitive benefits that demonstrate our commitment to employees. In addition to their remuneration, we provide various innovative solutions that make life easier for our employees and enable them to support their families as well. This includes, flexible working hours, subsidised accommodation, staff meals, staff discounts offered by Softlogic Group companies, staff medical scheme, counseling services (both internal and external), Crèche facilities etc. We maintain 14 hostels

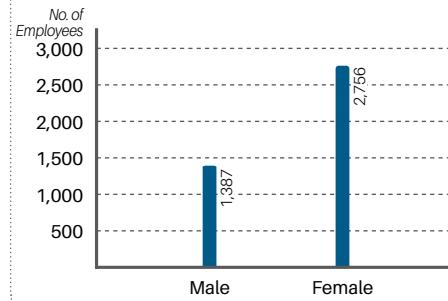
GROUP SUSTAINABILITY REPORT

Employees by Category

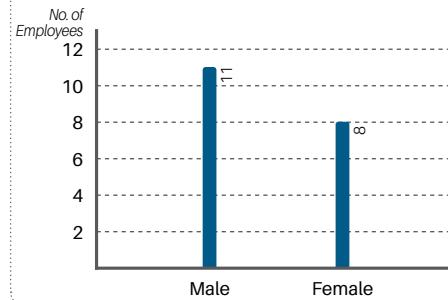


Managerial	2%
Medical & Para-medical	40%
Operational	53%
Administration	5%

Total Employees by Gender



Executive Leadership by Gender



across the group and hostel facilities are provided to all employees who request this facility. We strive to provide a comfortable environment in these hostels to ensure safety and maximum facilities they require.

We continually review our benefit structure to create a benchmark in the industry and thereby offer above industry facilities to cater to the changing needs of our employees. The latest addition is the free Life Insurance and the Personal Accident insurance cover, which was introduced with effect from the 01st of October 2016. This scheme has been exclusively designed to provide additional benefits to Asiri Health employees between 18 to 65 years of age irrespective of longevity and status of their employment.

Training and Development

We are committed to ensuring that all staff have access to learning, development and training opportunities which enable them to be suitably knowledgeable and skilled to carry out the jobs assigned to them, while improving their prospects for career advancement within the Group.

All new recruits are required to participate in the Group Induction programme, which introduces them to the Group's history, milestones, management team, HR policies, fire and basic life support, quality standards, quality improvement and patient safety and basic soft skills requirements including, personal safety, hygiene, customer care and grooming. In addition, regular refresher sessions are conducted on various quality and environmental procedures in order to assure best practices and consistency in compliance. During the financial year 2016/17,

1,130 training sessions were conducted across the Group covering 8,600 man-days.

On-the-job training is a key component of the Group's overall training model. Our entry-level recruits are given on-the-job training, enabling them to build their careers according to their capabilities and skills.

Our Nurses' Training School, which has been training nurses for the past three decades, offers a comprehensive three year Diploma Course including on-the-job training in line with the Government nursing curricular. In 2016, a batch of 67 trainee Nurses commenced training, while another 48 who had completed their 3-year course were appointed as junior nurses. We recently enrolled the 50th batch of Nurses to be trained since the inception of the Group's Nurses' Training school in 1986.

Trainee Medical Laboratory Technicians (MLT) and trainee Phlebotomists are required to complete a three-year rigorous on-the-job training at our Laboratory service prior to being absorbed as a Junior MLT or a Junior Phlebotomist. In the year under review, 39 trainee MLT's and 45 trainee Phlebotomists who completed their training were appointed as Junior MLT's and Junior Phlebotomists respectively. The trainee MLTs sit for the Diploma in Laboratory Technology in Chemistry conducted by the College of Chemistry to obtain registration to qualify as a MLT.

In line with the Group's Training and Development policy, our learning sessions cater to a multitude of training and development opportunities ranging from soft skills training, to unit wise technical training sessions. These

GROUP SUSTAINABILITY REPORT

are planned as per the Training Need Analysis conducted at the beginning of every Financial Year ranging from Organisation wide, Unit wise and individual needs. We continuously look at the Training sessions as opportunities to learn and also to develop internal trainers, hence both external and internal facilitators are approached while providing opportunities to various groups for overseas training as well.

More recently, we have moved away from the orthodox mass scale classroom style training to more focused individual/ small Group trainings as a result of which WOL groups (Work Out Loud groups), came into action. We also provide opportunities for self -learning through e-modules, intranet and question banks. In 2016 the Group embarked upon a self-development and problem solving initiative entitled "B-Positive"; led by respective Heads of Departments in consultation with the HR Department. This initiative seeks to encourage employees to identify and take ownership for their own shortcomings and respond with suggestions for self-improvement.

Performance Management

Our reputation and success relies upon the quality of services we provide and this is largely dependent on the performance of our employees. Performance Management is therefore an integral component of our people management strategy.

We believe managing performance is an ongoing activity and in 2016, invested in a new HRIS infrastructure to enable continuous mapping of the progress of each employee. As part of the next phase of the project, we plan to introduce

centrally located kiosks at each hospital that will give employees easy access to their profiles and give them the opportunity to gauge their progress in line with the set KPI's. To further promote the use of the HRIS, we are also working towards developing a mobile App based solution that would give employees the ability to access their information at anytime from anywhere.

Employee Health and Safety

The Group takes full responsibility in providing and maintaining a safe and healthy work environment, in accordance with industry standards and in compliance with all legislative requirements.

Employee health and safety is a key component of our culture and is recognised as critically important in nurturing sustainable workforce. In doing so, the Group deploys resources aimed at preventing and reducing the number of work-related injuries and illnesses through a variety of programmes, targeted prevention efforts, training and leadership. We have conducted 247 sessions across the Group and have covered 2394 man-days of safety related training sessions and drills.

Employee Relations

Employee relations at Asiri Health focuses on building open and productive relationships with employees by providing avenues to address workplace issues in an equitable and timely manner. The Group is committed to maintaining and continually improving communication with employees and our policy is to be fair and honest in all such dealings. Our Employee Relations framework also strives to achieve the following key objectives:

- ⇒ Promote effective and efficient workplace relations based on consultation and cooperation between the Group and its employees
- ⇒ Ensure consistent and timely decisions to address employee grievances in order to improve workplace productivity and maintain morale
- ⇒ Establish systems, processes and procedures to manage issues raised by employees
- ⇒ Minimise lost time due to employee discontent

Employee Engagement

The underlying objective of our employee engagement agenda is to foster loyalty and greater commitment that would deliver positive outcomes across all our operations. We have learnt that an engaged employee experiences meaningful job satisfaction, feels empowered and stays motivated. Hence, we have introduced a range of engagement mechanisms that give our employees the opportunity to connect with each other, develop team spirit and grow as a unified force to drive the business forward.

Health and Safety

Health and Safety are integral components of Asiri Health value proposition. Deeply entrenched across all aspects of the business, the focus on health and safety is to ensure a safe and secure environment for employees and patients. Aligned to OHSAS 18001 Occupational Health and Safety standards, the Group's health and safety practices are on par with international standards. A vaccination scheme is in place at the expense of the hospital for

GROUP SUSTAINABILITY REPORT

Hepatitis A (for food handlers) and B (clinical and Housekeeping staff) in order to assure protection to the respective employees. Medical investigations are conducted on a periodical basis for different levels of staff based on their roles and responsibilities.

Further reinforcing the commitment to health and safety, Asiri Central Hospital completed the necessary protocols to become the first in the group to receive the JCI (Joint Commission International) patient-safety accreditation in 2016. During the year, groundwork also commenced to obtain the ACHS (Australian Council on Healthcare Standards) certification for Asiri Surgical Hospital, Asiri Medical Hospital and Asiri Hospital Matara.

Environment, Health and Safety (EHS) committees were also established in 2016 to provide oversight for all hospital-wide EHS activities. Headed by the Director - Operations, the EHS committee is tasked with formulating a cohesive Group-wide EHS framework to drive necessary safety behaviours among employees together with continuous monitoring to ensure proper implementation and facilitate further improvements.

Key pillars of the Group's EHS framework:

1. Fire Emergency Response Programme

- a) Establishing Incident Command Centres (ICC) at each hospital
- b) Fire safety training
- c) Fire evacuation simulation plan executed annually to evaluate the effectiveness of the Fire Emergency Response plan

2. Disaster Management Programme -

- a) Developing an annual Disaster Management plan based on Risk Priority Number (RPN). The RPN is calculated as per the annual Hazard Vulnerability Analysis (HVA) and takes into account natural, technical and other disasters that may occur in the hospital
- b) Emergency response plans to address all possible external emergencies
- c) Mock drills

3. Hazardous Materials & Waste Management Programme

- a) Maintain and update the Hazardous Materials list annually.
- b) Safety Data Sheets (SDS) for all hazardous materials are made available and most are translated into local language for convenience of staff
- c) Personal Protective Equipment (PPE) are provided for relevant staff for safety purposes
- d) Spill management kits are available in each floor for efficient management of spills
- e) Clinical waste including laboratory waste, blood & body fluids, pathological waste are collected and transported in Yellow bags with the biohazard symbol and are sent to incineration.
- f) Sharps are disposed of in special puncture proof containers protecting from any injury. They are available in all patient care areas, Nurse Stations and relevant locations, in appropriate sizes. Sharps containers are then considered as clinical waste and placed in the yellow bags and send for incineration.

- g) Lab safety programme overseen by the Lab Safety Officer
- h) Negatively pressured patient rooms for infectious patients

4. Medical Equipment Management Programme

- a) Hospital wide medical equipment list
- b) Calibration and services are done according to the manufacturer's recommendations
- c) Preventive maintenance programmes to ensure proper functioning of all equipments.
- d) Radiation and laser management programme to mitigate the risk associated with the radiation process. Chaired by a consultant radiologist, the Radiation Safety Committee implements procedures recommended by the Atomic Energy Authority, including Room shielding, personal monitoring, health surveillance etc.
- e) Taking necessary action to comply with Medical equipment recall notifications/ safety alerts are received from US Food and Drug Association (FDA).

5. Utility Management Programme

- a) Hospital wide equipment list
- b) Preventive maintenance programme
- c) Group-wide Utility Management Programme to ensure uninterrupted water and power supply

GROUP SUSTAINABILITY REPORT

6. Security Management Programme

- a) Successful implementation of Security Management Programme.
- b) CCTV Monitoring system to protect patients, employees and visitors from theft and violence
- c) Issue of identification tags to patients, visitors and suppliers prior entering to hospital premises
- d) Issuing of special identification tags to sales representatives, contractors and insurance agents
- e) General security practices to ensure the safe and secure environment

Environmental Sustainability

Asiri Health is classified as a low environmental impact organisation due to the nature of our business. Nonetheless, the Group is committed to limit any harmful impact on the environment through its business activities, in the belief that environmental sustainability boosts our competitive strength and indirectly benefits stakeholders by contributing to the overall well-being of the country and its people.

To actively manage the environmental risks and impacts, the Group complies with all required legislative requirements. Further, CHL's ISO 14001 (Environmental Management Systems) was renewed in 2016, while at Asiri Surgical Hospital, Asiri Medical Hospital and Asiri Hospital Matara work is still in progress to obtain the renewal certificate.

Key Focus Area	Group Goal	Main Efforts for the Year	
Energy	Reduce by 10%	Installation of efficient chillers to replace air conditioners	All Group hospitals
		Centralised monitoring of theater conditions including humidity, temperature etc in order to optimise efficiency	CHL
Water	Reduce by 5%	Increase staff awareness about water consumption, installation of censored taps, considered rain water harvesting and improve the technology used for laundry services	All Group hospitals
Waste	Reduce amount sent to landfills by 15%	Banned the use of polythene at the pharmacy operation and the implementation of bio degradable bags to dispense medication. Staff awareness on clinical waste management and waste disposal	All Group hospitals

Our integrated environmental management system is led by an environmental scorecard, which includes environmental objectives and targets to address environmental impact caused by our business activities. The key focus areas in this regard are; energy, water and waste.

The recyclable items recovered from non-clinical waste are as follows.

Recyclable items recovered from non-clinical waste (Kg)	2016/17	2015/16	Variance %
Asiri Surgical Hospital	9,068	8,579	5.39%
Asiri Medical Hospital	429	2,097	-388% *
Asiri Central Hospital	22,710	26,434	-16.39%*

* The recyclable waste quantity recovered was less compared to the year 2015/16 due to our efforts in Environment Management Programme and were able to reduce the solid waste generation.

Water Consumption (m3)	2016/17	2015/16	Variance %
Asiri Surgical Hospital	85,057	70,374	17.26%
Asiri Medical Hospital	46,994	47,044	-0.11%*
Asiri Central Hospital	92,227	99,564	-7.95%*

* The water consumption was managed compared to the year 2015/16 due to our efforts in Environment Management Programme.

GROUP SUSTAINABILITY REPORT

Electricity Consumption (kWh)	2016/17	2015/16	Variance %
Asiri Surgical Hospital	5,117,077	5,150,680	-0.65%*
Asiri Medical Hospital	2,767,010	2,528,690	8.61%
Asiri Central Hospital	6,426,000	6,537,900	-1.74% *

- * The energy consumption was managed compared to the year 2015/16 due to our efforts in Environment Management Programme.

Community Investment

The main aim of the Group's community investment programme is to bring meaningful and sustainable development to the communities we serve. Our efforts to encourage the growth of healthy communities are spearheaded by the free health clinics conducted across the Group. Focusing on multiple disciplines, the clinics provide an opportunity for members of the community to consult with and obtain the services of renowned specialists, who may otherwise be beyond their reach.

Type	No. of clinics held during the year	Location	Beneficiaries
Sports Injury Clinic	3	ACH/ASH	25
Cardiac Clinic	6	ACH/ASH	76
Liver Clinic	3	ASH	32
Neuro-surgery Clinic	17	ACH	353
Antenatal Clinic	20	ASH	245

Other Sustainability Initiatives

Blood donation campaign

- ⦿ Asiri Group of Hospitals conducted a blood donation programme for the fourth consecutive year to donate blood to the National Blood Transfusion Service (NBTS).
- ⦿ In view of commemorating the 09th anniversary of Asiri Matara Hospital Galle Rd branch, a blood donation campaign was organised on the 03rd of October 2016.

A whole lot of heart- Free heart surgery for under-privileged children

Asiri Surgical Hospital commenced performing free heart surgeries for under privileged children in 2011 and since then has conducted 124 such surgeries as at 31st of March 2017. The patients are either identified at the free health camps organised by Asiri Heart Centre in remote areas or are referred by Lady Ridgeway Hospital.

Batticaloa Teaching Hospital Emergency and Accident Project (BEAP)

The Project BEAP was initiated by Dr David A. Young & his team of volunteers of "The Foundation Supporting a National Trauma Service in Sri Lanka". The construction of the Accident & Emergency Care Unit at the Teaching Hospital, Batticaloa commenced on the 13th of November 2015. Asiri Health being the Platinum Sponsor of the project, has donated Rs. 12.6Mn (6.3Mn in FY 2012/13 and 6.3Mn in May 2016) out of the total sponsorship of Rs. 20Mn.

Heart Health Camps

The Health Camps organised in the Northern, North Central and Eastern provinces, were conducted in collaboration with military forces. The objective of these camps is to perform basic investigations and to provide health education to the general community. 18 free health camps have been conducted covering all districts of Sri Lanka for the Financial Year 2016/17.

General Health Camps

- ⦿ During the year, five health camps have been conducted to provide free health care facilities to the general public. In addition to the above, Asiri Health carried out a health campaign together with Vertusa for flood victims as well.
- ⦿ A health camp for senior citizens was conducted by Asiri Hospital - Matara at Young Men's Buddhist Association (YMBA), Matara in September 2016.

GROUP SUSTAINABILITY REPORT

Asiri Sisu Diriya

An internal sustainability initiative to encourage and provide assistance in educating the children of our employees, 'Asiri Sisu Diriya' was launched a couple of years ago. A book pack that was exclusively designed depending on the grade and the age of school children were provided to every student of employees across the Group on request. Over 1,100 packs were distributed and the initiative was well praised by the beneficiaries.

Career Guidance Programme & Internship Programmes

The Career Guidance Unit of University of Sri Jayawardenapura works towards enhancing the employability skills of the undergraduates and facilitate to equip them with the necessary soft skills to stand ahead of the other job applicants in the current Job Market.

Asiri Health was the Gold Partner for the Employability Skills Awards 2016, which was organised by the Career Guidance Unit. Being a responsible employer, with a staff strength of over 4000 employees, Asiri Health encourages and extends support in achieving the objectives of the Career Skills Development Society of the University of Sri Jayawardenapura.

Asiri Health facilitated Internship programmes for University students, which is a compulsory requirement to complete the degree programme. During the FY 2016/17, over 27 internships were granted in clinical and administrative areas. We have also facilitated 137 medical undergraduates to participate in clinical procedures as observers.

Flood Donations campaign

- ➲ In May 2016, many staff members were displaced from their homes due to the massive flooding situation in Western and Sabaragamuwa Province. Asiri Health stepped forward being in line with its Group Values to care for the employees who are affected with floods. Several teams comprised of Medical Officers, senior nursing staff, administrators and many others visited affected employees and were constantly in touch with them to obtain their current requirements and needs. These teams visited the homes of the affected staff members and provided financial and medical assistance needed while arrangements were being made to distribute provisions of dry rations and other necessities.
- ➲ Assessing the construction requirements of the damaged homes, Asiri Health provided financial assistance to the affected employees. As a responsible employer, we have always stepped in to help our staff members during some of the most challenging times.
- ➲ Asiri Matara Hospital donated dry rations and other necessities for people affected by landslides in Eheliyagoda area. Special provisions were provided for pregnant mothers and children.

Medical Camps in Flood affected areas

Asiri Health conducted several medical camps in the severely flood affected areas and provided the patients with free consultancy and medication.

Book donation to 'Sri Parakramabahu Maha Vidyalaya'

Asiri Medical Hospital donated 500 books to the school library of Sri Prakramabahu Maha Vidyalaya – Narahenpita in view of facilitating the school children to improve their knowledge in various fields. This initiative was highly commended by the Principal and the staff of Sri Parakramabahu Maha Vidyalaya.

GROUP SUSTAINABILITY REPORT



Staff Training Programme



Blood Donation Campaign



Book Donation



JCI Celebrations



Donation - Maha Oya



Quality Circles - Asiri Laboratory Services



Donations - Eheliyagoda Flood Victims



Fire Emergency Response Programme



Donation - Batticaloa Teaching Hospital Emergency & Accident Project

RISK MANAGEMENT REPORT

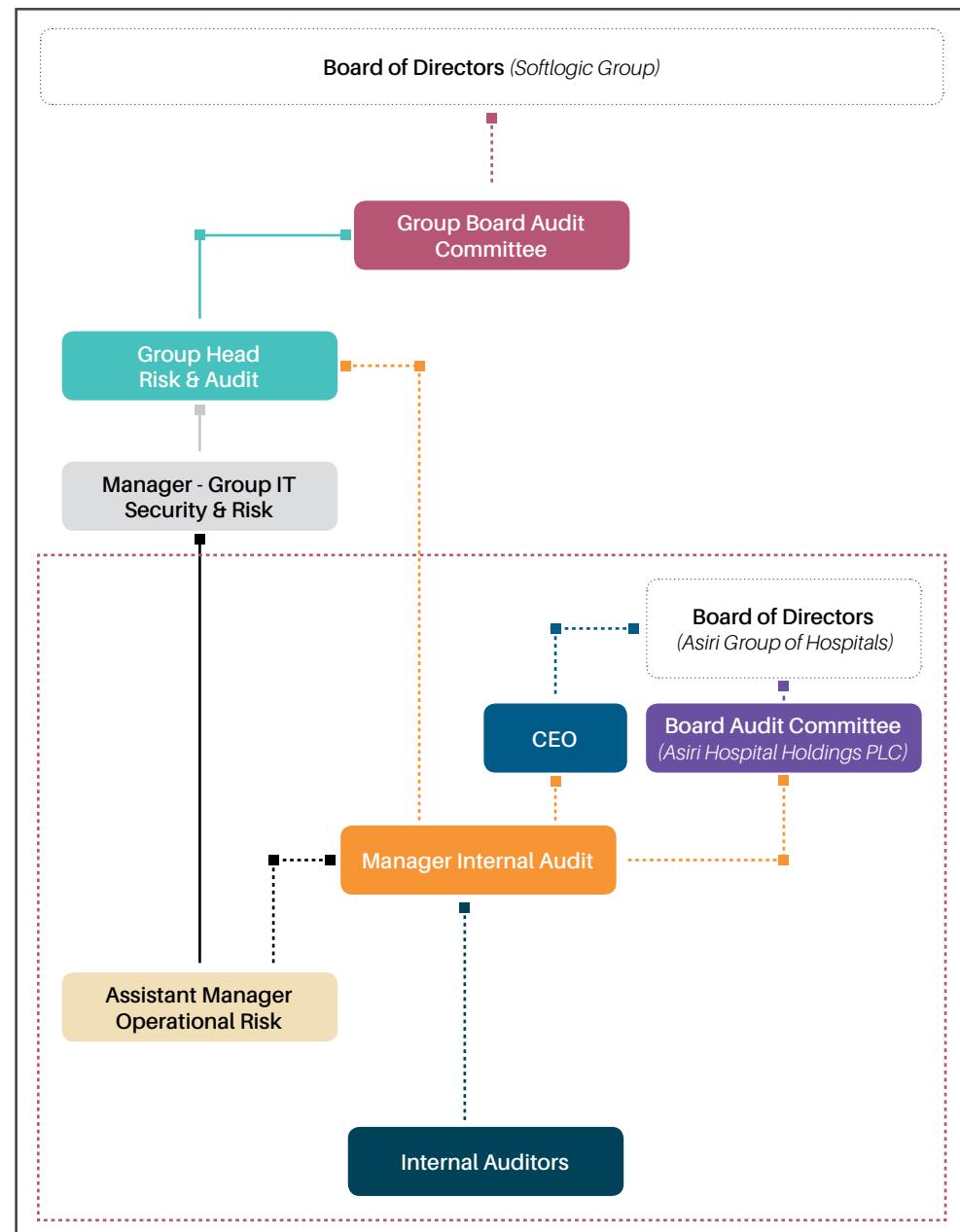
Integrated Risk Management

Asiri Group of Hospitals has recognised the vitality of effective Risk Management for achieving its business goals. Our risk management objectives are to proactively identify and communicate key risks on a timely manner and implement appropriate strategies to maximise business opportunities, manage uncertainties and minimise potential undesired outcomes. Our risk management framework itself is a comprehensive tollgate which includes standardised processes for risk identification, analysis, evaluation, treatment and monitoring & reporting. While Risk Management is an ultimate responsibility of the Board of Directors, each and every employee is responsible for Risk Management in their sphere of operations.

Safety of our people and the environment we operate in is our first priority and we have established an integrated and effective Risk Management framework where important risks are identified, quantified and managed. We centrally manage some risks by insuring where the amount of which is determined by assessing the level of risk retained or assumed with the cost of transferring risk to others.

The Group has in place a comprehensive system of internal controls, which is designed to ensure that risks are mitigated and Group's objectives are attained.

Functional structure of the Risk Management framework



RISK MANAGEMENT REPORT

Risk Profile

The Asiri Group of Hospitals' priority risk items, together with potential impact and key measures taken to mitigate these risks, are discussed below.

Risk	Potential Impact	Mitigation Strategy
Clinical Risk		
Events or incidents occur in our daily practice that will potentially affect the quality of patient care. Knowing the criticality, the Asiri Group has identified most of the clinical risks and the new additions are promptly identified through patient feedbacks and industry analysis.	Risks associated with patient care are extremely important as a Healthcare service provider. Clinical Risks can mediate other risks including reputation and legal risk, as well as significant financial losses. Given that the factors affecting the likelihood and consequences of Clinical Risks may continually change, it has become the most significant and venerable area to Asiri Group of Hospitals in terms of Risk.	<p>Clinical risk management is specifically concerned with improving the quality and safety of services provided by identifying the circumstances and opportunities that put patients at risk of harm and then acting to prevent or control those risks.</p> <p>Stringent guidelines been issued for preparing incident reports, utilisation of informed consent documents and related defensible documentation. The Management has taken measures to address the identified risk areas and in the event any risk is not eliminated, steps have been taken to mitigate such risks to an acceptable level. Also the Group has obtained multiple accreditations for all aspects of its operations, including food and safety, quality management and laboratory management.</p> <p>Fully-fledged trainings are provided to all healthcare staff that interact with patients, and a better understanding is given regarding the objectives and relevance of the Risk Management strategies.</p> <p>Ongoing monitoring and review of Clinical Risks are performed to ensure that the organisation's Clinical Risk Management plan is adequate and effective.</p>
Operational Risk		
The risk of losses resulting from inadequate or failed internal processes, people and systems or from external events.	Operational risk is different from other risks because it is usually not taken in exchange for an expected return; it exists in the natural course of business activity. Failure to appropriately manage operational risk can expose firms to significant losses.	The Group is promoting and enhancing the effectiveness of Operational Risk Management framework which has a continuous process of identification, assessment, treatment and monitoring & controlling.

RISK MANAGEMENT REPORT

Risk	Potential Impact	Mitigation Strategy
Internal Process		
Inadequacy of internal controls may adversely affect the continuity or effectiveness of internal processes.	<p>Internal processes are predominant in achieving business objectives that in ineffectiveness of which will lead to severe financial or business losses.</p> <p>The impact is specific to each process and its contribution to the continuity of the service. When several processes failed, the cumulative impact might be greater than what is expected.</p>	<p>We ensure Risk Management in its operations by maintaining proper internal control systems initiating prompt response to evolving risks. Regular operational risk reviews are being carried out by the Internal Audit department to ensure that none of the risks been un attended.</p> <p>Audit trails are checked in an appropriate manner hence red flags (if any) are raised and proper action are taken and implemented on a timely manner.</p>
People		
Risks may arise from employee negligence, conflict of interest, fraud or misappropriation and due to poorly trained employees. Service industry, in which our Group operates, is heavily depending on human resources.	Failures in human resource could affect the continuity of business operations and the consequences can be more serious. Thus ability to recruit and retain qualified and skilled healthcare professionals is crucial for the success of the organisation.	While ensuring the safety and welfare of the employees, our risk management approach is directed towards minimising the risks that may arise from employees. We have introduced a comprehensive recruitment and retention process and employee requirements and satisfaction levels are frequently monitored through surveys, and gaps are addressed appropriately. Also a succession planning programme in place which includes regular trainings, developments and promotions.
External events		
External events are synonymous with the natural disasters and other similar types of emergencies that confront organisations on a daily basis which affects the Continuity of Business.	<p>All businesses are exposed to risks arising from external events which are beyond their control. Some extreme events can interrupt the entire service function whilst keeping the alternate options limited.</p> <p>Unlike other industries, due to the necessity of business continuity in a disaster situation, stretched disaster recovery time will incur more financial and reputational losses.</p>	<p>The events are identified by conducting proper assessments and from external sources. Adequate business continuity measures have been taken to ensure that an uninterrupted service is provided and the revenue has been insured against any uncontrollable events.</p> <p>Regular reviews are undertaken to ensure that adequate insurance covers are available to compensate financial losses.</p>

RISK MANAGEMENT REPORT

Risk	Potential Impact	Mitigation Strategy
Increasing use of technology has hosted new levels of complexity and threats such as: security breaches, system failures, malicious attacks, IT fraud and many other issues.	<p>Breaks in information security controls over confidential information related to patients and underlying systems will affect the smooth functioning of the entire business whilst incurring monetary and non-monetary damages.</p> <p>Failure to adopt robust information security controls could lead to potential risks of:</p> <ul style="list-style-type: none"> ➲ Unauthorised access to information and associated information systems. ➲ Unauthorised modifications and manipulations on information. ➲ Inability of timely access and use of required information and related systems 	<p>We have identified the importance of Information Security and has deployed numerous technical controls. The Group has adopted ISO 27000 based Information Security policies & procedures and it has tied with regularly tested IT disaster recovery plan to deal with any contingencies.</p> <p>Regular maintenance of IT infrastructure, scheduled data backups, offsite storage and round-the-clock IT support by the parent Group are some of the strategies adopted to ensure zero losses of data during a system failure.</p>
Strategic Risks		
Failure to anticipate essential market needs on a timely manner relates to Strategic Risk. It also relates and depends on future business plans and strategies including mergers & acquisitions, restructuring activities and innovations.	Incompetent strategic decisions will adversely affect shareholder objectives while failure to execute innovative decisions will reduce the expansion opportunities.	Strategic decisions are scrutinised by the Board of Directors who have expertise knowledge and vast experience in the industry. These decisions are reviewed by the Softlogic Holdings Group Executive Board of Directors and thorough evaluations and assessments are been carried out prior to execution.
Reputational Risk		
<p>A threat or danger to the good name or standing of the Asiri Group of Hospitals. Reputational risk can occur;</p> <ul style="list-style-type: none"> ➲ as a result of the actions of the Asiri Group Hospitals itself, ➲ due to the actions of employees or ➲ through other peripheral parties, like suppliers 	<p>This type of risk can be informational in nature that may be difficult to realise financially. It is a matter of corporate trust, which has a great influence on damaging the reputation and a severe impact on shareholder value.</p>	<p>In addition to having good governance practices and transparency, we are also socially responsible and environmentally conscious.</p> <p>We maintain strong relationships with stakeholders by developing trust and confidence while conforming international best practices.</p> <p>The Ethics Committee, comprising of industry specialists, provides an advisory role on matters relating to research and clinical trials. Meanwhile, our nursing and other staffs undergo extensive training on patient management and customer service on a continuous basis.</p>

RISK MANAGEMENT REPORT

Risk	Potential Impact	Mitigation Strategy
Technological Risk		
The industry in which our group operates is exposed to frequent technological innovations. Failure to adopt latest technologies will drive towards technological obsolescence.	Inability to adopt the latest pioneering technology could result in loss of customers, leading to fall in revenue and erosion of profits.	We constantly pursue adoption of most innovative & advance methods for diagnostics and treatments. Research and innovations in Healthcare industry are regularly monitored. The Group makes regular investments in cutting-edge technology and training of staff for optional application of existing technology.
Rivalry		
Asiri Group of Hospitals faces competitive pressure from government and private hospitals, outpatient centres, stand-alone clinics and diagnostic centres.	Competitive pressure can make an impact on our revenues, market share and profitability.	We are offering the most clinically advanced, cutting-edge medical procedures and excel in nursing and patient care. We also monitor industry dynamics and respond accordingly. Growth is one of our key strategic priorities, and we seek to expand our reach outside the capital in order to geographically diversify our revenue sources.
Credit Risk		
There is a risk of a patient not having adequate funds to settle his / her bills at the time of discharge.	Credit Risk will lead the Group to financial concerns such as liquidity and profitability. Cash flow issues will make a direct impact on its service quality.	We evaluate credit worthiness of corporates before granting credit facilities. Regular reviews are done to ensure that the introduced systems are functioning effectively and any impact on the performance of the assets of the Group. Interim bills are issued for in-patients for periodic bill settlements.
Compliance Risk		
Compliance risk will arise when the Group fails to act in accordance with industry laws and regulations, internal policies or prescribed best practices.	The Group will be exposed to legal penalties, financial forfeiture and material losses and the consequences of litigation is difficult to predict or quantify. Most of the Compliance and Legal Risks are causing unexpected financial losses and severe reputation damages.	In addition to complying with the Colombo Stock Exchange, Securities and Exchange Commission and Companies Act disclosure requirements, the Group also complies with Sri Lanka Accounting Standards. Related Party Transaction Review committee has been established to assure the highest level of integrity and transparency.



DEPARTMENT OF RADIOLOGY

At the forefront of imaging technology and research, our state-of-the-art super silent 3.0T MRI scanner offers more precision over a wider scope of investigations with more comfort to patients.



CORPORATE GOVERNANCE REPORT

Board of Directors

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

Board Composition

The Board consists of eight directors, with a split between 2 executive and 6 non-executive directors, out of whom 4 are independent. The composition of the Board is in compliance with the Corporate Governance Rules of the Colombo Stock Exchange. The Directors provide the objectivity and are equipped with the skills and experience required to discharge their responsibilities in an effective manner. (Refer to page 8 to 10 for the full profiles of the Directors)

Responsibilities of the Board

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

- ⦿ Exercise leadership, enterprise, integrity and judgment in directing the Company so as to achieve continuing prosperity in a manner based on transparency, accountability and responsibility.
- ⦿ Ensure a managed and effective process of Board appointments
- ⦿ Determine the Company's purpose, values and strategy and ensure that procedures and practices are in place
- ⦿ Monitor and evaluate the implementation of strategies and policies for better management performance
- ⦿ Ensure compliance with the relevant laws, regulations and code of best practice on corporate governance

- ⦿ Communicate with shareholders effectively and serve the legitimate interest of the shareholders
- ⦿ Periodic and timely reporting to shareholders of the progress and performance of the Company
- ⦿ Review processes and procedures regularly and ensure that internal control is effective
- ⦿ Identify key risk areas and ensure that these risks are addressed and managed effectively
- ⦿ Appoint and evaluate the performance of the Managing Director
- ⦿ Approve the Annual Budget
- ⦿ Authorisation of Directors' conflicts or possible conflicts of interest
- ⦿ Determination of independence of non-executive Directors
- ⦿ Ensure the continuation of the Company as a going concern

Appointment and re-election to the Board

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

Board Meetings and attendance

The Board meets on a quarterly basis and additional meetings are convened when necessary. Scheduled board meetings are arranged well in advance to ensure, as far as possible, that Directors can manage their time commitments. All Directors are provided with supporting documents and relevant information

for each meeting and are expected to prepare themselves for and to attend all board meetings, shareholders meetings and all meetings of the committees on which they serve, unless there are exceptional circumstances that prevent them from doing so. Directors have full access to Group information and are entitled to obtain independent professional advice at the Group's expense in appropriate situations.

Chairman

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

Remuneration of the Board

The remuneration of the Directors is determined by the Board and is disclosed on page 90 of this Annual Report under notes to the financial statements.

Company Secretary

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

CORPORATE GOVERNANCE REPORT

Board Committees

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

Audit Committee

Duties and Responsibilities	Composition
<ul style="list-style-type: none"> ➲ Review the Group's annual and interim financial statements and compliance reports. ➲ Review the performance of the internal audit function. ➲ Review the effectiveness of the Group's internal controls. ➲ Periodically approve and review the appointment and retirement of external auditors and their relationship with the Group. 	<p>Chairman Mr. S A B Rajapaksa <i>Independent Non-executive Director</i></p> <p>Committee members Mr. G L H Premaratne <i>Independent Non-executive Director</i></p> <p>Mr. J E Huxtable <i>Independent Non-executive Director</i></p> <p>Frequency of meetings Committee meets quarterly</p>

Remuneration Committee

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

CORPORATE GOVERNANCE REPORT

Related Party Transactions Review Committee

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

Independence of the Directors

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

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

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

The Board having evaluated all the factors concluded that their independence have not been impaired due to them serving on the Board of another company which has a significant shareholding in the Company.

CORPORATE GOVERNANCE REPORT

Compliance with Corporate Governance Rules of the CSE

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

Section	Criteria	Has the Company met the Criteria
7.10.1	Non-executive directors	Complied with. Out of 8 directors 6 are non-executive directors.
7.10.2	Independent directors	Complied with. There are four independent directors on the Board. All non-executive directors have submitted the declaration with regard to their independence/non-independence.
7.10.3	Disclosures relating to directors	Dr. S Selliah and Mr. G L H Premaratne meet all the criteria except one.
7.10.5	Remuneration Committee	Complied with. Comprises of two independent non-executive directors. The names of the members of the committee are given in the page 55 of the Annual Report.
7.10.6	Audit Committee	Complied with. Comprises of three independent non-executive directors. The names of the members of the committee are given in the page 55 of the Annual Report. The report of the committee is given on page 59. The Chief Financial Officer attends all the meetings.

ETHICS COMMITTEE REPORT

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

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

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

The committee has so far reviewed experimental therapy and clinical trial protocols submitted to it by clinicians at Asiri. These include protocols in experimental stem cell therapy for Parkinson Disease and spinal cord transection and a

phase II trial for rheumatoid arthritis using an anti TNF alpha antibody. Also, the committee has reviewed the proposal for "Dialog m Health Trial with Asiri - (Evaluation of ambulant remote monitoring technology for investigating cardiac arrhythmias)" .

On the aspects of training staff on the concepts and applications of ethics in a hospital setting, the Committee has conducted workshops for groups of both medical and paramedical personnel, and plans to extend this programme to all categories of staff.

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

- ➲ **Dr. Indrani Amarasinghe**
(Consultant Oncologist)
- ➲ **Prof. Chandani Wanigatunga**
(Professor in Pharmacology and Consultant Physician)
- ➲ **Dr. Kamal Weerapperuma**
(Company Director)
- ➲ **Prof. Shalini Sri Ranganathan**
(Professor in Pharmacology and Specialist Paediatrician)

Sgd.

Prof. Rohan Jayasekara
Chairman - Ethics Committee

19 June 2017

Members:

- ➲ **Prof. Rohan W Jayasekara, (Chairperson)**
(Emeritus Professor of Anatomy / Medical Geneticist, Faculty of Medicine, University of Colombo.)
- ➲ **Dr. Malik Fernando**
(Retired Physician/Member of Ethics Review Committee of the Sri Lanka Medical Association- sometime Chair, Ethics Committee SLMA)
- ➲ **Dr. Arittha Wickramanayake**
(Attorney at Law /Precedent Partner, Nithya Partners)
- ➲ **Dr. Sivakumar Selliah**
(Deputy Chairman of Asiri Group of Hospitals / Senior Lecturer, Dept. of Physiology, Faculty of Medicine University of Kelaniya)
- ➲ **Prof. Kemal I Deen**
(Consultant General Surgeon -Intestinal)

AUDIT COMMITTEE REPORT

The Audit Committee is appointed by the Board of Directors and comprises of three independent Non-Executive Directors. The Names of the Committee members are stated in the Corporate Governance Report on Page 55.

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 fee of external auditors.

The Audit Committee met on six 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 recommended 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 2018, subject to the approval of the shareholders at the Annual General Meeting.

Sgd,
S A B Rajapaksa
Chairman – Audit Committee

REMUNERATION COMMITTEE REPORT

The Remuneration Committee is a sub-committee of the Board constituted under the Company's Corporate Governance policies for the purpose of recommending the remuneration of Senior Management. The members, of the Committee comprise of two Independent Non-Executive Directors. The names of the Committee members are stated in the Corporate Governance Report on page 55.

The Directors' emoluments are disclosed on page 90.

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

19 June 2017

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

Purpose

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

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

Composition

The Related Party Transactions Review Committee is appointed by the Board of Directors of the Company and the following directors were served on the Committee as at 31st March 2017.

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

The Chief Financial Officer attends all meetings by invitation.

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

7. Ensuring that immediate market disclosures and disclosures in the Annual Report as required by the applicable rules/regulations are made in a timely and detailed manner.

Sgd.

J E Huxtable

Chairman - Related Party Transactions Review Committee

19 June 2017

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 69.

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

In preparing those financial statements set out on pages 70 to 128, the directors are required to:

- ⦿ select appropriate accounting policies and then maintain consistency
- ⦿ make judgments and estimates that are reasonable and prudent
- ⦿ state whether applicable accounting standards have been followed, subject to any material departure disclosed and explained in the financial statements

The Directors confirm that they have complied with the above requirements in preparing both the Company financial statements and the consolidated financial statements. The Directors also confirm that the Company and the Group

have adequate resources to continue in business for the foreseeable future and have applied going concern basis in preparing these financial statements.

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

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

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

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

Compliance Report

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of and in respect of the

employees of the Company and other known statutory dues as were due and payable by the Company as at the date of the Statement of Financial Position have been paid or, where relevant provided for, in arriving at the financial results for the year under review.

Compliance with Related Party Transactions Rules

Transactions of related parties (as defined in LKAS 24 – Related Parties Disclosure) with the Company are set out in Note 30 to the Financial Statements.

There are no related party transactions which exceed the threshold of 10% of the equity or 5% of the total assets, whichever is lower in relation to non-recurrent related party transactions or 10% of the gross revenue in relation to recurrent related party transactions. The Company has complied with the requirements of the Listing Rules of the Colombo Stock Exchange on Related Party Transactions.

For and on behalf of the Board

Sgd.

**Softlogic Corporate Services (Pvt) Ltd
Secretaries**

19 June 2017
Colombo

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

The Directors of Asiri Hospital Holdings PLC have pleasure in presenting to the members their report together with the audited financial statements of the Company and the audited consolidated financial statements of the group for the year ended 31st March 2017.

Principal Activities and Nature

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

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

Review of Operations

A review of the operations of the Group and its performance during the year is contained in the Chairman's Review on pages 20 to 21 of the Annual Report. This review together with the Financial Statements reflects the state of affairs of the Company and the Group. These reports form an integral part of the Directors' Report.

Financial Statements

Section 168 (b) of the Companies Act require that the Annual Report of the Directors to include financial statements of the Company, in accordance with Section 151 of the Act and group financial statements for the accounting period, in accordance with section 152 of the Act. The requisite financial statements of the Company are given on pages 70 to 128 of the Annual Report.

Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Company to reflect a true and fair view of the state of affairs. The Directors are of the view that these financial statements have been prepared in conformity with the requirements of the Companies Act No. 07 of 2007 and the Sri Lanka Financial Reporting Standards. A statement in this regard is given on page 62.

Auditor's Report

The Auditor's Report on the financial statements is given on page 69.

Accounting Policies

The accounting policies adopted in the preparation of the financial statements are given on pages 78 to 88. There was no change in the accounting policies adopted.

Internal Control

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

Directorate

The following Directors held Office during the year under review.

- ➲ Mr. A K Pathirage - Chairman / Managing Director
- ➲ Dr. S Selliah - Deputy Chairman
- ➲ Dr. K M P Karunaratne - Group Chief Executive Officer
- ➲ Mr. G L H Premaratne
- ➲ Mr. S A B Rajapaksa
- ➲ Mr. J E Huxtable
- ➲ Mr. V Narain
- ➲ Mr. V Bali
- ➲ Mr. A N Thadani (Alternate Director)
- ➲ Mr. M M Bajpai (Appointed as the alternate director to Mr. V Narain w.e.f. 30th March 2017 in place of Mr. R Pandy who resigned as the alternate director to Mr. V Narain w.e.f. 30th March 2017.)

In terms of Article 24(6) of the Articles of Association of the Company, Messrs S A B Rajapaksa and J E Huxtable retire by rotation and being eligible offer themselves for re-election.

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

Directors' Shareholding

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

Name of Director	No. of Shares as at 31/03/2017	No. of Shares as at 31/03/2016
Mr. A K Pathirage	371,664	371,664
Dr. S Selliah	-	-
Dr. K M P Karunaratne	9,074	9,074
Mr. G L H Premaratne	-	-
Mr. S A B Rajapaksa	-	-
Mr. J E Huxtable	-	-
Mr. V Narain	-	-
Mr. V Bali	-	-
Mr. A N Thadani (alternate director to Mr. V Bali)	-	-
Mr. R Pandey (alternate director to Mr. V Narain)*	-	-
Mr. M M Bajpai (alternate director to Mr. V Narain)	-	-

* - Resigned with effect from 30th March 2017.

Interests Register

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

Directors' interests in contracts and proposed contracts with the Company

Directors' interests in contracts, both direct and indirect are referred to in note 30.1 to 30.5 to the Financial Statements. The Directors have no direct or indirect interest in any other contract or proposed contract with the Company.

Directors' Remuneration

Directors' remuneration in respect of the Company and the Group for the financial year 2016/2017 are given in note 5 to the Financial Statements on page 90.

Donations

The donations made by the Company during the year amounted to Rs. 6,951,500 (2015/2016 - Rs. 754,137).

Auditors

Messrs Ernst & Young, Chartered Accountants, are willing to continue as Auditors of the Company and a resolution proposing their reappointment will be tabled at the Annual General Meeting.

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

Dividends

The Directors recommend that to the shareholders that the interim dividend of Rs. 0.50 per share paid on 20th April 2017 be considered as the final dividend for the financial year ended 31st March 2017.

Capital Expenditure

The capital expenditure of the Group and the Company during the year amounted to Rs. 2,164Mn and Rs. 540Mn respectively (2015/2016 - Group Rs. 1,506Mn & Company - Rs. 303Mn) details of which are given in note 9 to the financial statements.

Stated Capital

The Stated Capital of the Company as at 31st March 2017 was Rs. 4,748,108,334 represented by 1,137,533,596 Ordinary Shares.

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

Reserves

The total reserves of the Group and the Company as at 31st March 2017 amounted to Rs. 1,664Mn and Rs. 2,231Mn respectively. The composition of reserves is shown in the Statement of Changes in Equity in the financial statements.

Shareholders' Information

The distribution of shareholders is indicated on pages 129 and 130 in the Annual Report. There were 5,323 registered shareholders as at 31st March 2017.

Share Information

Information on share trading is given on page 130 of the Annual Report.

Events after the date of the Statement of Financial Position

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

Statutory Payments

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

Going Concern

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

Annual General Meeting

The Thirty Seventh Annual general Meeting of the Company will be held at Hotel Janaki, Fife Road, Colombo 05 on Tuesday the 19th day of September 2017 at 11.50 a.m. The Notice of the 37th Annual General Meeting is on page 134 of the Annual Report.

For and on behalf of the Board

Sgd.
Director

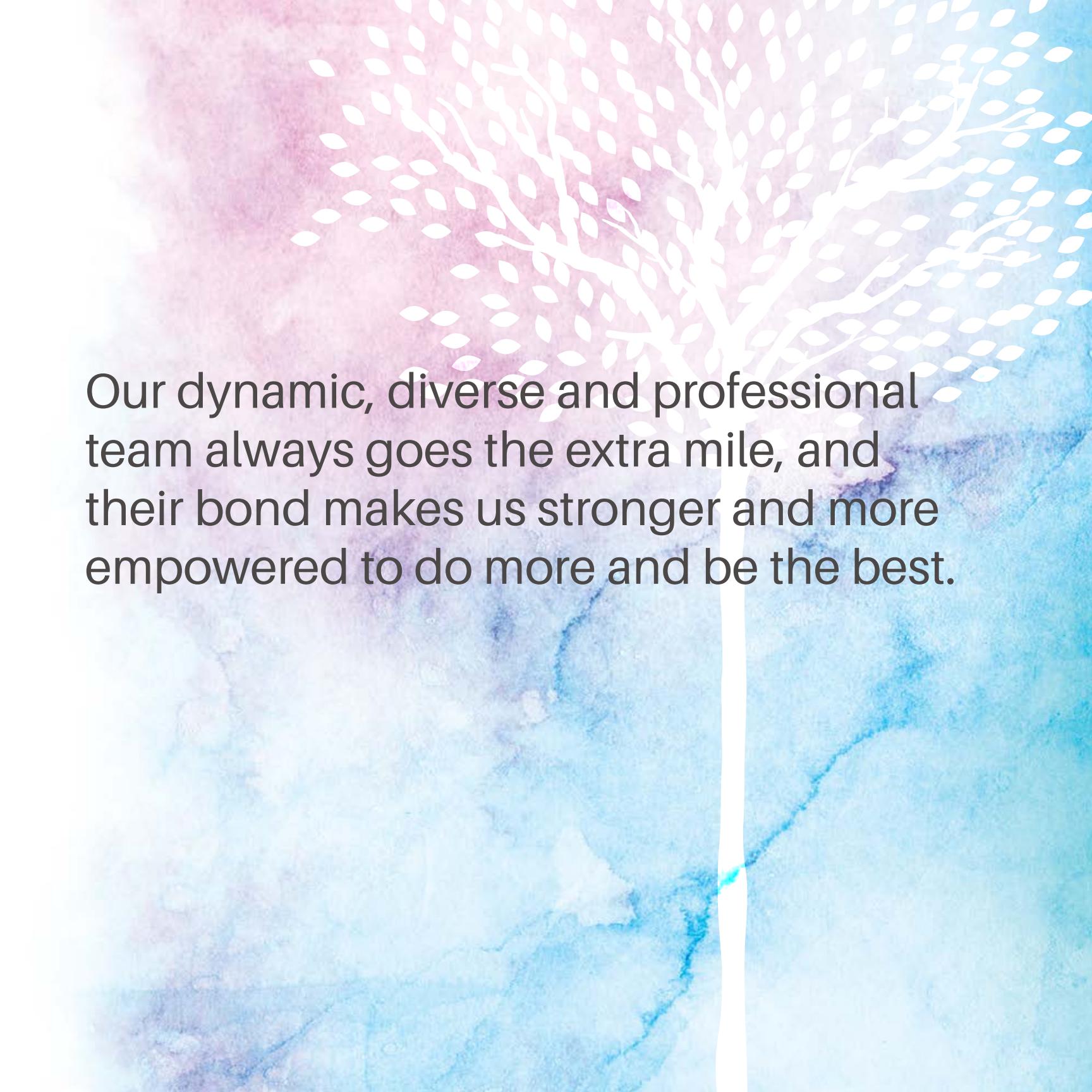
Sgd.
Director

Sgd.
Secretaries
Softlogic Corporate Services (Pvt) Ltd

19 June 2017



*Thriving on
teamwork*

A large, stylized tree graphic is positioned in the upper right corner of the slide. The tree has a thin trunk and branches that spread out towards the top right. The leaves are represented by small, white, teardrop-shaped icons. The background behind the tree is a soft, blended gradient transitioning from pink on the left to blue on the right.

Our dynamic, diverse and professional team always goes the extra mile, and their bond makes us stronger and more empowered to do more and be the best.

FINANCIAL INFORMATION

- 69** Independent Auditors' Report
- 70** Statement of Profit or Loss
- 71** Statement of Comprehensive Income
- 72** Statement of Financial Position
- 74** Statement of Changes in Equity
- 76** Statement of Cash Flows
- 78** Notes to the Financial Statements

Financial Calendar

Financial Year End 31 March 2017

Announcement of Quarterly Financial Performance

1st Quarter	- 15 August 2016
2nd Quarter	- 15 November 2016
3rd Quarter	- 15 February 2017
4th Quarter	- 31 May 2017
Notice of Annual General Meeting	- 19 June 2017
Annual General Meeting	- 19 September 2017

INDEPENDENT AUDITORS' REPORT



EY
Building a better
working world

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Chartered Accountants
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TO THE SHAREHOLDERS OF ASIRI HOSPITAL HOLDINGS PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Asiri Hospital Holdings PLC ("the Company"), and the consolidated financial statements of the Company and its Subsidiaries ("Group"), which comprise the statement of financial position as at 31 March 2017, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2017, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Emphasis of Matter

We draw attention to Note 27.3 to the financial statements which describes a contingent income

tax liability. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

As required by Section 163(2) of the Companies Act No. 07 of 2007, we state the following:

- The basis of opinion, 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,
 - the financial statements of the Company give a true and fair view of the financial position as at 31 March 2017, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards, and
 - the financial statements of the Company and the Group, comply with the requirements of Section 151 and 153 of the Companies Act No. 07 of 2007.

19 June 2017
Colombo

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

Principal T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2017

	Note	GROUP		COMPANY	
		2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
Revenue	3.1	10,396,219,066	9,952,384,805	3,239,833,772	2,730,388,072
Cost of Services		(5,683,139,918)	(5,345,159,603)	(1,487,725,028)	(1,169,541,245)
Gross Profit		4,713,079,148	4,607,225,202	1,752,108,744	1,560,846,827
Other Income	3.2	178,480,250	172,382,353	1,048,906,512	384,738,786
Administrative Expenses		(2,446,357,229)	(2,262,320,687)	(644,069,157)	(528,687,273)
Selling and Distribution Costs		(322,670,540)	(375,395,894)	(131,675,304)	(200,844,104)
Finance Cost	4.1	(834,866,565)	(715,049,652)	(803,985,910)	(519,557,864)
Finance Income	4.2	31,375,734	155,945,375	18,495,832	32,255,538
Share of Profit/(Loss) of Associate		(21,832,701)	-	-	-
Profit Before Tax	5	1,297,208,097	1,582,786,697	1,239,780,717	728,751,910
Income Tax Expense	6	(177,205,985)	(193,817,974)	(57,780,246)	(80,728,951)
Profit for the Year		1,120,002,112	1,388,968,723	1,182,000,471	648,022,959

Attributable to:

Equity Holders of the Parent Company		1,028,018,555	1,182,378,248		
Minority Interest		91,983,557	206,590,475		
		1,120,002,112	1,388,968,723		
Earnings Per Share - Basic	7	0.90	1.06	1.04	0.58
Dividend Per Share - Ordinary Shares	8	0.95	1.94	0.95	1.94

The Accounting Policies and Notes on pages 78 through 128 form an integral part of these Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2017

	Note	GROUP		COMPANY	
		2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
Profit for the year		1,120,002,112	1,388,968,723	1,182,000,471	648,022,959
<u>Other Comprehensive Income to be reclassified to profit or loss in subsequent periods (net of tax):</u>					
Loss on Available for Sale Financial Assets	14.1 a	(71,715,773)	(197,786,899)	-	(296,225,911)
Net Other Comprehensive Income to be reclassified to profit or loss in subsequent periods (net of tax)		(71,715,773)	(197,786,899)	-	(296,225,911)
<u>Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods (net of tax):</u>					
Revaluation of Land and Building	9.1	693,407,241	1,143,227,965	280,333,245	542,165,199
Deferred Tax on Revaluation of Building		(31,489,857)	(23,290,237)	(6,018,029)	(9,039,411)
Actuarial Gain/(Loss) on Post Employment Benefit Liability	23.1	(21,512,233)	36,576,948	(11,501,970)	40,265,258
Deferred Tax on Post Employment Benefit Liability		2,719,355	(4,389,233)	1,380,236	(4,831,830)
Net Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods (net of tax)		643,124,506	1,152,125,443	264,193,482	568,559,216
Other Comprehensive Income for the year (net of tax)		571,408,733	954,338,544	264,193,482	272,333,305
Total Comprehensive Income for the year (net of tax)		1,691,410,845	2,343,307,267	1,446,193,953	920,356,264
<u>Total Comprehensive Income Attributable to:</u>					
Equity Holders of the Parent Company		1,569,204,739	2,180,104,065		
Minority Interest		122,206,106	163,203,202		
		1,691,410,845	2,343,307,267		

The Accounting Policies and Notes on pages 78 through 128 form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Note	GROUP		COMPANY		
		2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.	
ASSETS						
Non-current Assets						
Property, Plant and Equipment	9	14,370,021,407	12,384,539,444	2,701,692,823	2,031,457,585	
Leasehold Property	10	971,366,000	973,973,821	-	-	
Goodwill	12	548,706,564	548,706,564	-	-	
Investment in Subsidiaries	13	-	-	11,594,804,729	11,568,327,609	
Investment in Associate	13.5	8,167,299	30,000,000	30,000,000	30,000,000	
Financial Assets - Available for Sale	14.1	349,972,373	407,624,148	-	-	
Deferred Tax Assets	22	107,562,373	-	-	-	
		16,355,796,016	14,344,843,977	14,326,497,552	13,629,785,194	
Current Assets						
Inventories	15	515,310,787	444,058,204	128,755,785	105,485,966	
Trade and Other Receivables	16.1	475,411,929	396,854,142	502,097,251	633,849,680	
Advances and Prepayments	16.2	422,235,856	560,962,459	120,055,165	83,303,031	
Loans Granted to Related Parties	17	-	116,845,380	-	-	
Cash and Short-term deposits	26.1	1,072,828,376	903,990,819	535,703,167	40,545,207	
		2,485,786,948	2,422,711,004	1,286,611,368	863,183,884	
Total Assets		18,841,582,964	16,767,554,981	15,613,108,920	14,492,969,078	
EQUITY AND LIABILITIES						
Capital and Reserves						
Stated Capital	18	4,748,108,334	4,748,108,334	4,748,108,334	4,748,108,334	
Revaluation Reserve	19	2,311,856,820	1,685,824,175	1,264,442,182	990,126,966	
Available for Sale Reserve		92,512,503	159,304,358	-	-	
Reserve on Consolidation		(840,431,573)	(832,199,890)	-	-	
Retained Earnings		100,010,303	170,703,270	967,170,017	875,948,196	
Share Holders' Fund		6,412,056,387	5,931,740,247	6,979,720,533	6,614,183,496	
Minority Interest		946,374,795	951,522,179	-	-	
Total Equity		7,358,431,182	6,883,262,426	6,979,720,533	6,614,183,496	
Non-current Liabilities						
Interest Bearing Loans and Borrowings	20	6,930,174,630	6,189,792,171	4,055,697,792	4,357,212,405	
Amount due on Leasehold Property	21.1	26,128,667	30,200,667	-	-	
Deferred Tax Liabilities	22	271,906,389	223,066,308	71,122,763	58,753,870	
Post Employment Benefit Liability	23.1	400,972,781	351,282,058	157,581,884	145,531,157	
		7,629,182,467	6,794,341,204	4,284,402,439	4,561,497,432	

STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Note	GROUP		COMPANY	
		2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
<u>Current Liabilities</u>					
Amount Payable in lieu of Investment in Associate	13.5	-	30,000,000	-	30,000,000
Trade and Other Payables	24.1	439,886,417	457,754,476	120,820,206	89,731,805
Other Payables	24.2	300,051,679	713,480,351	77,747,209	90,986,460
Dividend Payable		619,562,063	42,595,617	613,219,417	39,810,623
Interest Bearing Loans and Borrowings	20	2,395,026,812	1,749,551,495	3,526,111,612	3,033,094,109
Amount due on Leasehold Property	21.1	4,072,000	4,072,000	-	-
Income Tax Payable	25	95,370,344	92,497,412	11,087,504	33,665,153
		3,853,969,315	3,089,951,351	4,348,985,948	3,317,288,150
Total Equity and Liabilities		18,841,582,964	16,767,554,981	15,613,108,920	14,492,969,078

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

Sgd.

Chief Financial Officer

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

Sgd.
Director

Sgd.
Director

The Accounting Policies and Notes on pages 78 through 128 form an integral part of these Financial Statements.

19 June 2017
Colombo

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2017

GROUP	Note	Stated Capital Rs.	Available for Sale Reserve Rs.	Revaluation Reserve Rs.	Reserve on Consolidation Rs.	Retained Earnings Rs.	Minority Interest Rs.	Total Rs.
As at 01 April 2015		3,902,399,998	296,712,646	1,593,239,753	(2,345,961,923)	2,575,322,184	1,182,652,342	7,204,365,000
Profit for the Year	-	-	-	-	-	1,182,378,248	206,590,475	1,388,968,723
Other Comprehensive Income	-	(137,408,288)	1,101,937,239	-	-	33,196,866	(43,387,273)	954,338,544
Total Comprehensive Income	-	(137,408,288)	1,101,937,239	-	-	1,215,575,114	163,203,202	2,343,307,267
Effect of Changes in Holdings of Subsidiary Companies	-	-	-	-	1,513,762,033	-	(373,722,015)	1,140,040,018
Transfer of Revaluation Reserve on Disposed Property	-	-	(1,012,815,761)	-	1,012,815,761	-	-	-
Share Repurchase	-	-	-	-	(2,426,194,613)	-	(2,426,194,613)	
Issue of Shares for Cash Consideration	845,708,336	-	-	-	-	-	-	845,708,336
Deferred tax transfer on depreciation impact	19	-	-	3,462,944	-	-	-	3,462,944
Interim Dividends 2015/16	8	-	-	-	-	(2,206,815,176)	-	(2,206,815,176)
Subsidiaries Dividend to Minority Shareholders	-	-	-	-	-	-	(20,611,350)	(20,611,350)
As at 31 March 2016		4,748,108,334	159,304,358	1,685,824,175	(832,199,890)	170,703,270	951,522,179	6,883,262,426
Profit for the Year	-	-	-	-	-	1,028,018,555	91,983,557	1,120,002,112
Other Comprehensive Income	-	(66,791,855)	626,032,645	-	(18,054,606)	30,222,549	571,408,733	
Total Comprehensive Income	-	(66,791,855)	626,032,645	-	1,009,963,949	122,206,106	1,691,410,845	
Effect of Changes in Holdings of Subsidiary Companies	-	-	-	(8,231,683)	-	(517,738)	(8,749,421)	
Final Dividends 2015/16 and Interim Dividends 2016/17	8	-	-	-	-	(1,080,656,916)	-	(1,080,656,916)
Subsidiaries Dividend to Minority Shareholders	-	-	-	-	-	-	(126,835,752)	(126,835,752)
As at 31 March 2017		4,748,108,334	92,512,503	2,311,856,820	(840,431,573)	100,010,303	946,374,795	7,358,431,182

The Accounting Policies and Notes on pages 78 through 128 form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2017

COMPANY	Note	Stated Capital Rs.	Available for Sale Reserve Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.
As at 01 April 2015		3,902,399,998	296,225,911	457,001,178	2,399,306,985	7,054,934,072
Profit for the Year		-	-	-	648,022,959	648,022,959
Other Comprehensive Income		-	(296,225,911)	533,125,788	35,433,428	272,333,305
Total Comprehensive Income		-	(296,225,911)	533,125,788	683,456,387	920,356,264
Issue of Ordinary shares for cash consideration	18	845,708,336	-	-	-	845,708,336
Interim Dividends 2015/16	8	-	-	-	(2,206,815,176)	(2,206,815,176)
As at 31 March 2016		4,748,108,334	-	990,126,966	875,948,196	6,614,183,496
Profit for the Year		-	-	-	1,182,000,471	1,182,000,471
Other Comprehensive Income		-	-	274,315,216	(10,121,734)	264,193,482
Total Comprehensive Income		-	-	274,315,216	1,171,878,737	1,446,193,953
Final Dividends 2015/16 and Interim Dividends 2016/17	8	-	-	-	(1,080,656,916)	(1,080,656,916)
As at 31 March 2017		4,748,108,334	-	1,264,442,182	967,170,017	6,979,720,533

The Accounting Policies and Notes on pages 78 through 128 form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS

Year ended 31 March 2017

	Note	GROUP		COMPANY	
		2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
Cash Flows From Operating Activities					
Profit Before Income Tax Expense		1,297,208,097	1,582,786,697	1,239,780,717	728,751,910
Adjustments for					
Depreciation	9	784,744,168	696,647,369	123,210,011	86,630,850
Amortisation of Leasehold Assets	10	3,526,646	3,811,242	-	-
Investment in associate loss	13.5	21,832,701	-	-	-
Net (Profit)/Loss on Sale of Property, Plant and Equipment	3	(1,115,543)	(266,867)	1,521,837	(250,475)
Loss on Disposal of Investment Property	11	-	803,680	-	-
Profit on Disposal of Available for Sale Financial Assets	3.2	-	-	-	(227,331,109)
Provision for Bad and Doubtful Debts	5	12,532,473	866,328	329,282	(29,204)
Provision for Retirement Gratuity	23.1	80,844,508	71,992,784	30,353,674	30,046,957
Finance Expense		834,866,565	715,049,652	778,914,151	495,708,450
Investment Income		(18,893,669)	(181,262,780)	(923,348,612)	(54,502,354)
Guarantee Income		-	-	(17,727,698)	(14,723,207)
Operating Profit Before Working Capital Changes		3,015,545,947	2,890,428,105	1,233,033,362	1,044,301,818
Changes in Working Capital					
Increase in Inventories		(71,252,583)	(62,995,465)	(23,269,819)	(14,148,339)
(Increase)/Decrease in Trade and Other Receivables		(91,090,260)	(23,963,361)	131,423,147	(8,320,227)
(Increase)/Decrease in Advances and Prepayments		138,726,603	(199,248,865)	(36,752,134)	8,199,975
(Increase)/Decrease in Amounts Due from Related Parties		116,845,380	32,719,008	-	(77,037,908)
Increase/(Decrease) in Trade and Other Payables		(17,868,059)	84,985,410	31,088,394	(250,686,067)
Decrease in Other Payables		(413,428,672)	(61,601,910)	(13,239,251)	(55,098,230)
Cash Generated From Operations		2,677,478,356	2,660,322,922	1,322,283,699	647,211,022
Income Tax Paid		(261,825,847)	(180,510,065)	(72,626,796)	(105,132,303)
Defined Benefit Plan Costs Paid	23.1	(52,666,018)	(28,854,914)	(29,804,917)	(14,233,958)
Finance Cost Paid		(834,866,565)	(715,049,652)	(778,914,151)	(495,708,450)
Net Cash From Operating Activities		1,528,119,926	1,735,908,291	440,937,835	32,136,311

STATEMENT OF CASH FLOWS

Year ended 31 March 2017

	Note	GROUP		COMPANY	
		2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
Cash Flows From/(Used in) Investing Activities					
Acquisition of Property, Plant and Equipment	9	(2,152,968,544)	(1,099,293,144)	(534,579,257)	(253,967,642)
Investment in Leasehold Property	10	(918,825)	-	-	-
Proceeds from Sale of Investment Property		-	1,497,196,320	-	-
Proceeds from Sale of Available for Sale Financial Assets		-	-	-	529,232,590
Investment in Available for Sale Financial Assets		-	(6,528,629)	-	-
Investment in Associates		(30,000,000)	-	(30,000,000)	-
Investment in Subsidiaries		(8,749,421)	(845,708,341)	(8,749,422)	(3,931,498,348)
Proceeds from Disposal of Property, Plant and Equipment		87,975,216	94,258,984	25,300,425	4,366,938
Interest/Dividend Received		4,829,846	181,262,780	923,348,612	54,502,354
Net Cash Flows from/(used) in Investing Activities		(2,099,831,728)	(178,812,031)	375,320,358	(3,597,364,108)
Cash Flows From/(used in) Financing Activities					
Dividends Paid		(503,690,470)	(221,509,596)	(507,248,121)	(221,449,155)
Dividends Paid to Minority by Subsidiaries		(126,835,752)	(20,611,350)	-	-
Issue of Ordinary Shares		-	845,708,336	-	845,708,336
Repurchase Consideration Paid by Subsidiary Company		-	(2,004,514,632)	-	-
Proceeds from Term Loans		2,986,257,671	2,020,000,000	1,584,000,000	2,822,919,807
Repayment of Term Loans		(2,211,942,364)	(2,870,454,245)	(1,610,546,319)	(1,256,836,606)
Repayment of Lease Obligations		(11,217,639)	-	-	-
Repayment of Amount due on Leasehold Property	21	(4,072,000)	(4,072,000)	-	-
Net Cash Flows from (Used in) Financing Activities		128,499,446	(2,255,453,487)	(533,794,440)	2,190,342,382
Net Increase/(Decrease) in Cash and Cash Equivalents		(443,212,356)	(698,357,227)	282,463,752	(1,374,885,415)
Cash and Cash Equivalents at the Beginning of the Year		291,535,437	989,892,664	(478,474,074)	896,411,341
Cash and Cash Equivalents at the End of the Year	26.2	(151,676,919)	291,535,437	(196,010,322)	(478,474,074)

The Accounting Policies and Notes on pages 78 through 128 form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

1. Corporate Information

1.1 General

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

1.2 Principal Activities and Nature of Operations

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

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

1.3 Parent Enterprise and Ultimate Parent Enterprise

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

1.4 Date of Authorisation for Issue

The Financial Statement of Asiri Hospital Holdings PLC and its Subsidiaries for year ended 31 March 2017 was authorised for issue in accordance with a resolution of the Board of Directors dated 19 June 2017.

2. Significant Accounting Policies

2.1 Basis of preparation

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

The financial statements are presented in Sri Lankan Rupees (Rs), unless otherwise indicated.

2.1.1 Statement of Compliance

The financial statements of the Company and Group have been prepared in accordance with the Sri Lanka Accounting Standards as issued by the Institute of Chartered Accountants of Sri Lanka.

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

2.1.2 Comparative Information

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

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

2.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and Its Subsidiaries as at 31 March 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

Generally, there is a presumption that a majority of voting rights result in control. To support this

presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

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

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

Subsidiaries

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

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

Company	Effective Holding 2017	Effective Holding 2016	Principal Activities
Asiri Central Hospitals Ltd	94.16%	93.78%	The principal activity of the company was to investing in property; however, company has disposed the investment property to a third-party during the year ended 31 March 2016.
Asiri Hospital Matara (Pvt) Ltd.	100%	100%	The principal activities of the Company are to operate a hospital and provide healthcare services.
Asiri Diagnostics Services (Pvt) Ltd.	66.5%	66.5%	The principal activities of the Company are to carry out diagnostic laboratory services.
Asiri Hospital Kandy (Pvt) Ltd.	100%	100%	The principal activities of the Company are to provide healthcare services. However, the company has not yet commenced its operations.
Asiri Surgical Hospital PLC	73.68%	73.68%	The principal activities of the Company are to operate a two tier hospital, and provide healthcare services.
Central Hospital Ltd	99.73%	99.73%	The principal activities of the Company are to operate a hospital and provide healthcare services.
Asiri Laboratories (Pvt) Ltd.	100%	100%	The principal activities of the Company are to carry out diagnostic laboratory services. Company was incorporated on 20 January 2016 under the Companies Act No. 07 of 2007 and has not commenced its operations up to 31 March 2017.

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

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

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

Investment in Associates

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

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

The statement of profit or loss reflects the Group's share of the results of operations of

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

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

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

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

2.3 Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements of the Group require the management to make judgments, estimates and assumptions, which may affect the amounts of income, expenditure, assets, liabilities and the disclosure of contingent liabilities, at the end of the reporting period. In

the process of applying the Group's accounting policies, the key assumptions made relating to the future and the sources of estimation at the reporting date together with the related judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Fair value of Property, Plant and Equipment

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

Fair value related disclosures for assets measured at fair value are summarised in the Note 9.1.9 to the financial statements.

Deferred Tax Assets

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

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

particularly property, plant and equipment after the expiration of the tax holiday.

In determining the temporary difference pertaining to property, plant and equipment, management adapted a revised estimation technique to better reflect the related tax consequence. (Refer Note 22)

Defined Benefit Plans

The cost of the retirement benefit plan of employees is determined using an actuarial valuation. The actuarial valuation is based on assumptions concerning the rate of interest, rate of salary increase, staff turnover, retirement age and going concern of the Group. Due to the long term nature of the plan, such estimates are subject to significant uncertainty. (Refer Note 23)

Impairment of Non Financial Assets

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

Impairment of Trade & Other Receivable

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

Transfer Pricing Regulation

The Company is subject to income taxes and other taxes including transfer pricing regulations. Prevailing uncertainties with respect to the

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

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

2.4 Summary of Significant Accounting Policies

2.4.1 Business Combination and Goodwill

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

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

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

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

2.4.2 Foreign Currency Translation

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

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

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

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

the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item (i.e., the translation differences on items whose fair value gain or loss is recognised in other comprehensive income (OCI) or profit or loss are also recognised in OCI or profit or loss, respectively).

2.4.3 Fair Value Measurement

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

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

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

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

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

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

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

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

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

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

2.4.4 Revenue Recognition

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

a) Rendering of Services

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

b) Interest Income

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

c) Dividend Income

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

d) Other Income

Other income is recognised on an accrual basis.

2.4.5 Taxation

Current Taxes

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

Asiri Surgical Hospital PLC

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

The Company is liable to pay tax on other income earned at the prevailing tax rate and on business income from 01 January 2015 upon expiry of exemption period which is 10 years counted from

the date on which the enterprise first commences commercial operations (01 January 2005).

Asiri Central Hospitals Ltd

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

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

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

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

Central Hospital Ltd

Pursuant to the agreement dated 9 November 2007 and supplementary agreement dated 14 February 2009 entered into with the Board of Investment under section 17 of the Board of Investment Law No.4 of 1978, the Inland Revenue Act relating to the imposition, payment and recovery of income tax shall not apply to the business operating a hospital and providing healthcare services, for a period of 8 years commencing from the year the Company makes profits or any year of assessment not later than

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two years from the date on which the company commences commercial operations, whichever is earlier. Accordingly, the exemption is for a period of eight years commencing from financial year 2012/ 2013. This exemption will expire on 31 March 2020. Immediately following the afore mentioned tax exemption period, the Company's income tax on operating profit shall be charged at a concessionary tax rate of 15%.

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

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

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

Deferred Taxation

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that

sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

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

2.4.6 Property, Plant and Equipment

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

recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit or loss as incurred.

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

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

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

Subsequent measurement

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

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

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

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

2.4.7 Leases

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

Company as a lessee

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

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

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

2.4.8 Borrowing Costs

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

2.4.9 Financial Instruments - initial recognition and subsequent measurement

i) Financial Assets

Initial recognition and measurement

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

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

date, i.e., the date that the Group commits to purchase or sell the asset.

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

Subsequent measurement

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

Available-for-Sale Financial Investments

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

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time, the cumulative gain or loss is recognised in statement of profit or loss, or determined to be impaired, at which time the cumulative loss is reclassified to the statement of profit or loss in finance costs and removed from the available-for-sale reserve.

Trade and Other Receivables

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

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Derecognition

Financial Assets

A financial asset is primarily derecognised when:

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

Impairment of Financial Assets

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

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial Assets Carried at Amortised Cost

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of profit or loss. The assets are written

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

Available-for-Sale Financial Instruments

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

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

ii) Financial Liabilities

Initial Recognition and Measurement

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

derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

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

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

Subsequent measurement

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

Interest Bearing Loans and Borrowings

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

Financial Guarantee Contracts

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

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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.

2.4.10 Inventories

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

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

2.4.11 Impairment of Non-Financial assets

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

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

2.4.12 Cash and Cash Equivalents

Cash and Cash Equivalents are defined as cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known

amounts of cash and subject to insignificant risk of changes in value.

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

2.4.13 Investment Properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer.

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

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

in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2.4.14 Investment in Associates

Investment in Associate is accounted in Company's financial statements at cost. Company recognises dividend from associate in Company's profit or loss when it's right to receive the dividend is established. Company applies LKAS 36 in assessing the impairment of investment in associate by comparing the recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount whenever it's indicate that investment may be impaired. In determining the value in use of the investment, Company estimates its share of present value of estimated future cash flows expected to be generated by the associate.

2.4.15 Provisions

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

2.4.16 Post employment benefits

a) Defined Benefit Plan - Gratuity

The Group measures the present value of the promised retirement benefits of gratuity which is a defined benefit plan with the advice of an independent professional actuary at the end

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of every financial year using the Projected Unit Credit Method (PUC) as recommended by LKAS 19 – “Employee benefits”. Accordingly, the employee benefit liability is based on the actuarial valuation carried out by Messrs Actuarial and Management Consultants (Pvt) Ltd, Actuaries. The actuarial valuation involves making assumptions about discount rate, future salary increase rate and mortality rates etc. All assumptions are reviewed at each reporting date.

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

**b) Defined Contribution Plans:
Employees' Provident Fund and Employee' Trust Fund**

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

2.5 Standards Issued but not yet Effective
Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing of standards and interpretations issued are those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective.

SLFRS 9 - Financial Instruments

SLFRS 9 replaces the existing guidance in LKAS 39 Financial Instruments: Recognition

and Measurement. SLFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from LKAS 39.

SLFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

SLFRS 15 - Revenue from Contracts with Customers

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

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

Pending the completion of the detailed impact analysis, possible Impact from SLFRS 9 and SLFRS 15 is not reasonably estimable as of the reporting date.

SLFRS 16 - Leases

SLFRS 16 provides a single lessee accounting model, requiring leases to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value even though lessor accounting remains similar to current practice. This supersedes: LKAS 17 Leases, IFRIC 4 determining whether an arrangement contains a Lease, SIC 15 Operating

Leases- Incentives; and SIC 27 evaluating the substance of Transactions Involving the Legal form of a Lease. Earlier application is permitted for entities that apply SLFRS 15 Revenue from Contracts with customers.

SLFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted.

The following amendments and improvements are not expected to have a significant impact on the Group's financial statements.

LKAS 7 - Disclosure Initiative - Amendments to LKAS 7

The amendments to LKAS 7 Statement of Cash Flows are part of the CA Sri Lanka's disclosure initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of amendments will result in additional disclosure provided by the Group.

LKAS 12 Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to LKAS 12

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and

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explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

SLFRS 2 Classification and Measurement

of Share-based Payment Transactions -

Amendments to SLFRS 2

CA Sri Lanka issued amendments to SLFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted. The Group is assessing the potential effect of the amendments on its financial statements.

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3. Revenue and Other Income

	GROUP		COMPANY	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
3.1 Revenue				
Healthcare Services	10,396,219,066	9,952,384,805	3,239,833,772	2,730,388,072
	10,396,219,066	9,952,384,805	3,239,833,772	2,730,388,072
3.2 Other Income				
Rental Income	41,984,775	39,551,789	1,525,000	1,697,145
Other Laboratory Income	97,660,568	89,308,062	97,660,568	89,308,062
Profit on Sale of Property, Plant and Equipment	1,115,543	266,867	-	250,475
Dividend Income	18,893,669	25,317,405	947,652,238	60,819,437
Sundry Income	18,825,695	17,938,230	2,068,706	5,332,558
Profit on Disposal of Shares	-	-	-	227,331,109
	178,480,250	172,382,353	1,048,906,512	384,738,786

4. Finance Cost and Income

	GROUP		COMPANY	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
4.1 Finance Cost				
Interest Expense on Borrowings	829,953,372	551,556,948	529,352,269	334,061,047
Interest Expense on Inter Company Borrowings	-	-	247,466,750	96,557,946
Bank Charges on Interest Bearing Loans	4,913,193	25,075,968	2,095,132	19,139,279
Guarantee Expense	-	-	25,071,759	23,849,414
Exchange Loss on Long Term Foreign Currency Borrowings	-	138,416,736	-	45,950,178
	834,866,565	715,049,652	803,985,910	519,557,864
4.2 Finance Income				
Interest Income	30,907,275	155,945,375	768,134	17,532,331
Guarantee Income	-	-	17,727,698	14,723,207
Exchange Gain on Foreign Currency	468,459	-	-	-
	31,375,734	155,945,375	18,495,832	32,255,538

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5. Profit Before Tax

	GROUP		COMPANY	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
<u>Stated after Charging</u>				
<u>Included in Cost of Sales</u>				
Depreciation	411,037,175	383,235,936	54,392,233	47,459,130
Employee benefits including the following	2,053,065,834	1,779,382,615	605,435,464	491,231,358
- Defined Contribution Plan Costs - EPF and ETF	168,883,702	145,407,925	49,558,194	39,882,138
<u>Included in Administrative Expenses</u>				
Depreciation	373,706,993	313,411,433	68,817,778	39,171,721
Employee Benefits including the following	697,802,592	648,651,868	187,498,213	159,057,440
- Defined Benefit Plan Costs - Gratuity	80,844,508	71,992,784	30,353,674	30,046,957
- Defined Contribution Plan Costs - EPF and ETF	43,520,460	45,429,153	10,812,441	12,638,787
Directors' Fees and Remuneration	42,840,000	22,838,947	21,579,356	13,244,385
Amortisation of Leasehold Property	3,526,646	3,811,242	-	-
Donations	8,447,504	5,854,082	6,951,500	754,137
Legal Fees	12,824,914	3,482,683	957,100	1,303,108
Audit Fees and Reimbursable expense	4,935,587	4,909,807	1,800,000	1,789,456
<u>Included in Selling and Distribution Costs</u>				
Advertising Expenses	71,781,874	56,981,824	18,253,406	19,457,297
Impairment of Trade Debtors	12,532,473	866,328	329,282	(29,204)

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Year ended 31 March 2017

6. Income Tax

The Major Components of Income Tax Expense for the years ended 31 March are as follows :

	GROUP		COMPANY	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
Current Income Tax				
Current Income Tax charge	168,904,344	214,622,706	57,840,182	79,213,292
(Over)/Under Provision in Respect of Previous Years	(6,714,508)	204,073	(7,791,036)	1,166,893
10 % Withholding Tax on Inter Company Dividends	102,508,943	4,098,315	-	-
Deferred Income Tax				
Deferred Taxation Charge/(Reversal)	(87,492,794)	(25,107,120)	7,731,100	348,766
Income Tax Expense reported in the Statement of Profit or Loss				
	177,205,985	193,817,974	57,780,246	80,728,951
Deferred Income Tax				
Deferred Taxation Charge	28,770,502	27,679,470	4,637,793	13,871,242
Income Tax Expense reported in the Statement of Other Comprehensive Income				
	28,770,502	27,679,470	4,637,793	13,871,242
A Reconciliation between Tax Expense and Accounting Profit				
Accounting Profit Before Tax	1,297,208,097	1,582,786,697	1,239,780,717	728,751,910
Disallowable Expenses	849,706,723	939,426,999	423,516,185	363,578,182
Deductible Expenses	(562,604,395)	(365,442,737)	(206,205,252)	(114,778,557)
Income not Liable for Tax	(35,652,620)	(227,257,623)	(963,858,099)	(303,124,228)
Profit Exempt from Tax	(396,683,694)	(254,606,066)	-	-
Assessable Income				
Qualifying Payments	1,151,974,111	1,674,907,270	493,233,551	674,427,307
Tax Losses Brought Forward and Utilised	(68,020,289)	(85,149,059)	(11,232,031)	(20,170,483)
Taxable Profit	1,061,195,891	1,506,014,862	482,001,520	654,256,824
Statutory Tax Rate				
Income Tax Rate	12%	12%	12%	12%
Income Tax Rate on Other Income	28%	28%	28%	28%
Income Tax -2017-12% (2016 - 12%)	100,764,114	155,295,681	57,840,182	77,983,832
Income Tax - 2017- 28% (2016- 28%)	68,140,230	59,327,025	-	1,229,460
Current Income Tax charge	168,904,344	214,622,706	57,840,182	79,213,292

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

7. Earnings per Share

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

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

	GROUP		COMPANY	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
Profit Attributable to Ordinary Shareholders for Basic Earnings Per Share	1,028,018,555	1,182,378,248	1,182,000,471	648,022,959
	1,028,018,555	1,182,378,248	1,182,000,471	648,022,959

	COMPANY	
	2017 Rs.	2016 Rs.
<u>Number of Ordinary Shares used as the Denominator</u>		
Weighted Average Number of Ordinary Shares in Issue Applicable to Basic Earnings Per Share		
	1,137,533,596	1,113,507,791

8. Dividends Paid and Proposed

	2017		2016	
	Rs.	Rs.	Rs.	Rs.
<u>Equity Dividends on Ordinary Shares :</u>				
- Final Dividend for 2015/2016 : Rs. 0.45 per share and Interim 2016/17: 0.5 (2015/2016: Rs.1.94/-per share)	1,080,656,916		2,206,815,176	
	1,080,656,916		2,206,815,176	

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

9. Property, Plant and Equipment**9.1 Group**

	Balance As at 01.04.2016	Additions/ Transfers	Revaluation	Disposals/ Transfers	Balance As at 31.03.2017
	Rs.	Rs.	Rs.	Rs.	Rs.
9.1.1 Gross Carrying Amounts at Cost or Valuation					
Land	2,561,625,000	120,092,000	513,858,000	-	3,195,575,000
Buildings	6,365,764,466	273,064,293	54,727,240	-	6,693,555,999
Furniture and Fittings	1,174,573,955	122,920,514	-	(10,027,440)	1,287,467,029
Medical Equipment	4,729,435,514	516,387,414	-	(259,406,104)	4,986,416,824
Motor Vehicles	148,882,049	54,020,793	-	(61,795,782)	141,107,060
Sundry Equipment	934,788,328	146,418,500	-	(10,930,568)	1,070,276,260
	15,915,069,312	1,232,903,514	568,585,240	(342,159,894)	17,374,398,172
Assets on Finance Lease					
Motor Vehicles	77,200,000	15,300,000	-	-	92,500,000
Capital Work in Progress					
Work-in-Progress	312,424,324	915,475,029	-	-	1,227,899,353
	312,424,324	915,475,029	-	-	1,227,899,353
Total Value of Assets	16,304,693,636	2,163,678,543	568,585,240	(342,159,894)	18,694,797,525
	Balance As at 01.04.2016	Charge for the year	Revaluation	Disposals/ Transfers	Balance As at 31.03.2017
	Rs.	Rs.	Rs.	Rs.	Rs.
9.1.2 Accumulated Depreciation					
Buildings	-	124,822,001	(124,822,001)	-	-
Furniture and Fittings	682,640,813	114,163,727	-	(7,504,178)	789,300,362
Medical Equipment	2,510,297,972	411,037,175	-	(208,607,621)	2,712,727,526
Motor Vehicles	56,174,466	16,566,714	-	(28,311,193)	44,429,987
Sundry Equipment	671,040,941	106,963,227	-	(10,877,249)	767,126,919
	3,920,154,192	773,552,844	(124,822,001)	(255,300,241)	4,313,584,794
Assets on Finance Lease					
Motor Vehicles	-	11,191,324	-	-	11,191,324
Total Depreciation	3,920,154,192	784,744,168	(124,822,001)	(255,300,241)	4,324,776,118

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

9. Property, Plant and Equipment (Contd.)

	2017 Rs.	2016 Rs.
9.1.3 Net Book Values		
Land	3,195,575,000	2,561,625,000
Buildings	6,693,555,999	6,365,764,466
Furniture and Fittings	498,166,667	491,933,142
Medical Equipment	2,273,689,298	2,219,137,542
Motor Vehicles	96,677,073	92,707,583
Sundry Equipment	303,149,341	263,747,387
	13,060,813,378	11,994,915,120
Asset on Finance Lease		
Motor Vehicles	81,308,676	77,200,000
Capital Work in Progress		
Work-in-Progress	1,227,899,353	312,424,324
Total Carrying Amount of Property, Plant and Equipment	14,370,021,407	12,384,539,444

9.1.4 During the year, the Group acquired Property, Plant and Equipment to the aggregate value of Rs. 2,163,678,543/- (2016 - Rs.1,505,630,904/-). Cash payments amounting to Rs 2,152,968,544/- (2016 - Rs. 1,099,293,144/-) were made during the year for purchase of Property, Plant and Equipment.

Group has capitalised the borrowing cost incurred on Asiri Hospital Kandy (Pvt) Ltd project amounting to Rs. 216Mn as at 31 March 2017. (2016 - Rs. 80Mn).

9.1.5 Group's Property, Plant and Equipments with a carrying value of Rs. 6,410,075,000/- (2016 - Rs.5,788,609,000/-) have been pledged as security for term loans obtained , details of which are disclosed in Note 28.

9.1.6 Group's Property, Plant and Equipment include fully depreciated assets which are still in use, the cost of which at the reporting date amounted to Rs.1,249Mn (2016 - Rs. 1,003Mn).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

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

	Group/Company 2016/17
Buildings	Over 60 Years
Furniture and Fittings	Over 10 Years
Medical Equipment	Over 10 Years
Motor Vehicles	Over 5-8 Years
Sundry Equipment	Over 2-10 Years

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

<u>Class of Asset</u>	Cost If assets were carried at cost Rs.	Cumulative Depreciation 2017 Rs.	Net Carrying Amount 2017 Rs.	Net Carrying Amount 2016 Rs.
Freehold Land	782,196,379	-	782,196,379	662,104,379
Building	4,375,066,753	781,755,295	3,593,311,458	3,407,581,676
	5,157,263,132	781,755,295	4,375,507,837	4,069,686,055

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

9. Property, Plant and Equipment (Contd.)

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

Company	Location	Extent	Independent Valuer	Effective Date of Valuation	Valuation Details	Significant unobservable input (Level 3)	Range Rs.	Fair Value measurement Rs.
Asiri Hospital Holdings PLC	No 181, Kirula Road , Colombo 05	1 A 30.21 P 2 Buildings 96,657 square feet	P B Kalugalagedara & Associates	31 March 2017	Land - Market based evidence	Land price per perch	7,500,000	1,362,075,000
					Buildings - Direct Capital Comparison Method using Depreciated Replacement Cost	Building value per square foot	2,000 to 16,000	710,556,000
Asiri Surgical Hospital PLC	No 21, Kirimandala Mawatha, Narahenpita	3 Buildings 368,123 square feet	P B Kalugalagedara & Associates	31 March 2017	Buildings - Direct Capital Comparison Method using Depreciated Replacement Cost	Building value per square foot	3,000 to 8,000	2,161,000,000
Asiri Hospital Matara (Pvt) Ltd	No 15, Dharmapala Mawatha, Uyanwatta	1 A 2 R 1.5 P 2 Buildings 77,695 square feet	P B Kalugalagedara & Associates	31 March 2017	Land - Market based evidence	Land price per perch - Frontage	900,000	135,000,000
						Land price per perch - Rear Land	600,000	59,475,000
					Buildings - Direct Capital Comparison Method using Depreciated Replacement Cost	Site improvement		10,000,000
						Building value per square foot	2,000 to 8,000	403,000,000
Central Hospital Ltd	No 114, Norris Canal Road, Colombo 10	1 A 21.03 P 1 Building 485,829 square feet	P B Kalugalagedara & Associates	31 March 2017	Land - Market based evidence	Land price per perch	9,000,000	1,629,000,000
					Buildings - Direct Capital Comparison Method using Depreciated Replacement Cost	Building value per square foot	2,000 to 10,000	3,419,000,000

The surplus arising from the revaluation net of deferred tax is recognised in the Other Comprehensive Income and transferred to Revaluation Reserve in Equity.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

9.2 Company

	Balance As at 01.04.2016	Additions/ Transfers	Revaluation	Disposals/ Transfers	Balance As at 31.03.2017
	Rs.	Rs.	Rs.	Rs.	Rs.
9.2.1 Gross Carrying Amounts					
<u>At Cost or Valuation</u>					
Land	1,011,800,000	120,092,000	230,183,000	-	1,362,075,000
Buildings	426,600,000	246,752,453	37,203,547	-	710,556,000
Medical Equipment	753,945,471	89,808,429	-	(2,271,052)	841,482,848
Furniture and Fittings	84,747,745	90,762,514	-	(1,813,318)	173,696,941
Motor Vehicles	87,105,630	12,565,217	-	(44,552,040)	55,118,807
Sundry Equipment	235,942,202	82,738,065	-	(1,631,063)	317,049,204
	2,600,141,048	642,718,678	267,386,547	(50,267,473)	3,459,978,800
<u>Assets on Finance Lease</u>					
Motor Vehicles	56,150,000	7,650,000	-	-	63,800,000
<u>In the Course of Construction</u>					
Buildings Work-in-Progress	114,495,286	(110,434,411)	-	-	4,060,875
Total Value of Assets	2,770,786,334	539,934,267	267,386,547	(50,267,473)	3,527,839,675
	Balance As at 01.04.2016	Charge for the year	Revaluation	Disposals/ Transfers	Balance As at 31.03.2017
	Rs.	Rs.	Rs.	Rs.	Rs.
9.2.2 Depreciation					
Buildings	-	12,946,698	(12,946,698)	-	-
Medical Equipment	518,402,621	54,392,233	-	(2,041,183)	570,753,671
Furniture and Fittings	32,886,188	14,522,567	-	(1,687,769)	45,720,986
Motor Vehicles	31,266,110	5,049,158	-	(18,464,453)	17,850,815
Sundry Equipment	156,773,830	29,983,104	-	(1,251,806)	185,505,128
	739,328,749	116,893,760	(12,946,698)	(23,445,211)	819,830,600
<u>Assets on Finance Lease</u>					
Motor Vehicles	-	6,316,251	-	-	6,316,251
Total Depreciation	739,328,749	123,210,011	(12,946,698)	(23,445,211)	826,146,851

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

9. Property, Plant and Equipment (Contd.)

	2017 Rs.	2016 Rs.
9.2.3 Net Book Values		
Land	1,362,075,000	1,011,800,000
Buildings	710,556,000	426,600,000
Medical Equipment	270,729,176	235,542,850
Furniture and Fittings	127,975,955	51,861,557
Motor Vehicles	37,267,992	55,839,520
Sundry Equipment	131,544,076	79,168,372
	2,640,148,199	1,860,812,299
Assets on Finance Lease		
Motor Vehicles	57,483,749	56,150,000
In the Course of Construction		
Buildings Work-in-Progress	4,060,875	114,495,286
Total Value of Assets	2,701,692,823	2,031,457,585

9.2.4 During the year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs.539,934,267/- (2016 - Rs.302,743,349/-). Cash payments amounting to Rs.534,579,257/- (2016 - Rs.253,967,642/-) were made during the year for purchase of Property, Plant and Equipment.

9.2.5 Company's fixed assets include fully depreciated assets, which are still in use the cost of which at the reporting date amounted to Rs. 391Mn (2016 - Rs. 282Mn).

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

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

Class of Asset	Cost	Cumulative Depreciation	Net Carrying Amount	Net Carrying Amount
	If assets were carried at cost	2017	2016	
	Rs.	Rs.	Rs.	Rs.
Freehold Land	149,708,200	-	149,708,200	29,616,200
Building	478,778,747	122,053,257	356,725,490	121,120,709
	628,486,947	122,053,257	506,433,690	150,736,909

10. Leasehold Property

	GROUP	
	2017	2016
	Rs.	Rs.
Balance as at the beginning of the year	973,973,821	977,785,063
Leasehold additions during the year	918,825	-
Amortisation for the year	(3,526,646)	(3,811,242)
Balance as at the end of the year	971,366,000	973,973,821

10.1 Leasehold Property as at 31 March 2017 consists of the below;

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

Asiri Surgical Hospital PLC has accounted for leasehold right comply with the Statement of Recommended Practices (SoRP) issued by Institute of Chartered Accountants of Sri Lanka dated 19 December 2012. Subsequently, the amendments to the SoRP along with the modification to the title as Statement of Alternative Treatment (SoAT) were approved by the Council on 21st August 2013. This right to use land is require to be amortised over the lease term or useful life of the right whichever is shorter and is disclosed under non-current asset. The SoAT for right-to-use land does not permit revaluation of right-to-use land. However, an adjustment to the 'right-to-use land' could be made to the extent that the change relate to the further period on the reassessment of liability to make the lease payment.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

11. Investment Property

	GROUP		COMPANY	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
<u>Land and Building</u>				
Balance as at the beginning of the year	-	2,698,000,000	-	-
Disposals during the year	-	(2,698,000,000)	-	-
Balance as at the end of the year	-	-	-	-

On 9 July 2015, Asiri Central Hospitals Limited (Subsidiary) sold the above land and buildings situated at No 37, Horton Place, Colombo 7 for a payment of Rs. 2,697,196,320/- (net of VAT) to a third party and the loss on disposal amounted to Rs. 803,680/-.

12. Goodwill

	GROUP	
	2017 Rs.	2016 Rs.
Goodwill	548,706,564	548,706,564
	548,706,564	548,706,564

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

13. Investment in Subsidiary Companies/Associate*Investment in Subsidiary Companies*

Company	2017	2016	2017		2016	
	Direct Holding %	%	Carrying Value Rs.	Market Value Rs.	Carrying Value Rs.	Market Value Rs.
13.1 Quoted*						
Asiri Surgical Hospital PLC	73.68	73.68	2,390,655,282	3,582,403,815	2,387,107,927	4,283,308,909
			2,390,655,282	3,582,403,815	2,387,107,927	4,283,308,909

	2017	2016	2017		2016	
	Direct Holding %	%	Carrying Value Rs.	Market Value/ Directors Valuation**	Carrying Value Rs.	Market Value/ Directors Valuation**
13.2 Un-quoted**						
Asiri Diagnostics Services (Pvt) Ltd	66.54	66.54	2,691,400	2,691,400	2,691,400	2,691,400
Asiri Hospital Matara (Pvt) Ltd	100	100	261,571,434	261,571,434	261,132,754	261,132,754
Central Hospital Ltd	99.73	99.73	7,113,304,669	8,886,238,516	7,110,364,517	8,886,238,516
Asiri Hospital Kandy (Pvt) Ltd	100	100	123,577,770	123,577,770	112,776,259	112,776,259
Asiri Central Hospitals Ltd	94.16	93.78	1,702,004,174	2,166,079,647	1,693,254,752	2,157,330,226
Asiri Laboratories (Pvt) Ltd	100	100	1,000,000	1,000,000	1,000,000	1,000,000
			9,204,149,447	11,441,158,767	9,181,219,682	11,421,169,155
Carrying Value of Investment in Subsidiaries			11,594,804,729	15,023,562,582	11,568,327,609	15,704,478,064

* Investment value of quoted shares have been determined based on market value of shares as at the reporting date.

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

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

13.3 The Shares of Subsidiary Companies owned by Asiri Hospital Holdings PLC were pledged on behalf of the loans and overdraft facilities obtained by the Company. (Note 20.4 for details of shares)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

13. Investment in Subsidiary Companies/Associate (Contd.)**13.4 Material Partly-Owned Subsidiaries**

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

Proportion of Equity Interest held by Non-Controlling Interest

	2017	2016
	%	%
Company Name		
Asiri Surgical Hospital PLC	26.32%	26.32%
Asiri Diagnostics Services (Pvt) Ltd	33.46%	33.46%

Accumulated Balances of Material Non - Controlling Interest

	2017	2016
	Rs.	Rs.
Company Name		
Asiri Surgical Hospital PLC	851,906,388	862,666,892
Asiri Diagnostics Services (Pvt) Ltd	92,947,702	87,678,157

Total Comprehensive Income allocated to Material Non - Controlling Interest

	2017	2016
	Rs.	Rs.
Company Name		
Asiri Surgical Hospital PLC	102,555,853	125,394,567
Asiri Diagnostics Services (Pvt) Ltd	14,207,827	21,644,548

Summarised Statement of Total Comprehensive Income for year ended 31 March 2017:

	Asiri Surgical Hospital PLC	Asiri Diagnostics Services (Pvt) Ltd
	Rs.	Rs.
Revenue	2,884,315,584	126,818,581
Cost of Sales	(1,885,575,532)	(63,624,407)
Profit for the Year	262,789,259	42,145,413
Total Comprehensive Income for the Year	389,717,705	42,462,124
Attributable to Non-Controlling Interest	102,555,853	14,207,827

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

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

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

Summarised Statement of Financial Position as at 31 March 2017:

	Asiri Surgical Hospital PLC	Asiri Diagnostics Services (Pvt) Ltd
	Rs.	Rs.
Current Assets	610,393,735	40,795,827
Non-Current Assets	4,039,160,904	251,066,920
Current Liabilities	363,631,303	9,451,912
Non-Current Liabilities	638,904,590	4,623,324
Total Equity	3,647,018,746	277,787,513

Attributable to:

Equity Holders of Parent	2,795,112,358	184,839,811
Non-Controlling Interest	851,906,388	92,947,702

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

13. Investment in Subsidiary Companies/Associate (Contd.)

Summarised Statement of Financial Position as at 31 March 2016:

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

13.5 Investment in Associate

Asiri Hospital Holdings PLC has invested Rs. 30,000,000/- in Digital Health (Pvt) Ltd resulting in a 30% holding in Digital Health (Pvt) Ltd by Asiri Hospital Holdings PLC.

Digital Health was incorporated on 14 August 2015. The primary objective of the Company is to carry on the business using the Doc 990 system and/or other systems or technology solutions developed by or for the Company from time to time which may inter alia include provision of e-laboratory, e-pharmacy, e-prescription and digital health record management services. Company has commenced its operations during the current financial year 2016/17.

	GROUP		COMPANY	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
Balance as at the Beginning of the Year	30,000,000	-	30,000,000	-
Investment Made During the Year	-	30,000,000	-	30,000,000
Share of Loss for the Period	(21,832,701)	-	-	-
Balance as at the End of the Year	8,167,299	30,000,000	30,000,000	30,000,000

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

14. Other Financial Assets and Financial Liabilities**14.1 Financial Assets - Available for Sale**

	GROUP						COMPANY		
	2017	2016	2017	2016	2017	2016	2017	2016	
	Number of Shares	Number of Shares	Market Value Rs.	Market Value Rs.	Number of Shares	Number of Shares	Market Value Rs.	Market Value Rs.	
<u>Non - current</u>									
<u>National Development Bank PLC</u>									
Market Value of									
Investment in Equity Securities	2,506,936	2,414,835	349,972,373	407,624,148	-	-	-	-	
	2,506,936	2,414,835	349,972,373	407,624,148	-	-	-	-	

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

	Group		Company	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Reclassified to Statement of Profit or Loss	-	-	-	(296,225,911)
Gain/(Loss) on Available for Sale Financial Assets	(71,715,773)	(197,786,899)	-	-
	(71,715,773)	(197,786,899)	-	(296,225,911)

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

Except for the below indicated loans and borrowings 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.

14.2.1 Group

	Carrying Amount		Fair Value (Level 2)	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
<u>Financial Liabilities</u>				
Loans and Borrowings - Non-Current				
	6,930,174,630	6,189,792,171	6,930,174,630	6,189,792,171

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Year ended 31 March 2017

14. Other Financial Assets and Financial Liabilities (Contd.)

14.2.2 Company

	Carrying Amount		Fair Value (Level 2)	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
Financial Liabilities				
Loans and Borrowings - Non-Current	4,055,697,792	4,357,212,405	4,055,697,792	4,357,212,405

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 were used.

14.3 Fair Value Hierarchy

14.3.1 Group

Assets measured at fair value

	31 March 2017	Level 1	Level 2	Level 3
	Rs.	Rs.	Rs.	Rs.
Financial Assets - Available for Sale				
Equity shares (Non- Current)	349,972,373	349,972,373	-	-
31 March 2016				
Rs.	Rs.	Rs.	Rs.	Rs.
Financial Assets - Available for Sale				
Equity shares (Non- Current)	407,624,148	407,624,148	-	-

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

15. Inventories

	GROUP		COMPANY	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
Chemical and Test Materials	110,322,147	86,575,185	63,978,208	64,526,257
Pharmaceuticals and Surgical	336,868,798	310,403,804	40,397,351	30,364,931
Consumables	68,119,842	47,079,215	24,380,226	10,594,778
	515,310,787	444,058,204	128,755,785	105,485,966

16. Trade and Other Receivables

	GROUP		COMPANY	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
16.1 Trade and Other Receivables				
Trade Debtors	445,186,087	373,300,967	89,480,723	89,408,443
Related Parties (Note 16.3)	29,747,337	-	20,920,526	-
Less - Impairment of Trade Debtors	(19,578,876)	(7,425,303)	(83,668)	(133,287)
	455,354,548	365,875,664	110,317,581	89,275,156
Other Debtors - Related Parties (Note 16.4)	2,716,658	7,008,243	382,575,289	531,473,497
Staff Loans	17,340,723	23,970,235	9,204,381	13,101,027
	475,411,929	396,854,142	502,097,251	633,849,680

16.2 Advances, Deposits and Prepayments

Advances, Deposits and Prepayments*	417,235,856	555,962,459	115,055,165	78,303,031
Employee Share Trust Fund (Note 16.5)	5,000,000	5,000,000	5,000,000	5,000,000
	422,235,856	560,962,459	120,055,165	83,303,031
	897,647,785	957,816,601	622,152,416	717,152,711

* The advance paid to Softlogic BPO Services (Pvt) Ltd for software implementation amounting to Rs.21,884,134/- (2016 - 60,988,760/-) is included in Advances and Prepayments (Group).

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

16. Trade and Other Receivables (Contd.)**16.3 Trade Debtors - Related Parties**

Relationship	GROUP		COMPANY	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
Softlogic Life Insurance PLC	Group Company	15,941,347	-	4,357,585
Digital Health (Pvt) Ltd	Associate	13,805,990	-	3,736,933
Central Hospital Ltd	Subsidiary	-	-	3,826,334
Asiri Surgical Hospital PLC	Subsidiary	-	-	5,959,082
Asiri Diagnostics Services (Pvt) Ltd	Subsidiary	-	-	2,108,658
Asiri Hospital Matara (Pvt) Ltd	Subsidiary	-	-	931,934
		29,747,337	-	20,920,526

16.4 Other Debtors - Related Parties

Relationship	GROUP		COMPANY	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
Asiri Hospital Matara (Pvt) Ltd	Subsidiary	-	-	4,467,604
Central Hospital Ltd	Subsidiary	-	-	15,712,545
Asiri Hospital Kandy (Pvt) Ltd	Subsidiary	-	-	325,504,922
Asiri Surgical Hospital PLC	Subsidiary	-	-	35,319,746
Asiri Diagnostics Services (Pvt) Ltd	Subsidiary	-	-	1,558,580
Softlogic Holdings PLC	Parent Company	40,470	360	-
Asian Alliance Insurance Co. Ltd	Group Company	-	5,655,877	-
Softlogic Restaurant (Pvt) Ltd	Group Company	1,901,171	1,352,006	-
Softlogic Finance PLC	Group Company	184,142	-	11,892
Softlogic Retail (Pvt) Ltd	Group Company	590,875	-	-
		2,716,658	7,008,243	382,575,289
				531,473,497

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

16.5 Employee Share Trust Fund

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

	2017 Rs.	2016 Rs.
Opening Balance as at 01 April	5,000,000	5,000,000
Closing Balance as at 31 March	5,000,000	5,000,000

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

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

16.5.1 Group

	Total	Neither past due or nor Impaired	Past due but not Impaired			Impaired > 330 days
			31 - 60 days	61 - 90 days	91 - 330 days	
2017						
Gross Trade Receivable Balance	474,933,424	257,136,643	82,977,020	40,217,849	72,328,302	22,273,609
Less - Impairment	(19,578,876)	-	-	-	-	(19,578,876)
	455,354,548	257,136,643	82,977,020	40,217,849	72,328,302	2,694,733
2016						
Gross Trade Receivable Balance	373,300,967	213,044,917	77,128,174	33,443,271	41,613,372	8,071,233
Less - Impairment	(7,425,303)	-	-	-	-	(7,425,303)
	365,875,664	213,044,917	77,128,174	33,443,271	41,613,372	645,930

16.5.2 Company

	Total	Neither past due or nor Impaired	Past due but not Impaired			Impaired > 330 days
			31 - 60 days	61 - 90 days	91 - 330 days	
2017						
Gross Trade Receivable Balance	110,401,249	73,198,544	23,871,650	4,280,699	7,777,795	1,272,562
Less - Impairment	(83,668)	-	-	-	-	(83,668)
	110,317,581	73,198,544	23,871,650	4,280,699	7,777,795	1,188,894
2016						
Gross Trade Receivable Balance	89,408,443	56,619,935	17,627,826	7,762,103	6,518,713	879,866
Less - Impairment	(133,287)	-	-	-	-	(133,287)
	89,275,156	56,619,935	17,627,826	7,762,103	6,518,713	746,579

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

17. Loans Granted to Related Parties

Relationship	GROUP		COMPANY	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
Softlogic Holdings PLC	Parent Company	-	116,845,380	-
		-	116,845,380	-

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

18. Stated Capital

	COMPANY/GROUP			
	2017 Number	2016 Rs.	2016 Number	2016 Rs.
Balance at the beginning of the year	1,137,533,596	4,748,108,334	1,099,092,308	3,902,399,998
Issue of Ordinary Shares	-	-	38,441,288	845,708,336
Balance at the end of the year	1,137,533,596	4,748,108,334	1,137,533,596	4,748,108,334

19. REVALUATION RESERVE

	GROUP		COMPANY	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
Balance at the beginning of the year	1,685,824,175	1,593,239,753	990,126,966	457,001,178
<u>Revaluation during the year net of deferred tax</u>				
Revaluation Surplus	652,725,730	1,122,909,565	280,333,245	542,165,198
Deferred tax on Revaluation Surplus	(26,693,085)	(20,972,326)	(6,018,029)	(9,039,410)
Transfer of Revaluation Reserve on Disposed Property	-	(1,012,815,761)	-	-
Deferred Tax Transfer on Depreciation Impact	-	3,462,944	-	-
Balance at the end of the year	2,311,856,820	1,685,824,175	1,264,442,182	990,126,966

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

20. Interest Bearing Loans and Borrowings

GROUP	2017		2017		2017 Total	2016		2016		2016 Total		
	Amount		Amount			Amount		Amount				
	Repayable Within 1 Year	Rs.	Repayable After 1 Year	Rs.		Repayable Within 1 Year	Rs.	Repayable After 1 Year	Rs.			
Bank Loans (Note 20.1)	1,158,844,782		6,887,059,252		8,045,904,034	1,128,499,115		6,144,349,170		7,272,848,285		
Bank Overdraft (Note 26.2)	1,224,505,295		-		1,224,505,295	612,455,382		-		612,455,382		
Finance Lease (Note 20.1.1)	11,676,715		43,115,377		54,792,092	8,596,998		45,443,001		54,039,999		
	2,395,026,792		6,930,174,629		9,325,201,421	1,749,551,495		6,189,792,171		7,939,343,666		

20.1 Bank Loans - Group

	As at 01.04.2016		Loans Obtained Rs.	Interest Charge Rs.	Repayments Rs.	Exchange Loss Rs.	As at 31.03.2017	
	Rs.	Rs.					Rs.	Rs.
Commercial Bank of Ceylon PLC	3,963,796,190		1,356,553,671	485,602,097	(1,274,767,436)	-	4,531,184,522	
Sampath Bank PLC	2,351,152,277		283,201,000	256,842,704	(835,356,985)	-	2,055,838,996	
Bank of Ceylon	757,122,175		-	82,185,068	(203,945,073)	-	635,362,170	
Nations Trust Bank PLC	-		96,503,000	6,247,025	(15,897,326)	-	86,852,699	
Hatton National Bank PLC	-		750,000,000	9,689,551	(23,023,904)	-	736,665,647	
Short term Loan - Nations Trust Bank PLC	200,777,643		250,000,000	31,741,626	(482,519,269)	-	-	
Short term Loan - Cargills Bank	-		250,000,000	16,913,817	(266,913,817)	-	-	
	7,272,848,285		2,986,257,671	889,221,888	(3,102,423,810)	-	8,045,904,034	

20.1.1 Finance Lease

	As at 01.04.2016		Obtained During the Year Rs.	Repayments Rs.	As at 31.03.2017	
	Rs.	Rs.			Rs.	Rs.
Commercial Bank PLC		70,344,720	-	(14,068,944)	56,275,776	
Nations Trust Bank PLC		-	14,294,340	(2,620,640)	11,673,700	
Gross Liability		70,344,720	14,294,340	(16,689,584)	67,949,476	

Finance Charges Allocated to Future Periods

Commercial Bank of Ceylon PLC	(16,304,721)	-	5,471,946	(10,832,775)
Nations Trust Bank PLC	-	(3,584,340)	1,259,731	(2,324,609)
Net Liability	54,039,999	10,710,000	(9,957,907)	54,792,092

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

20. Interest Bearing Loans and Borrowings (Contd.)**20.2 Long-Term Loan Details**

Details of the Long Term Loans	Approved Facility Rs.	Repayment Terms	Security	Security Amount Rs.
20.2.1 Asiri Surgical Hospital PLC				
Commercial Bank of Ceylon PLC	511.4Mn	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 No.181, Kirula Road, Narahenpita, owned by Asiri Hospital Holdings PLC. (Hatton National Bank PLC interest Rs. 75Mn and Commercial Bank of Ceylon PLC interest Rs. 125Mn)	125Mn
			Corporate Guarantee of Asiri Hospital Holdings PLC	148.4Mn
20.2.2 Asiri Hospital Matara (Pvt) Ltd				
Commercial Bank of Ceylon PLC	73.46Mn	71 equal monthly installments of Rs. 976,000/- and a final installment of Rs. 924,000/-	Corporate Guarantee of Asiri Hospital Holdings PLC	73.46Mn
Nations Trust Bank PLC	96.50Mn	59 equal monthly installments of Rs. 1,608,383/33 and a final installment of Rs. 1,608,383/53	Assignment over Amex Receivable, Loan agreement for Rs. 96.5Mn and Corporate Guarantee of Asiri Hospital Holdings PLC	96.503Mn
20.2.3 Central Hospital Ltd				
Sampath Bank PLC	326Mn	95 equal monthly installment each worth Rs. 3,396,000/- and a final installment is Rs. 3,380,000/-	Corporate Guarantee from Asiri Hospital Holdings PLC for Rs. 326Mn.	326Mn
Sampath Bank PLC	1,150Mn	119 equal monthly installments of Rs. 9,600,000/- and a final installment of Rs. 7,600,000/- commencing from the month following the disbursement of the loan to be served monthly	Securitisation of all feature credit/debit card receivables of the company and assignment over credit/debit card receivables of the company and future credit/debit card receivables. Loan agreement for Rs. 1,150Mn.	1,150Mn
Bank of Ceylon	960Mn	94 equal monthly installments of Rs. 10,146,667/- and a final installment of Rs. 6,268,815/93 (Ten years including two years grace period)	Primary Concurrent Mortgage over freehold land and buildings at No.114, Norris Canal Rd, Colombo 10.	960Mn
20.2.4 Asiri Hospital Kandy (Pvt) Ltd				
Commercial Bank of Ceylon PLC	630.6Mn	89 equal monthly installments of Rs. 7,006,000/- each and a final installment of Rs. 7,066,000/- together with interest	Corporate Guarantee of Asiri Hospital Holdings PLC	630.6Mn
Commercial Bank of Ceylon PLC	2,120Mn	95 equal monthly installments of Rs. 22,080,000/- each and a final installment of Rs. 22,400,000/- together with interest	Corporate Guarantee of Asiri Hospital Holdings PLC	2,120Mn

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Year ended 31 March 2017

20.3 Company

	2017 Amount Repayable Within 1 Year	2017 Amount Repayable After 1 Year	2017 Total	2016 Amount Repayable Within 1 Year	2016 Amount Repayable After 1 Year	2016 Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Bank Loans (Note 20.3.1)	765,168,182	3,184,806,000	3,949,974,182	774,379,888	3,206,323,000	3,980,702,888
Bank Overdraft (Note 26.2)	731,713,488	-	731,713,488	519,019,281	-	519,019,281
Loans due to Related Party (Note 20.3.2)	2,021,329,314	841,148,604	2,862,477,918	1,733,437,194	1,117,842,152	2,851,279,346
	3,518,210,984	4,025,954,604	7,544,165,588	3,026,836,363	4,324,165,152	7,351,001,515
Finance Leases (Note 20.3.3)	7,900,628	29,743,188	37,643,816	6,257,746	33,047,253	39,304,999
	3,526,111,612	4,055,697,792	7,581,809,404	3,033,094,109	4,357,212,405	7,390,306,514

20.3.1 Bank Loans

	As at 01.04.2016	Loans Obtained	Interest Charge	Repayments	As at 31.03.2017
	Rs.	Rs.	Rs.	Rs.	Rs.
Commercial Bank of Ceylon PLC	2,835,220,966	-	301,979,233	(729,234,661)	2,407,965,538
Sampath Bank PLC	944,704,278	-	100,069,225	(239,430,506)	805,342,997
Hatton National Bank PLC	-	750,000,000	9,689,551	(23,023,904)	736,665,647
Short term Loan - Nations Trust Bank PLC	200,777,644	250,000,000	31,741,626	(482,519,270)	-
Short term Loan - Cargills Bank	-	250,000,000	16,913,817	(266,913,817)	-
	3,980,702,888	1,250,000,000	460,393,452	(1,741,122,158)	3,949,974,182

20.3.2 Loans due to Related Parties

	As at 01.04.2016	Temporary Finance Obtained	Interest Charge	Current Account Transfer	As at 31.03.2017
	Rs.	Rs.	Rs.	Rs.	Rs.
Asiri Surgical Hospital PLC	935,922,345	-	76,913,962	(405,764,682)	607,071,625
Asiri Diagnostics Services (Pvt) Ltd	231,919,807	-	20,721,876	(18,564,704)	234,076,979
Asiri Central Hospitals Ltd	1,683,437,194	334,000,000	149,830,912	(145,938,792)	2,021,329,314
	2,851,279,346	334,000,000	247,466,750	(570,268,178)	2,862,477,918

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

20. Interest Bearing Loans And Borrowings (Contd.)

20.3.3 Finance Lease

	As at 01.04.2016	Obtained During the Year	Repayments	As at 31.03.2017
	Rs.	Rs.	Rs.	Rs.
Commercial Bank of Ceylon PLC	51,122,244	-	(10,224,449)	40,897,795
Nations Trust Bank PLC	-	7,147,140	(1,310,320)	5,836,820
Gross Liability	51,122,244	7,147,140	(11,534,769)	46,734,615
Finance Charges Allocated to Future Periods				
Commercial Bank of Ceylon PLC	(11,817,245)	-	3,966,703	(7,850,542)
Nations Trust Bank PLC	-	(1,792,140)	551,883	(1,240,257)
Net Liability	39,304,999	5,355,000	(7,016,183)	37,643,816

20.4 Long Term Loan Details

Details of the Long Term Loans	Approved Facility Rs.	Repayment Terms	Security	Security Amount Rs.
Sampath Bank PLC	363Mn	60 equal monthly installments of Rs. 6,050,000/- commencing the month after disbursement	Corporate Guarantee by Asiri Surgical Hospital PLC	363Mn
Commercial Bank of Ceylon PLC	377.6Mn	71 equal monthly installments of Rs. 5,107,000/- each and a final installment of Rs. 5,085,000/- together with interest	Primary Concurrent Mortgage Bond No 2365/1447 and 1559/357 totalling Rs. 160Mn over hospital property at No 181, Kirula Road, Narahenpita owned by Asiri Hospital Holdings PLC covering Bank's interest to the extent of Rs. 100Mn. (Bank of Ceylon Interest - Rs. 60Mn)	100Mn
			Secondary Mortgage Bond No 963 for Rs. 275Mn over the above hospital property.	275Mn
Commercial Bank of Ceylon PLC	536Mn	95 equal monthly installments of Rs. 5,584,000/- each and a final installment of Rs. 5,520,000/- together with interest	Corporate Guarantee of Asiri Surgical Hospital PLC for Rs. 550Mn	550Mn
Commercial Bank of Ceylon PLC	2401.9Mn	95 equal monthly installments of Rs. 25,025,000/- and a final installment of Rs. 24,591,000/- together with interest	Primary Mortgage Bond No 3919 over 74,454,026 shares of Central Hospital Limited for Rs. 2,225Mn	2,225Mn
			Corporate Guarantee of Asiri Surgical Hospital PLC for Rs. 500Mn	500Mn
			Corporate Guarantee of Central Hospital Limited for Rs. 562.5Mn	562.5Mn

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Details of the Long Term Loans	Approved Facility Rs.	Repayment Terms	Security	Security Amount Rs.
Sampath Bank PLC	670Mn	119 equal monthly installments of Rs. 5,600,000/- and a final installment of Rs. 3,600,000/- commencing from the month following the disbursement of the loan to be served monthly with interest.	Securitisation of all future credit/debit card receivable of the company. Loan agreement for Rs. 670Mn. Assignment over credit/debit card receivable of the company and future debit /credit card receivable.	670Mn
Hatton National Bank PLC	750Mn	48 equal monthly installments of Rs.15,625,000/- together with interest	Clean Facility	

21. Amounts due on Leasehold Property

	GROUP		COMPANY	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
Payable to Board of Investment of Sri Lanka	30,200,667	34,272,667	-	-
	30,200,667	34,272,667	-	-

21.1 Group

	2017 Amount Repayable Within 1 Year	2017 Amount Repayable Within 2-5 Years	2017 Amount Repayable After 5 Year	2017 Total	2016 Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Payable to the Board of Investment of Sri Lanka					
On Leasehold Land	4,072,000	16,288,000	9,840,667	30,200,667	34,272,667
	4,072,000	16,288,000	9,840,667	30,200,667	34,272,667

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

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

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Year ended 31 March 2017

21. Amounts due on Leasehold Property (Contd.)

21.2.2 BOI reserves the right to revise the annual lease rent every 05 years on the basis of an annual increase not greater than the Average Weighted Deposit Rate prevailing at the end of each year as determined by the Central Bank of Sri Lanka or 10%, per annum which ever is lower. Accordingly, BOI has increased the annual lease rent by 5% in the financial year 2009/10. Accordingly, the finance cost amounting to Rs. 203,600/- has been 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. 32,964,876/- including future finance cost of Rs. 4,460,876/-.

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

22. Deferred Tax Assets and Liabilities

22.1 Group

	2017 Rs.	2016 Rs.
Net Deferred Tax Liability		
At the beginning of the year	223,066,308	223,956,902
Charge recognised in Statement of Profit or Loss (Note 6)	(87,492,794)	(25,107,120)
Charge recognised in Statement of Other Comprehensive Income (Note 6)	28,770,502	27,679,470
Direct Charge to Equity	-	(3,462,944)
At the end of the year	164,344,016	223,066,308

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

	Liabilities		Assets	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
Revaluation of Investment Property and Property Plant and Equipment	183,558,541	198,757,028	43,432,618	-
Accelerated Depreciation for Tax Purpose	122,760,663	244,171,304	40,882,042	-
Employee Benefit Liabilities	(34,412,815)	(45,114,890)	(17,129,898)	-
Losses Available for off set against Future Taxable Income	-	(174,747,134)	(174,747,135)	-
	271,906,389	223,066,308	(107,562,373)	-

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Year ended 31 March 2017

22.2 Company

	2017 Rs.	2016 Rs.
<u>Net Deferred Tax Liability</u>		
At the beginning of the year	58,753,870	44,533,862
Reversal recognised in Statement of Profit or Loss (Note 6)	7,731,100	348,766
Reversal recognised in Statement of Other Comprehensive Income (Note 6)	4,637,793	13,871,242
At the end of the year	71,122,763	58,753,870

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

	15,480,903	9,039,411
Revaluation of Property Plant and Equipment	15,480,903	9,039,411
Accelerated Depreciation for Tax Purpose	74,551,686	67,178,197
Employee Benefit Liabilities	(18,909,826)	(17,463,738)
	71,122,763	58,753,870

23. Post Employment Benefit Liability

	GROUP		COMPANY	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
<u>23.1 Retirement Benefit Obligations- Gratuity</u>				
Defined Benefit Obligation at the beginning of the year	351,282,058	344,721,136	145,531,157	169,983,416
Interest on Retirement Benefit Liability	38,641,026	34,220,191	16,008,427	16,998,342
Current Service Cost	42,203,482	37,772,593	14,345,247	13,048,615
Actuarial Loss/(Gain) for the year	21,512,233	(36,576,948)	11,501,970	(40,265,258)
Benefit paid during the year	(52,666,018)	(28,854,914)	(29,804,917)	(14,233,958)
Defined Benefit Obligation at the end of the year	400,972,781	351,282,058	157,581,884	145,531,157
<u>Charge for the period</u>				
Interest Charge for the year	38,641,026	34,220,191	16,008,427	16,998,342
Current Service Cost	42,203,482	37,772,593	14,345,247	13,048,615
Actuarial Loss/(Gain) for the year	21,512,233	(36,576,948)	11,501,970	(40,265,258)
	102,356,741	35,415,836	41,855,644	(10,218,301)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

23. Post Employment Benefit Liability (Contd.)

23.2 Messrs. Actuarial and Management Consultants (Pvt) Ltd, Actuaries, carried out an actuarial valuation for Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC, Central Hospital Ltd, Asiri Diagnostics Services (Pvt) Ltd and Asiri Hospital Matara (Pvt) Ltd of the defined benefit plan gratuity as at 31 March 2017. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used are as follows:

Principal Actuarial Assumption

The principal financial assumptions underlying the valuation are as follows:

	2017	2016
Discount Rate	12.50% - 12.70% p.a	11% p.a
Salary Increase Rate	9% p.a	7.5% p.a
Staff Turnover Rate	Up to 50 years - 55 years 10% - 28%	Up to 50 years - 55 years 10% - 20%

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

The Company will continue as a Going Concern.

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

	COMPANY	
	2017	2016
<u>Discount Rate as at 31 March</u>		
Effect on Retirement Benefit Obligation due to 1% Increase in Discount Rate	(4,437,545)	(4,330,660)
Effect on Retirement Benefit Obligation due to 1% Decrease in Discount Rate	4,759,511	4,663,792
<u>Salary Escalation Rate as at 31 March</u>		
Effect on Retirement Benefit Obligation due to 1% Increase in Salary Escalation Rate	5,593,888	5,410,509
Effect on Retirement Benefit Obligation due to 1% Decrease in Salary Escalation Rate	(5,298,363)	(5,103,419)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

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

	GROUP	2017	2016
Discount Rate as at 31 March			
Effect on Retirement Benefit Obligation due to 1% Increase in Discount Rate	(11,540,307)	(11,478,828)	
Effect on Retirement Benefit Obligation due to 1% Decrease in Discount Rate	12,338,756	12,374,931	
Salary Escalation Rate as at 31 March			
Effect on Retirement Benefit Obligation due to 1% Increase in Salary Escalation Rate	14,428,819	14,221,994	
Effect on Retirement Benefit Obligation due to 1% Decrease in Salary Escalation Rate	(13,705,054)	(13,395,875)	

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

	Group 2017 Rs.	Company 2017 Rs.
within the next 12 months	119,713,301	56,327,375
between 1 to 2 years	113,165,317	37,797,895
between 3 to 5 years	101,374,397	35,962,493
between 6 to 10 years	52,511,587	21,145,149
beyond 10 years	14,208,179	6,348,972
Total Expected Payments	400,972,781	157,581,884

24. Trade and Other Payables

	GROUP	COMPANY	
	2017 Rs.	2016 Rs.	2016 Rs.
24.1 Trade and Other Creditors			
Trade Payables	426,412,565	453,873,792	118,426,078
Trade Payable - Related Parties (Note 24.3)	13,473,852	3,880,684	2,394,128
	439,886,417	457,754,476	120,820,206
24.2 Other Payables			
Sundry Creditors Including Accrued Expenses	300,051,679	713,480,351	53,811,181
Other Payable Related Parties (Note 24.4)	-	-	23,936,028
	300,051,679	713,480,351	90,986,460
	739,938,096	1,171,234,827	198,567,415
			180,718,265

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

24. Trade and Other Payables (Contd.)**24.3 Trade Payable - Related Parties**

Relationship	GROUP		COMPANY	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
Softlogic Holdings PLC	Parent Company	302,588	67,538	65,780
Softlogic BPO Services (Pvt) Ltd	Group Company	84,520	455,100	-
Softlogic Communication (Pvt) Ltd	Group Company	47,940	10,500	7,990
Softlogic Corporate Services (Pvt) Ltd	Group Company	1,941,315	333,000	246,086
Softlogic Finance PLC	Group Company	866,886	841,670	-
Softlogic Mobile Distribution (Pvt) Ltd	Group Company	66,220	23,990	12,320
Softlogic Computers (Pvt) Ltd	Group Company	1,048,444	3,885	58,765
Softlogic Information Technologies (Pvt) Ltd	Group Company	2,580,511	512,100	714,183
Softlogic Retail (Pvt) Ltd	Group Company	6,186,337	1,632,901	1,289,004
Future Auto Mobiles (Pvt) Ltd	Group Company	239,803	-	-
Softlogic Automobiles (Pvt) Ltd	Group Company	109,288	-	-
		13,473,852	3,880,684	2,394,128

24.4 Other Payable - Related Parties

Asiri Surgical Hospital PLC	Fellow Subsidiary	-	-	9,604,636	14,689,069
Asiri Diagnostics Services (Pvt) Ltd	Fellow Subsidiary	-	-	9,272,459	2,897,334
Central Hospital Ltd	Fellow Subsidiary	-	-	2,846,748	1,684,087
Asiri Hospital Matara (Pvt) Ltd	Fellow Subsidiary	-	-	1,212,187	217,980
Asiri Laboratories (Pvt) Ltd	Fellow Subsidiary	-	-	1,000,000	1,000,000
		-	-	23,936,030	20,488,470

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

25. Income Tax Payable

	GROUP		COMPANY	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
Balance at Beginning of the Year	92,497,412	54,082,383	33,665,153	58,417,276
Provision for Income Tax During the Year (Note 6)	264,698,779	218,925,094	50,049,146	80,380,185
Payments made during the Year	(261,825,847)	(180,510,065)	(72,626,796)	(105,132,308)
Balance at the End of the Year	95,370,344	92,497,412	11,087,504	33,665,153

26. Cash and Cash Equivalents in the Cash Flow Statement

Components of Cash and Cash Equivalents

	GROUP		COMPANY	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
26.1 Favourable Cash and Cash Equivalents Balance				
Cash at Banks and on Hand	807,828,376	294,852,936	535,703,167	40,545,207
Short Term Deposits - Reverse Repurchase Agreements	265,000,000	609,137,883	-	-
	1,072,828,376	903,990,819	535,703,167	40,545,207
26.2 Unfavourable Cash and Cash Equivalents Balance				
Bank Overdraft (Note 20)	(1,224,505,295)	(612,455,382)	(731,713,488)	(519,019,281)
Total Cash and Cash Equivalents for the Purpose of the Cash Flow Statement	(151,676,919)	291,535,437	(196,010,322)	(478,474,074)

27. Commitments and Contingencies

27.1 Capital Expenditure and Other Commitments

27.1.1 Capital Expenditure Commitments

There were no material commitments outstanding as at 31 March 2017 for future capital expenditure except for the below,

	2017 Rs.	2016 Rs.
Capital Expenditure Commitments	1,832,798,814	88,230,942
	1,832,798,814	88,230,942

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

27. Commitments and Contingencies (Contd.)

27.2 Contingent Liabilities

(a) Legal Claims

Pending litigations against Asiri Hospital Holdings PLC and Asiri Surgical Hospital PLC with a maximum liability of Rs. 41Mn and Rs.100Mn respectively exist as at the reporting date. (2016 - Asiri Hospital Holdings PLC - Rs. 40Mn, Asiri Surgical Hospital PLC -Rs. 100Mn)

In addition,

- 1) L.T. Case No 1/Add/19/2012 - D K Kanthi Rillagoda vs. Central Hospital Ltd in relating to termination of employment were pending against the Company as at 31 March 2017 in Central Hospital Ltd.
- 2) SC(Spl) LA/100/2014/HCALT/126 - Asiri Central Hospitals PLC Vs R.H.S Chandana Soyza Labour Tribunal and High Court Order has been delivered in favour of the employee and Company has filled a appeal application in Supreme Court.
- 3) H.C. (Civil) 417/2015/MR- Krishnan Thangaraj Vs. Asiri Central Hospitals Ltd, Oraz International Property Developers and Construction (Pvt) Ltd and H.G. Shalika Perera relating to a permanent injunction restraining the payment of any commission on the sale of the land and premises bearing Assessment No.37, Horton Place, Colombo 07 to P.P.M. Edwards. An Enjoining Order was issued restraining above at the First instance.

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

(b) Guarantees

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

	GROUP		COMPANY	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
Sampath Bank PLC	899,000,000	899,000,000	436,000,000	436,000,000
Nations Trust Bank PLC	200,000,000	200,000,000	-	-
Hatton National Bank PLC	580,000,000	580,000,000	250,000,000	250,000,000
Commercial Bank of Ceylon PLC	5,858,460,000	3,768,460,000	3,552,460,000	1,462,460,000
Bank of Ceylon	200,000,000	200,000,000	200,000,000	200,000,000
Cargills Bank Limited	250,000,000	-	-	-
	7,987,460,000	5,647,460,000	4,438,460,000	2,348,460,000

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

27.3 Contingent Income Taxes

A dispute has arisen with the Department of Inland Revenue with regard to the applicability of the income tax exemption in terms of the agreement entered between Asiri Surgical Hospital PLC and the Board of Investment of Sri Lanka (BOI) in 2000. Since there is litigation in the Court of Appeal in CA (Writ) 386/2016 with regard to this matter, in accordance with Paragraph 92 of LKAS 37, we are unable to provide further information on this and associated risks, in order not to impair the outcome and/or prejudice the Company's position in this matter. The aforesaid matter is coming up for argument on 21st of June 2017 at the Court of Appeal.

28. Assets Pledged

The following assets have been pledged as security for liabilities.

Nature of Assets	Nature of liability	GROUP		COMPANY	
		Carrying Amount Pledged		Carrying Amount Pledged	
		2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
Investment	Primary Mortgage Bond for Loans and Borrowings	7,113,304,669	7,110,364,517	7,113,304,669	7,110,364,517
Total Movable and Immovable Properties	Primary/Secondary Mortgage Bond for Loans and Borrowings	6,410,075,000	5,788,609,000	1,362,075,000	1,011,800,000
Inventories and Trade Debtors	Hypothendication Bond for Bank Overdraft	473,939,569	391,735,413	-	-
		13,997,319,238	13,290,708,930	8,475,379,669	8,122,164,517

29. Events Occurring after the Reporting Date

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

30. Related Party Disclosures

Details of significant related party disclosures are as follows.

30.1 Transactions with related entities

	GROUP		COMPANY	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
Subsidiaries				
Opening Balance 01 April	-	-	(2,332,051,131)	(822,094,608)
Repayment of Temporary Finance Obtained, Fund Transfers and Interest Charged	-	-	(440,109,961)	(534,524,874)
Interest Charged	-	-	247,466,750	96,557,945
Sale/(Purchase) of Goods/Services	-	-	4,626,621	73,266,026
Channeling Fee Collected by Related Party/(Company on behalf of the Related Party)	-	-	4,250,062	(13,979,450)
Expenses incurred by the Company on behalf of Related Party	-	-	24,793,117	(14,382,228)
Acquisition of Shares	-	-	-	(1,116,893,942)
Closing Balance 31 March	-	-	(2,491,024,541)	(2,332,051,131)
Parent Entity				
Opening Balance 01 April	116,777,842	181,126,513	-	31,562,125
Repayment of Temporary Finance Obtained, Fund Transfers	(228,443,914)	(136,018,757)	67,446,048	(31,562,125)
Interest charge on Funds Transfers	9,350,143	6,572,014	-	-
Sale/(Purchase) of Goods/Services	96,711,019	65,098,432	(67,511,829)	-
Expenses Incurred by the Company on behalf of Related Party	5,342,792	-	-	-
Closing Balance 31 March	(262,118)	116,778,202	(65,781)	-
Balance as at 31 March	(262,118)	116,778,202	(2,491,090,322)	(2,332,051,131)
Included Under Trade Receivables (Note 16.3)	40,470	360	12,826,008	8,473,577
Included Under Other Receivables (Note 16.4)	-	-	382,563,398	531,473,497
Included Under Loans granted to Related Parties (Note 17)	-	116,845,380	-	-
Included Under Interest Bearing Loans and Borrowings (Note 20.3)	-	-	(2,862,477,917)	(2,851,279,346)
Included Under Trade Payables (Note 24.3)	(302,588)	(67,538)	(65,780)	(230,389)
Included Under Other Payables (Note 24.4)	-	-	(23,936,030)	(20,488,470)
	(262,118)	116,778,202	(2,491,090,322)	(2,332,051,131)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

30.2 Management fees paid to Softlogic Holdings PLC amounted to Rs.13,774,287/- in the current financial year. (2016 - Rs.11,401,103/-)

30.3 Management fees received from Asiri Diagnostics Services (Pvt) Ltd amounted to Rs. 7,200,000/- in the current financial year. (2016 - Rs.7,200,000/-).

30.4 In 2015/16 financial year, the Company had disposed their investment in National Development Bank to Asiri Central Hospitals Ltd and Asiri Surgical Hospital PLC amounting to 2,403,447 shares and 8,136 shares respectively for a total consideration of Rs. 529,232,590/-.

30.5 Compensation of Key Management personnel*

	GROUP		COMPANY	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
a) Short Term Employee Benefits	42,840,000	22,838,947	21,579,356	13,244,385
	42,840,000	22,838,947	21,579,356	13,244,385

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

b) The Directors of the Company hold 380,738 shares of Asiri Hospital Holdings PLC as at 31 March 2017. (2016- 380,738)

c) As at 31 March 2017, Softlogic Holdings PLC, Softlogic International (Pvt) Ltd, Softlogic Communication (Pvt) Ltd, Softlogic Information Technologies (Pvt) Ltd and Softlogic Life Insurance PLC hold 579,117,217 shares (2016 - 578,404,149) shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

30. Related Party Disclosures (Contd.)

d) Name of the Related Party	Details of Transactions	GROUP		COMPANY	
		Goods and Services (Obtained)/ Rendered 2017	Goods and Services (Obtained)/ Rendered 2016	Goods and Services (Obtained)/ Rendered 2017	Goods and Services (Obtained)/ Rendered 2016
		Rs.	Rs.	Rs.	Rs.
Softlogic Computers (Pvt) Ltd	Purchase of Computers and Accessories	(11,645,847)	(8,764,211)	(7,110,609)	(2,202,503)
Softlogic Holdings PLC	Technical fees, hiring charges and repairs	(72,854,620)	(36,555,298)	(67,511,828)	(36,555,298)
Softlogic Information Technologies (Pvt) Ltd	Software Maintenance Charges	(43,043,837)	(30,581,092)	(31,779,039)	(14,262,106)
Softlogic Automobiles (Pvt) Ltd	Repair	(24,945,109)	(5,596,872)	(726,695)	(5,932,023)
Softlogic Communication (Pvt) Ltd	Purchase of Mobile Phones	(544,742)	(208,955)	(148,740)	(32,500)
Softlogic Corporate Services (Pvt) Ltd	Secretarial Services	(8,403,906)	(3,861,930)	(3,030,798)	(1,338,380)
Softlogic Retail (Pvt) Ltd	Repair and Purchase of Furniture and Stationary, Electronic Equipments	(65,775,479)	(29,923,907)	(36,904,908)	(20,699,963)
Asian Alliance Insurance PLC	Sales of blood, drugs, insurance payments and others - up to 30 September 2016	(32,402,892)	18,009,193	(8,285,957)	(9,116,883)
Future Auto Mobiles (Pvt) Ltd	Purchase of Motor Vehicles	(67,584,587)	(47,841,582)	(22,579,070)	(62,830,366)
Softlogic BPO Services (Pvt) Ltd	System Maintenance Charges	(64,819,529)	(20,648,553)	(16,805,665)	(15,121,093)
Softlogic Finance PLC	Purchase of Motor Vehicles	(12,417,671)	(10,804,670)	-	-
Softlogic Mobile Distribution (Pvt) Ltd	Purchase of Mobile Phones and Repairs	(1,596,272)	(508,810)	(884,453)	(370,290)
Softlogic Information System (Pvt) Ltd	Purchase of Computers and Accessories and Repairs	-	(872,845)	-	(872,845)
Softlogic Life Insurance PLC	Patient Medical Insurance cover	68,337,017	-	47,213,572	-
Softlogic Restaurants (Pvt) Ltd	Rent Income	6,804,699	6,485,476	-	-
Softlogic Destination Management (Pvt) Ltd	Air ticketing Services	(256,100)	-	-	-
Digital Health (Pvt) Ltd	Maintenance and Data Connection Charges	(1,091,560)	-	-	-
Nextage (Pvt) Ltd	Commission paid on advertising	(286,261)	(1,421,013)	-	-
		(332,526,696)	(173,095,069)	(148,554,190)	(169,334,250)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

30.6 Off Balance Sheet Items

Company

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

Asiri Hospital Holdings PLC has granted Corporate Guarantees to Sampath Bank PLC, Hatton National Bank PLC, Commercial Bank of Ceylon PLC and Bank of Ceylon for the individual loans and permanent overdraft facilities to secure the banking facilities obtained by the Subsidiaries for the value of Rs. 436Mn, Rs. 250Mn, Rs. 3,582.46Mn and Rs. 200Mn respectively.

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

Group

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

Asiri Hospital Holdings PLC and It's Subsidiaries has granted Corporate Guarantees to Sampath Bank PLC, Nations Trust Bank PLC, Hatton National Bank PLC, Commercial Bank of Ceylon PLC, Bank of Ceylon and Cargills Bank Limited for the individual loans and permanent overdraft facilities to secure the banking facilities obtained by the Subsidiaries for the value of Rs. 899Mn, Rs. 200Mn, Rs. 580Mn, Rs. 5,858.46Mn and Rs. 200Mn and 250Mn respectively.

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

30.7 Other Transactions

Company

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

31. Financial Risk Management Objectives and Policies

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

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

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

Credit Risk

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

Interest Rate Risk

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

Legal Risk

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

Foreign Exchange Risk

Foreign Exchange Risk is the Company's exposure to adverse movement in foreign currency against the Sri Lankan Rupee.

Investment Risk

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

Liquidity Risk

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

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, 2017 and copies of this annual report have been submitted to the Colombo Stock Exchange.

Distribution of Shareholders

Shareholdings	31st March 2017			31st March 2016		
	No of Shareholders	Total Holding	Total Holding %	No of Shareholders	Total Holding	Total Holding %
1 to 1000 shares	2,414	752,100	0.07	2,379	778,944	0.07
1001 to 10,000 shares	1,779	7,255,707	0.64	1,889	7,658,462	0.67
10001 to 100,000 shares	889	30,613,966	2.69	938	32,316,814	2.84
100001 to 1,000,000 shares	215	52,825,905	4.64	227	60,956,327	5.36
Over 1,000,001 shares	26	1,046,085,918	91.96	30	1,035,823,049	91.06
Total	5,323	1,137,533,596	100	5,463	1,137,533,596	100

Composition of Shareholders

Individual	5,180	129,836,369	11	5,323	136,218,928	12
Institutional	143	1,007,697,227	89	140	1,001,314,668	88
Total	5,323	1,137,533,596	100	5,463	1,137,533,596	100
Residence	5,281	708,814,821	62	5,404	721,475,369	63
Non-Residence	42	428,718,775	38	59	416,058,227	37
	5,323	1,137,533,596	100	5,463	1,137,533,596	100

	As at 31st March 2017	%	As at 31st March 2016	%
Softlogic Holdings PLC	498,696,347	43.84	423,991,131	37.27
Merrill Lynch Pierce Fenner & Smith-TPG Growth III SF Pte Ltd	328,258,328	28.86	328,258,328	28.86
HSBC International Nominees LTD - Morgan Stanley and CO INTL PLC-OW	49,936,394	4.39	-	-
BNY-CF Ruffer Investment Fund : CF Ruffer Pacific Fund	36,148,930	3.18	36,148,930	3.18
HSBC INTL NOM LTD - SSBT- Wasatch International opportunities Fund	-	-	35,536,611	3.12
Softlogic Holdings PLC A/C No 2	26,184,018	2.30	26,184,018	2.30
Softlogic Holdings PLC A/C No 3	26,184,018	2.30	26,184,018	2.30
Commercial Bank of Ceylon PLC/Softlogic Holdings PLC	16,452,405	1.45	47,554,473	4.18
Softlogic International (Pvt) Ltd	-	-	23,689,854	2.08
Softlogic Information Technologies (Pvt) Limited	-	-	19,233,030	1.69
Mr.Chaminda Dilantha Weerasinghe (Deceased)	9,375,000	0.82	9,375,000	0.82
Mr. P P Subasinghe	7,483,988	0.66	8,109,090	0.71
Union Bank of Colombo Ltd/Softlogic Holdings PLC	5,655,789	0.50	-	-

SHAREHOLDER INFORMATION

	As at 31st March 2017	%	As at 31st March 2016	%
Softlogic Life Insurance PLC A/C 02 (Life Fund)	5,500,000	0.48	5,500,000	0.48
Pictet and CIE (Europe) S.A.S/A Ruffer Sicav-Ruffer Global Smaller	4,000,000	0.35	3,376,870	0.30
Mas Capital (Pvt) Ltd	-	-	5,379,574	0.47
Union Bank of Colombo Ltd/Softlogic International (Pvt) Ltd	-	-	4,905,390	0.43
CBHK S/A Platinum Broking Company Ltd	3,523,601	0.31	3,523,601	0.31
Dr. L D A C Luvis	3,441,720	0.30	3,441,720	0.30
Dr. W M S Welagedara	3,375,000	0.30	3,375,000	0.30
Mr. A U Maniku	3,036,050	0.27	3,036,050	0.27
Estate of Mr. Tissa Weerasinghe	3,000,000	0.26	3,000,000	0.26
Mr. H K J Dharmadasa	2,788,920	0.25	2,604,420	0.23
Mr. A H Weerasuriya	2,700,000	0.24	2,700,000	0.24
Mr. M F Hashim	2,055,360	0.18	-	-
	1,037,795,868	91.23	1,025,107,108	90.12
Shares held by the balance shareholdings	99,737,728	8.77	112,426,488	9.88
Total Issued Shares	1,137,533,596	100.00	1,137,533,596	100.00
Public Shareholding	230,221,953	20.24	230,490,381	20.26
Total number of public shareholders	5,318		5,455	

Share Trading

	2016/17	2015/16
<u>Market Price (Rs)</u>		
Highest (23-08-2016)	32.5	25.5
Lowest (04-04-2016)	23.2	19.7
As at year end (31-03-2017)	25.8	24
No of Trades	2,771	4,204
No of Shares Traded	107,968,126	409,574,823
Value of the Shares Traded (Rs)	2,753,326,005	9,739,579,749
Market Capitalisation (Rs)	29,348,366,777	27,300,806,304
Earning per Share	0.90	1.06
Dividend per Share	0.95	1.94
Net Assets per Share	5.64	5.21
P/E Ratio	28.55	22.64

FIVE YEAR SUMMARY

Year ended 31st March	2017 Rs.'000	2016 Rs.'000	2015 Rs.'000	2014 Rs.'000	2013 Rs.'000
Income Statements					
Revenue	10,396,219	9,952,385	8,593,473	7,962,485	7,075,680
Cost of Sales	(5,683,140)	(5,345,160)	(4,641,170)	(4,073,338)	(3,579,556)
Gross Operating Profit	4,713,079	4,607,225	3,952,303	3,889,147	3,496,124
Other Laboratory Income	97,661	89,308	60,847	57,521	58,373
Administration & Distribution Expenses	(2,769,028)	(2,637,717)	(2,288,248)	(2,029,621)	(1,833,532)
Profit from Operations	2,041,712	2,058,817	1,724,902	1,917,047	1,720,966
Other Income	80,820	83,074	73,682	89,468	48,301
Fair Value Adjustment of the Investment Property	-	-	513,364	83,690	61,309
Exchange Gain/(loss)	-	-	(47,321)	(138,100)	21,397
Share of Profit/(Loss) of Associate	(21,833)	-	-	-	-
Profit Before Interest & Tax	2,100,699	2,141,891	2,264,627	1,952,105	1,851,973
Finance Income	31,376	155,945	42,769	28,621	92,094
Finance Expenses	(834,867)	(715,050)	(564,008)	(606,361)	(892,547)
Profit Before Tax	1,297,208	1,582,787	1,743,388	1,374,365	1,051,520
Income Tax	(177,206)	(193,818)	(160,735)	(169,219)	(164,793)
Profit After Tax	1,120,002	1,388,969	1,582,653	1,205,146	886,727
Minority Interest	(91,984)	(206,590)	(165,919)	(254,557)	(200,994)
Profit after Minority Interest & Tax	1,028,019	1,182,378	1,416,734	950,589	685,732
Balance Sheet					
Property, Plant & Equipment	15,341,387	13,358,513	11,856,403	10,625,083	10,706,576
Investment Property	-	-	2,698,000	2,184,636	2,100,945
Investment In Associate	8,167	30,000	-	-	-
Intangible Assets	548,707	548,707	548,707	548,707	548,707
Financial Assets - Available for sale	349,972	407,624	598,882	430,999	429,552
Deferred Tax Assets	107,562	-	-	44,674	223,623
Inventories	515,311	444,058	381,062	354,587	329,705
Trade and Other Receivables	475,412	396,854	373,759	365,075	287,171
Other Current Assets	422,236	560,962	361,714	323,574	189,167
Loans Granted to Related Parties	-	116,845	149,564	275,269	370,795
Cash and Bank Balances	1,072,828	903,991	1,246,618	192,422	170,995
Total Assets	18,841,583	16,767,555	18,214,709	15,345,026	15,357,236

FIVE YEAR SUMMARY

Year ended 31st March	2017 Rs.'000	2016 Rs.'000	2015 Rs.'000	2014 Rs.'000	2013 Rs.'000
Issued Share Capital	4,748,108	4,748,108	3,902,400	3,902,400	3,902,400
Reserves	2,311,857	1,685,824	1,593,240	1,336,064	1,210,910
Available for sale reserve	92,513	159,304	296,713	128,829	95,958
Reserve on Consolidation	(840,432)	(832,200)	(2,345,962)	(2,338,291)	(1,144,554)
Retained Earnings	100,010	170,703	2,575,322	1,731,408	1,392,250
Minority Interest	946,375	951,522	1,182,652	1,100,819	2,217,564
Total Equity	7,358,431	6,883,262	7,204,365	5,861,229	7,674,528
Amount due on Leasehold Property	26,129	30,201	34,273	38,344	42,417
Interest Bearing Long Term Liabilities	6,930,175	6,189,792	7,032,828	5,850,962	4,285,988
Deferred Tax	271,906	223,066	223,957	226,936	389,894
Deferred Liabilities	400,973	351,282	344,721	261,892	214,323
Trade Creditors	439,886	457,754	372,769	305,159	265,320
Other Payables	1,014,984	848,573	1,650,525	289,947	381,879
Amount payable in lieu of investment in associate	-	30,000	-	-	-
Amount due on Leasehold Property	4,072	4,072	4,072	4,072	4,072
Interest Bearing Borrowings & Bank Overdraft	2,395,027	1,749,551	1,347,199	2,506,485	2,098,815
Total Equity & Liabilities	18,841,583	16,767,555	18,214,709	15,345,026	15,357,236
Net Cash From Operating Activities	1,528,120	1,735,908	3,276,993	1,610,363	1,290,855
Net Cash Flows Used in Investing Activities	(2,099,832)	(178,812)	1,589,527	(2,667,789)	(2,213,422)
PBIT/Turnover (%)	21	23	27	25	27
GP Margin (%)	45	46	46	49	49
Return on Equity (%)	15	20	22	21	12
Return on Assets (%)	6	8	9	8	6
Dividend pay out (%)	105.12	182.70	38.76	63.95	73.53
Debts to Equity	1.27	1.15	1.16	1.43	0.83
Interest Cover	2.55	3.26	3.85	2.85	2.18
Quick Asset Ratio	0.51	0.64	1.43	0.37	0.38

NOTES

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Thirty Seventh Annual General Meeting of Asiri Hospital Holdings PLC will be held at Hotel Janaki, Fife Road, Colombo 05 on Tuesday the 19th day of September 2017 at 11.50 a.m. for the following purposes:

- 1) To receive and consider the Annual Report of the Board of Directors and Financial Statements of the Company and of the Group for the year ended 31st March 2017 together with the Report of the Auditors thereon.
- 2) To ratify the Interim Dividend of Rs. 0.50 per share paid on 20th April 2017 as the Final Dividend for the year ended 31st March 2017.
- 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-elect Mr. J E Huxtable who retires by rotation in terms of Article 24(6) of the Articles of Association, as a Director of the Company.
- 5) To re-appoint Messrs Ernst & Young as the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.
- 6) To authorise the Directors to determine and make donations for the year ending 31st March 2018 and up to the date of the next Annual General Meeting.

By Order of the Board

Sgd.
Softlogic Corporate Services (Pvt) Ltd
Secretaries

Colombo
19 June 2017

Note:

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

A Form of Proxy is enclosed in this Report.

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

FORM OF PROXY

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

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

as *my/our Proxy to represent *me/us and to speak and vote for *me/us on *my/our behalf at the 37TH ANNUAL GENERAL MEETING OF THE COMPANY to be held at Hotel Janaki, Fife Road, Colombo 05 at 11.50 a.m. on the 19th day of September 2017 and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

	FOR	AGAINST
1) To receive and consider the Annual Report of the Board of Directors and Financial Statements of the Company and of the Group for the year ended 31st March 2017 together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2) To approve the interim dividend of Rs. 0.50 per share paid on 20th April 2017 as the final dividend for the year ended 31st March 2017.	<input type="checkbox"/>	<input type="checkbox"/>
3) To re-elect Mr. S A B Rajapaks who retires by rotation in terms of Article 24(6) of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4) To re-elect Mr. J E Huxtable who retires by rotation in terms of Article 24(6) of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
5) To re-appoint retiring Auditors Messrs Ernst & Young and to authorise the Directors to fix their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
6) To authorise the Directors to determine and make donations for the year ending 31st March 2018 and up to the date of the next Annual General Meeting.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day of Two Thousand and Seventeen.

*Signature/s:

Note:

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

FORM OF PROXY

Instructions as to Completion

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

Please provide the following details:

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

CORPORATE INFORMATION

Name of the Company

Asiri Hospital Holdings PLC

Registered Office

181, Kirula Road, Colombo 05, Sri Lanka.

Office & Administrative Complex

Asiri Surgical Hospital PLC

21, Kirimandala Mawatha, Colombo 05, Sri Lanka.

Telephone : 0114524400

Email : info@asiri.lk

Web : www.asirihealth.com

Company Registration Number

PQ204

Legal Form

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

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

Stock Exchange Listing

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

Directors

- ➲ Mr. A K Pathirage
- ➲ Dr. K M P Karunaratne
- ➲ Dr. S Selliah
- ➲ Mr. S A B Rajapaksa
- ➲ Mr. G L H Premaratne
- ➲ Mr. J E Huxtable
- ➲ Mr. V Narain
- ➲ Mr. V Bali
- ➲ Mr. A N Thadani (Alternate director)
- ➲ Mr. M M Bajpai (Alternate director)

Audit Committee

Chairman

- ➲ Mr. S A B Rajapaksa - Independent Non-executive Director

Committee Members

- ➲ Mr. G L H Premaratne - Independent Non-executive Director
- ➲ Mr. J E Huxtable - Independent Non-executive Director

Frequency of Meetings

Committee meets quarterly

Remuneration Committee

Chairman

- ➲ Mr. G L H Premaratne - Independent Non-executive Director

Committee Members

- ➲ Dr. S Selliah - Independent Non-executive Director

Frequency of Meetings

Committee meets once a year

Related Party Transactions Review Committee

Chairman

- ➲ Mr. J E Huxtable - Independent Non-executive Director

Committee members

- ➲ Mr. G L H Premaratne - Independent Non-executive Director
- ➲ Mr. S A B Rajapaksa - Independent Non-executive Director

Frequency of meetings

Committee meets at least once a quarter

Subsidiary Companies

- ➲ **Central Hospital Ltd**
114, Norris Canal Road, Colombo 10.
- ➲ **Asiri Central Hospitals Ltd**
114, Norris Canal Road, Colombo 10.
- ➲ **Asiri Surgical Hospital PLC**
21, Kirimandala Mawatha, Colombo 5.
- ➲ **Asiri Diagnostics Services (Pvt) Ltd**
181, Kirula Road, Colombo 05.
- ➲ **Asiri Hospital Kandy (Pvt) Ltd**
21, Kirimandala Mawatha, Colombo 5.
- ➲ **Asiri Hospital Matara (Pvt) Ltd**
26, Esplanade Road, Uyanwatte, Matara.
- ➲ **Asiri Laboratories (Pvt) Ltd**
181, Kirula Road, Colombo 5.

Associate Companies

Digital Health (Pvt) Ltd

475, Union Place, Colombo 2.

Auditors

Messrs Ernst & Young

(Chartered Accountants)

201, De Saram Place, Colombo 10.

Secretaries

Messrs Softlogic Corporate Services (Pvt) Ltd

14, De Fonseka Place, Colombo 5.

Bankers

- ➲ Bank of Ceylon
- ➲ Cargills Bank PLC
- ➲ Commercial Bank of Ceylon PLC
- ➲ Hatton National Bank PLC
- ➲ Nations Trust Bank PLC
- ➲ Sampath Bank PLC



ASIRI HOSPITAL HOLDINGS PLC / ANNUAL REPORT 2016/17