Within Reach... Beyond Imagination

Asiri Hospital Holdings PLC

Annual Report 2018/19

ASIRI HEALTH
LIVE MORE
A Softlogic Group Company

Within Reach...Beyond Imagination

In offering world class healthcare across a rapidly expanding footprint, we're bringing an outstanding proposition within reach of more of Sri Lanka...with the propensity for "beyond imagination" outcomes.

About this Report

REPORT PROFILE

This is the fourth consecutive Integrated Annual Report of Asiri Hospital Holdings PLC (Asiri Health).

The report presents a detailed yet concise account of Asiri Health's value creation process over the short, medium, and long term towards its stakeholders. It offers a detailed view of strategy, governance, and capital management; and detailed information about the financial performance in the context of surrounding operating environment in 2018/19. The Report addresses all queries pertaining to making sound decisions about the Group and its activities.

REPORT STRUCTURE

The Annual Report 2018/19 covers the 12-month period from 1 April 2018 to 31 March 2019, which is consistent with the usual annual reporting cycle for financial and sustainability reporting. The most recent report of the Group for the year ended 31 March 2018 is available on our website: http://www.asirihealth.com

The Annual Report 2018/19 discusses the strategy, governance, performance and future prospects in context of the value creation process, in a holistic manner.

REPORT BOUNDARY

This Report covers the entirety of operations of Asiri Health which includes – Asiri Surgical Hospital and Asiri Medical Hospital, Asiri Central Hospital, Asiri Hospital Matara, Asiri Hospital Galle, Asiri Hospital Kandy, and Asiri Laboratories, which are collectively referred to as "Group" in this Annual Report.

EXTERNAL ASSURANCE

The Consolidated Financial Statements and related notes and disclosures published in this Report have been audited by the Company's Independent External Auditor, Messrs Ernst and Young, Chartered Accountants and the Independent Auditor's Report is given on pages 78 to 80. Internally, the Group has adopted a combined assurance approach, where the report content is reviewed and approved by the Executive Committee, the Audit Committee, and the Board.

COMPLIANCE

The Financial Statements of Asiri Health has been prepared in accordance with the Sri Lanka Accounting Standards issued by The Institute of Chartered Accountants of Sri Lanka. The Company has followed additional guidelines as established by the Companies Act No. 07 of 2007. In particular, we have drawn on concepts, principles and guidance of the Global Reporting Initiative (GRI) for sustainability reporting.

For governance-related matters, where applicable, we voluntarily comply with the Code of Best Practice on Corporate Governance issued jointly by The Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

BOARD RESPONSIBILITY

The Board of Directors of Asiri Health acknowledges its responsibility for ensuring integrity of this Report. The Board confirms they have collectively reviewed the contents of the Report in conjunction with the assurance reports obtained from our various internal and external assurance providers including assessments on risk and internal controls.

Accordingly, the Board is of the view that this integrated report addresses key material matters to its stakeholders' decision-making.

FORWARD-LOOKING STATEMENTS

Certain statements in this Report may constitute forward-looking statements. Such statements involve known and unknown risks, uncertainties and other important factors that could cause actual results, performance, or achievements of the Group to be materially different from future results, performance, or achievements expressed or implied by such forward-looking statements. The Group undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this document, or to reflect the occurrence of anticipated events.

Contents

About Us

Vision

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

↑

Mission

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

↑

Values

Care

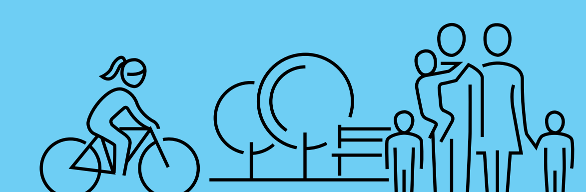
Caring with a human touch
Caring for society
Caring for our employees

Innovation

Innovation and forward-focus

Respect

Respect for all stakeholders



Asiri Health (Asiri Hospital Holdings PLC) continues to be Sri Lanka's largest private healthcare provider. Established in 1986, the Asiri Health Group now boasts seven hospitals in three Provinces, and the country's largest private laboratory service – Asiri Laboratories, which offers the widest range of tests, and encompasses one main lab, five hospital labs, 16 satellite labs, and 57 collection centres across the Island.

Asiri Health continually invests in infrastructure, expansion, and capacity building. The Group has evolved rapidly over the last decade, doubling its reach while continuing to offer the most advanced clinical programmes in the country. We conduct over 2,500 consultations and 13,000 tests every day, and have a capacity of over 700 beds across our hospitals.

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

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

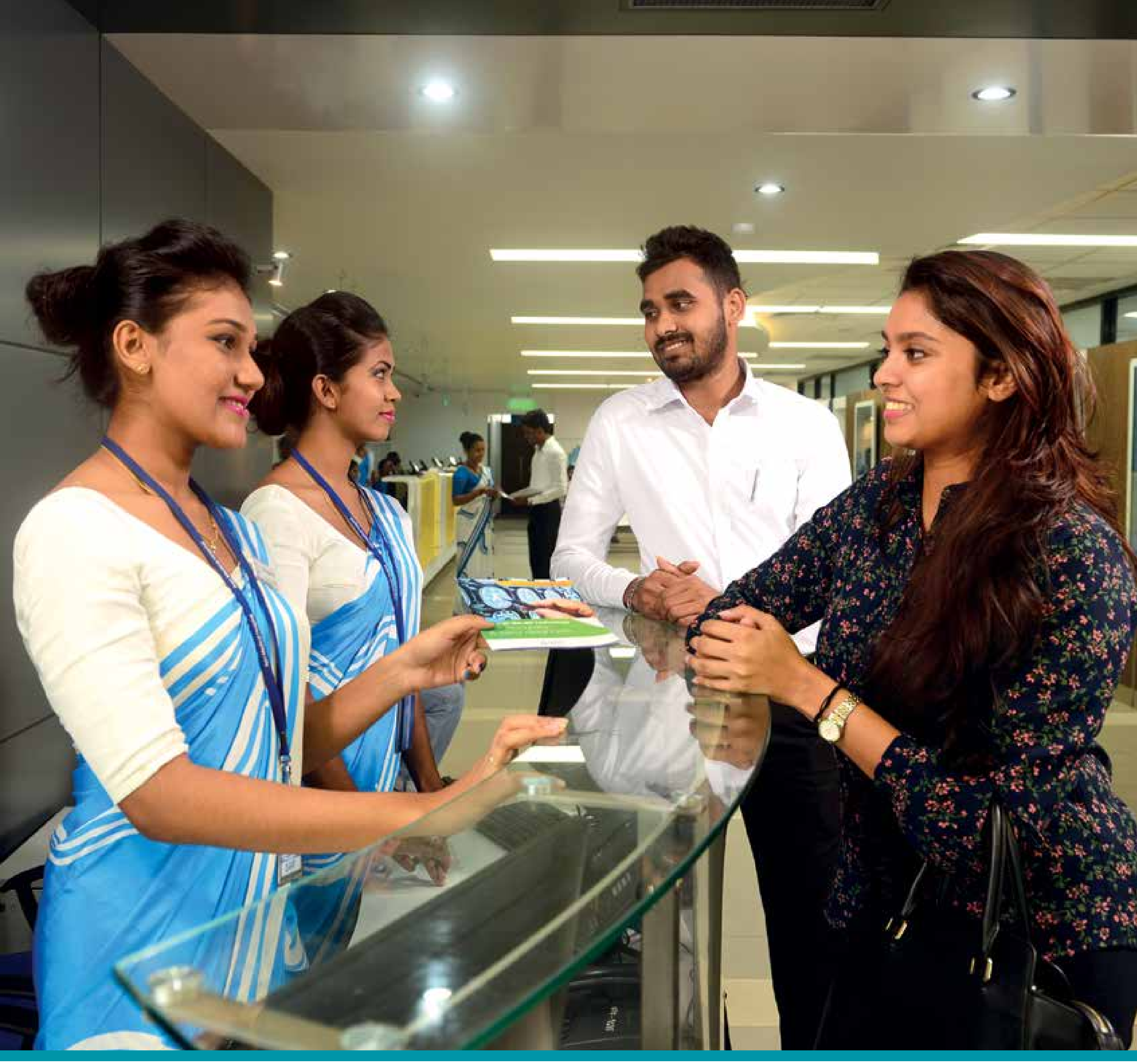
***1,500+** consultants* →

***2,500+** consultations per day*

← ***13,000+** tests per day*

***4,000+** tests offered*

← ***700+** beds*



ASIRI MEDICAL HOSPITAL
LIVE MORE
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ASIRI SURGICAL HOSPITAL
LIVE MORE
A Softlogic Group Company

ASIRI CENTRAL HOSPITAL
LIVE MORE
A Softlogic Group Company

ASIRI HOSPITAL MATARA
LIVE MORE
A Softlogic Group Company

ASIRI HOSPITAL KANDY
LIVE MORE
A Softlogic Group Company

ASIRI HOSPITAL GALLE
LIVE MORE
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ASIRI LABORATORIES
LIVE MORE
A Softlogic Group Company

Highlights of the Year

Most valuable healthcare brand
Brand Finance Report 2019

2 million
patients served

13,000+ diagnostic tests
conducted per day

70% of discharges
reduced to one hour

6,989
man-hours of training provided

1,199
training programmes conducted

37 nurses graduated
from the nursing school

1,000+ medical professionals
benefited by awareness raising workshops

7 workshops
conducted for continuous medical education

1,361
benefited from free health clinics

182
free health clinics conducted

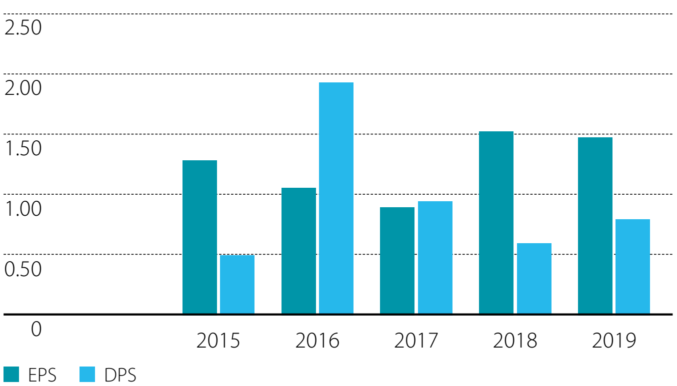
800,590 kWh (5%)
electricity consumption reduced

6,930 Kg (14%)
increase in recyclable items recovered from non-clinical waste

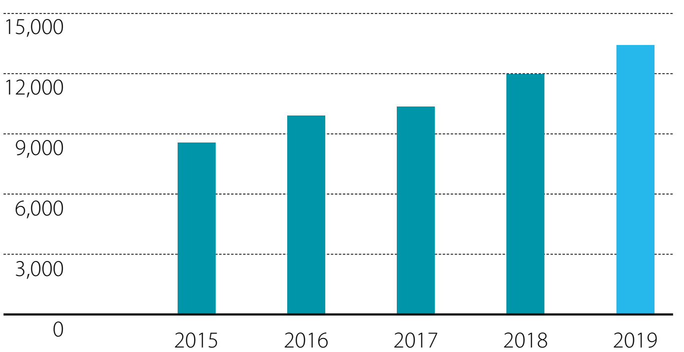
All clinical waste disposed as recommended by CEA

Group	2018/19	2017/18
FINANCIAL PERFORMANCE (LKR MN.)		
Revenue	13,476	12,025
Operating profit	3,012	2,585
Pre-tax profit	2,367	2,599
Income tax expense	575	699
Net profit	1,792	1,900
FINANCIAL POSITION (LKR MN.)		
Total assets	26,782	21,730
Borrowings	12,248	10,486
Shareholders' funds	8,676	7,491
INFORMATION PER ORDINARY SHARE (LKR)		
Earnings per share (EPS)	1.48	1.53
Dividend per share (DPS)	0.80	0.60
Market price per share	20.20	27.50
Net asset value per share	7.63	6.59

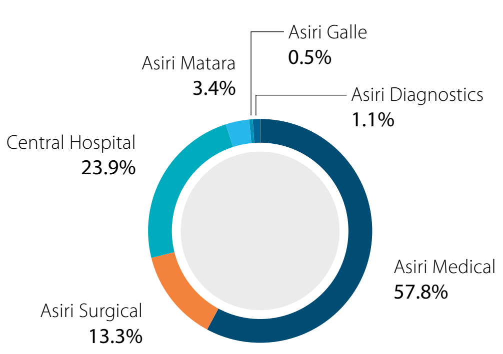
EPS/DPS (LKR)



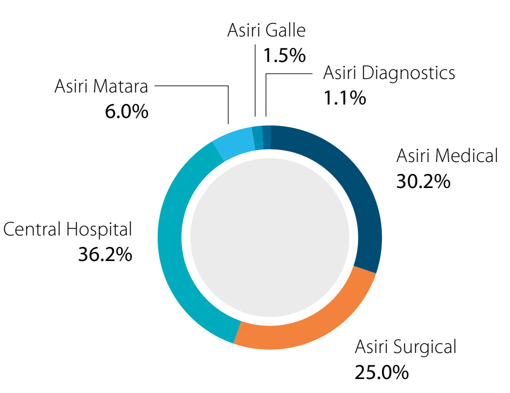
REVENUE (LKR Mn.)



EARNINGS BEFORE INTEREST AND TAX



REVENUE BREAKDOWN BY GROUP



Group Certifications and Accreditations

HOSPITALS

Accreditation	Asiri Central Hospital	Asiri Surgical Hospital	Asiri Medical Hospital	Asiri Hospital Kandy	Asiri Hospital Galle	Asiri Hospital Matara
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.	X					
ISO 22000:2005 – Food Safety Management demonstrates the Organisation's ability to control food safety hazards in order to ensure that food is safe.	X	X	X	Y	Y	Y
ISO 14001:2015 – Environmental Management Systems Design and implementation of a set of standards of effective Environment Management.	X	Y	X	Y	Y	Y
OHSAS 18001:2007 – Occupational Health and Safety Management Systems Certification.	X	Y	X	Y	Y	Y
ISO 9001:2015 – Quality Management Systems Certifications.	X					
Australian Council on Healthcare Standards International (ACHSI)		Y	Y		Y	Y

X – Accredited *Y – In progress*

ASIRI LABORATORIES

Accredited	Member of Clinical and Laboratory Standards Institute, Member ID # 383029; SLAB Accredited ISO 15189 ML 009-01; Member of AACC, Member Number: 4790
In progress	ACHSI

Year in Review

Chairman's Message

With our aggressive growth strategies over the past decade, we remain the largest provider of private healthcare in Sri Lanka, with a dedicated workforce of close to 5,000 people, and are well positioned to respond to global trends shaping the future of healthcare.

Dear Shareholders,

Sri Lanka is renowned for its universal Healthcare delivery system. In parallel however, private sector participation has grown tremendously over the last decade due to new needs and opportunities emerging for enhanced patient experience, a rapidly evolving medical science and the need for collaborative healthcare with the state sector. Rising incomes, urbanisation, and increased awareness have changed patient consumption patterns, while growing digital literacy and engagement have unlocked a host of new opportunities for the private healthcare sector.

Counting more than 30 years of excellence, Asiri Health remains the premier healthcare institution in Sri Lanka that continues to set the bar in the healthcare industry. Our people are some of the most dedicated, skilled and experienced healthcare providers in the nation. We provide ethical and personalised care within an infrastructure on par with the best healthcare institutions in the world.

This year, we made commendable progress in furthering our vision of being a leading healthcare provider in South Asia with the highest clinical standards. This is exemplified by our investments in cutting-edge technology, state-of-the-art infrastructure, medical expertise, adherence to evidence-based medicine, and commitment to global best practices in quality and safety.

To provide the best patient experience, we have adopted new opportunities unlocked by digitalisation. These include, streamlining multiple patient processes and enhancing customer experience within the Hospital. From patient engagement to greater monitoring and oversight – we are putting the latest technology to work for us.

"BEYOND ADVANCED" CARE IN A CHANGING LANDSCAPE

Asiri Health is committed to providing a "Beyond Advanced" level of care, by bringing appropriate care closer to home. The high standards and ethical values we follow over the years have earned us the corporate respect that we enjoy today, as we continue to put our patients at the forefront of everything we do. We have expanded our services to become the largest provider of private healthcare in Sri Lanka, with a strong workforce of close to 5,000 people, and the opening of a tertiary care hospital in Kandy, which is our biggest investment so far, catering to patients in the Northern, North-Central, and Eastern Provinces. Through acquisition, Asiri Hospital Galle was opened in the latter part of 2018 making Asiri Health's renowned quality and care available to more communities in the Southern Province as well.

Bringing world class cancer-care protocols to Sri Lanka, Asiri-AOI Cancer Centre was launched during the year to provide precision-driven cancer treatment based on collaborative protocols with one of the leading providers of oncology treatment in the United States.

Commitment to quality remains at the very core of our DNA. Asiri Central Hospital is JCI (Joint Commission International) accredited, earning the Gold Seal of Approval in quality and patient safety. Asiri Surgical, Asiri Medical, Asiri Hospital Matara, and Asiri Hospital Galle are all working towards obtaining the ACHSI (Australian Council on Healthcare Standards International) accreditation.

PERFORMANCE AND RECOGNITION

The Group delivered commendable financial results for the financial year 2018/19, recording consolidated revenue of LKR 13.5 Bn. and a net profit after tax of LKR 1.8 Bn.

As I look back at 2018, I can't help but be proud of our Asiri Health Team. The team received myriad honours for care, quality, and safety, including the National Quality commendation award for the third time in a row, Gold awards at the Sri Lanka Association for the Advancement of Quality and Productivity Awards 2018, and the Convention on Quality Control Circles 2018 held in Singapore.

Asiri Central Hospital had the unique privilege of hosting the prestigious International FRCS examination in Neurosurgery in 2018. The opportunity to host such an event in Sri Lanka has contributed immensely towards enhancing the international profile of neurosurgical services in Sri Lanka and improving the Country's academic reputation. In addition our Bone Marrow Transplant Unit which was the first in the country has been recognised for training of clinicians by the Postgraduate Institute of Medicine a singular honour for the private healthcare sector.

MAINTAINING GOOD GOVERNANCE AND BUSINESS ETHICS

Key to our success in the industry has been the Group's approach to sustainability, responsible governance, and ethical standards. Sustainability is an integral component of the Group's business model, and we have embraced our responsibility towards people, patients, communities, and the environment.

Our ability to maintain exemplary governance standards and legitimacy among stakeholders is upheld through the leadership of an experienced Board. We take great pride in conducting our operations with integrity and building a culture of ethical conduct across the Group. Our teams are encouraged to be proactive and transparent about their work. Through structured training and promoting a "no blame" culture, a transparent incident reporting mechanism has been adopted in line with globally accepted practices.

A LOOK AHEAD

While we remain focused on delivering high-quality, cost-effective care, we are positioned to capture and respond to opportunities that will arise as a result of global trends shaping the future of healthcare. Trends such as changing demographics, evolving technology, financial limitations, and complex regulatory conditions are increasingly influencing the healthcare industry and will continue to do so in the future.

We will continue to put our patients first, through teamwork, clinical excellence, and compassionate care. Throughout the years our effort has been to make our services and facilities affordable and accessible to all segments of Sri Lankans.

We strongly believe that our shareholders could reap greater returns through cross-border investments. Stakeholder value will be enhanced and better long-term investment value will be created through such investments. I am pleased to announce to you that we are currently evaluating several such investments.

ACKNOWLEDGEMENTS

I thank our panel of doctors, nursing teams, and employees for their continued support as we continue to build a world-class healthcare institution of highest repute. I express my appreciation to my colleagues on the Board for support extended. I thank our shareholders for the trust and confidence placed in the Asiri Group.

Ashok Pathirage
Chairman

25 June 2019

Group CEO's Review

The newly launched Asiri-AOI Cancer Care Centre brings world-class cancer care to Sri Lanka based on collaborative protocols with the University of Pittsburg Medical Center, one of the leading providers of oncology treatment in the United States.

Asiri Health remains the largest private healthcare provider in Sri Lanka, offering patients seamless access to the Country's most comprehensive health network. For this reason, patients turn to us when they need advanced care and treatment options which deliver outcomes "beyond imagination".

We take pride in our long history of excellence in patient safety and quality care, extended in the most compassionate manner through our highly skilled staff having access to state-of-the-art technology.

A NOTEWORTHY PERFORMANCE

Asiri Health ended the financial year 2018/19 on stable financial ground, with a healthy 12% growth in revenue. However, profit after tax has come down by 6% during the year due to a one-off disposal gain recorded in 2017/18. Excluding this gain, profit after tax is estimated to have grown by 24%. This is a significant achievement, amid a substantial increase in income tax rate from 12% to 28% in 2018, which had a considerable impact on the Group's bottom line. The growth in profits is largely attributed to effective cost management measures and enhanced efficiency on account of process improvements implemented across the Group.

A WORLD-CLASS HEALTHCARE INSTITUTE OF REPUTE

Throughout the financial year, we continued to build capacity and acquire expert use of the most advanced medical technology, as well as our introduction – regionally and even nationally – of innovative procedures that save lives and improve health. These underscore our commitment to staying at the leading edge of healthcare. We ensured such care for even the most complicated medical conditions, through our accomplished practitioners, evidence-based medicine, and technology.

The number of patients who patronised Asiri Health during the financial year increased by a whopping 18%, surpassing two million patients, and demonstrating the continued high demand for our services.

We are proud to be home to many Centres of Excellence spanning Asiri Health. These institutes offer cutting-edge care in cardiology, neuroscience, oncology, radiology, nuclear medicine, and more. Access to these institutes offers our patients world-class treatment at an affordable price in Sri Lanka.

The Asiri-AOI Cancer Centre at Asiri Surgical Hospital was launched in November 2018, bringing state-of-the-art cancer care to Sri Lanka through a joint venture partnership between Asiri Surgical Hospital and the American Oncology Institute (AOI). The Centre provides precision driven, personalised cancer treatment based on collaborative protocols with the University of Pittsburg Medical Center, an eminent provider of oncology treatment in the United States.

The network expansion project of Asiri Laboratories continued at full steam as we opened 11 new collection centres during the year under review, bringing the total laboratory network to one main laboratory, five laboratories in our hospitals, 16 satellite laboratories, and 57 of our own collection centres, as at 31 March 2019.

To meet the growing demand for quality healthcare in the Southern Province, Asiri Health acquired a 32-bed private hospital in Galle. The facility is being refurbished to increase capacity and enhance patient convenience, whilst the diagnostic capability of the hospital has been enhanced with modern technology in line with our standards. We are also currently in discussions to acquire an adjoining property for future expansion of the hospital. Galle being a busy tourist hub, attracts many foreign patients to the hospital. Going forward, we see enormous potential for growth at Asiri Hospital Galle.

Asiri Hospital Kandy commenced operations in April 2019. The LKR 6 Bn. Investment hospital complex is the first private hospital of this scale in the Central Province, accessible to patients from the Northern and Central Provinces as well. This tertiary care hospital is also geared to carry out high end cardiac and neurosurgical procedures which will be a boon to the people in those Provinces.

Asiri Health have installed MRI Scanners – an imaging technique now widely used for medical diagnosis – at both Asiri Hospital Kandy and Galle. These will therefore be the only such scanning facilities outside of Colombo. This will no doubt greatly convenience those patients who required this service from the outstations having to travel to Colombo for their procedures.

Asiri Central, the Group's flagship hospital continued to build capacity and augment facilities at our Centres of Excellence during the year. With over 1,100 neurosurgeries performed in an year, Asiri Central's Brain and Spine Centre continued to be the largest and busiest brain and spine centre in the private sector in Sri Lanka. We were extremely honoured when the Centre was chosen as the first ever overseas venue for the prestigious International FRCS Examination in Neurosurgery during February 2018. The Bone Marrow Transplant Unit at Central Hospital was also recognised for postgraduate training by the Postgraduate Institute of Colombo. This is the first time a private hospital in Sri Lanka has been bestowed such recognition. In addition, capacity was built into the Heart Centre by adding a second Cardiac Catheterisation Laboratory to handle the increasing number of procedures and surgeries; while the Radiology Centre was upgraded with state-of-the-art CT and MRI machines to facilitate further diagnostic capability.

Asiri Hospital Matara, the only fullyfledged hospital in the Southern Province continued to maintain a high standard of excellence and care, providing specialised treatment in a number of disciplines for the people of the Southern, Sabaragamuwa, and Uva Provinces in Sri Lanka.

Meanwhile, Asiri Medical Hospital the parent healthcare facility of the Group, continued to deliver trusted care for its patients in keeping with a reputation built over decades. The outpatient areas of the hospital were fully refurbished during this period. The rest of the hospital is scheduled for a complete refurbishment towards the latter half of 2020.

Reinforcing its position as Sri Lanka's premiere surgical hospital, Asiri Surgical Hospital, invested in multidisciplinary capacity building initiatives, such as a sleep laboratory as well as a new Hernia Centre equipped to offer same-day surgery. Large investments were made such as a second Cardiac Catheterisation Laboratory to enhance both curative and preventive care on par with international standards.
In addition, several innovative programmes were introduced in the Wellness Centre including mindfulness-based stress management, allergy and immunology clinics, and sleep health clinics. To meet the growing demand for orthopaedics driven by an ageing population, greater focus was given to enhancing orthopaedic care facilities and provide cutting-edge treatment for the growing incidence of sports injuries.

COMMITTED TO PATIENT SAFETY AND QUALITY CARE

Our transformative work continued to create an exceptional customer experience as we elevated our quality and safety platforms. We are extremely proud of our safety record and our reputation for high quality clinical outcomes sustained through an ongoing commitment to excellence in quality and safety. Asiri Surgical, Asiri Medical, Asiri Hospital Galle, and Asiri Hospital Matara are astutely working towards the ACHSI (Australian Council on Healthcare Standards International) accreditation to further elevate their quality standards. Simultaneously, Asiri Central Hospital is working toward securing reaccreditation by JCI in November 2019.

During the year under review, several process improvements were effected across the Group to strengthen quality and safety protocols and drive efficiency. At strategic level, a Chief Process Officer was designated to spearhead the operational improvements across the Group. Efforts to further enhance the overall patient experience saw patient discharge times being brought down to one hour through forward planning and digital tracking of time taken at each stage of the discharge process.

By implementing an effective inventory management process, stock levels were streamlined and stock holding levels were brought down considerably, thereby releasing cash for day-to-day operations.

The patient feedback mechanism was further enhanced, and prompt response was given for any negative feedback received via newly introduced digital tablets. The move has proven very successful, as nearly 80% of patients provided feedback.

Quality dashboards have been implemented at Group and department level to strengthen the quality conscious culture and effectively implement quality standards across the board. This includes clinical and non-clinical indicators, providing a platform to effectively measure the achievement of indicators on a monthly basis.

OUR PEOPLE, OUR PRIDE

I am proud to work with an incredibly talented team of professionals who bring vitality and vision to our mission as a premier healthcare institution in the Nation. We continue to be defined by our team of dedicated, caring employees whose contribution makes a difference in the lives of those who patronise our hospitals. By adopting a variety of bold new strategies, we continue to attract, retain, and develop an exceptional team who exemplify our brand promise.

UPLIFTING COMMUNITIES

Asiri Health has a dedicated community service programme focused on providing free healthcare facilities and healthcare education to uplift the quality of life of our communities. Through our unique free heart-surgery initiative, 195 underprivileged children have received free surgery and aftercare at Asiri Surgical Heart Centre since it was launched in 2011. We raise community awareness on current health topics including non-communicable disease, wellness, etc., through the healthcare awareness pillar. The multitude of initiatives we implemented are recorded in the "Our Impact" section of this Annual Report.

A LOOK TO THE FUTURE

Going forward, we will continue to build capacity and elevate the quality of care provided to our patients by acquisition and expert use of the most advanced medical technology that provides the best possible outcomes. We are currently exploring several potential opportunities for cross-border investments in healthcare. We also see great potential in preventive healthcare as opposed to curative healthcare in the decade ahead.

Asiri Health will stay committed to innovate and focus on finding solutions for the most pressing healthcare challenges in our Nation.

THANK YOU

In conclusion I wish to thank my colleagues on the Board for their guidance and wise counsel. I express my sincere gratitude to our panel of esteemed doctors, nurses, paramedics, and employees for their dedication and commitment in positioning Asiri Health as the premier hospital brand in Sri Lanka.

I extend my appreciation to the Group's strategic partners and shareholders for their continued support.

Dr Manjula Karunaratne
Group Chief Executive Officer

25 June 2019

Divisional Review

Asiri Medical Hospital (AMH)

Set-up in 1984, AMH is the first and the oldest of the Asiri Group of Hospitals. AMH is a trusted household name for mother and baby, and general medical care.

AMH's Accident and Emergency Treatment unit has earned a reputation for the highest level of medical care. The Intensive Care Unit of AMH is trusted by specialist doctors for delivering excellent clinical outcomes. The Neonatal Intensive Care Unit (NICU) that supports newborns who need special attention, is managed by a competent team of doctors and nurses who give their utmost to extend hope to new life. AMH has leveraged its stellar reputation and years of experience to become a multi-specialty hospital.

The Hospital also maintains strong ties with the local community, providing affordable medical care and screening, raising awareness on emerging issues, responding speedily in times of crisis, and staying attuned to the needs of patients and residents in the area.

SPECIALTY CLINICS AT AMH

- Well-Woman Clinic
- Diabetes Clinic
- Children's Respiratory Disease Clinic

AMH continued to progress towards the Australian Council on Healthcare Standards International (ACHSI) gearing up for the scheduled accreditation audit in the upcoming financial year.

PERFORMANCE

The Hospital recorded a commendable performance with revenue increasing by 12% year on year (YoY) to LKR 4,195 Mn. from LKR 3,732 Mn. the previous financial year.

Bed occupancy for FY 2018/19 declined slightly largely due to ongoing renovation and refurbishment of the out-patient division (OPD). Average daily consultations for the financial year under review remained constant at the previous year's level.

OPERATIONAL DEVELOPMENTS AND CAPACITY BUILDING INITIATIVES

In order to maintain the best patient experience and cater to demand and potential for growth, AMH completed phase two of a three-year renovation project. This phase saw refurbishment of out-patient areas on the first floor.

Several process and quality enhancement initiatives were implemented to improve patient safety, enhance customer convenience, and maintain the highest quality standards. In particular, working to reduce pain points of patients, AMH achieved a significant reduction in patient discharge time. Approximately 70% of patients were discharged within one hour. This was achieved by forward planning, digitalisation, and constant live tracking of the discharge process. Admission counselling was introduced, providing patients bill estimates and greater clarity regarding cost, duration, and other key details associated with specific treatments or surgical procedures. This initiative to ensure predictability of costs is highly appreciated by our customers.

Constantly pushing boundaries for healthcare provision in the nation, AMH continued working closely with General Practitioners (GPs). The Hospital launched a platform providing access to their patients' lab reports and medical reports online. This model facilitates patients to obtain primary care from their GPs and secondary care from the hospital. It also ensures a comprehensive record of medical history is maintained for effective treatment at all levels of healthcare provision.

FUTURE OUTLOOK

2019 will see further improvements to inpatient areas, and expansion on multiple fronts. Acquiring space for new facilities, and establishing new partnerships to make the latest IVF technology available to patients, AMH will consolidated its position as the most sought after healthcare provider.

Asiri Surgical Hospital (ASH)

Set-up in 2004, ASH leads the field in specialised surgical care, a vital component of Asiri Health's proposition in Sri Lanka.

Fully geared to handle a wide array of surgeries, ASH provides a complete range of services under one roof. Driven by the latest technology and renowned for its dedicated nursing team, ASH couples high-tech treatment with exemplary patient-care.

The Hospital meets the highest standards for pre-surgical evaluation and diagnostics, employs a diverse and eminent panel of surgeons, and ensures high-tech post-operation management.

CENTRES OF EXCELLENCE AND SPECIALITY CLINICS

- Heart Centre
- Asiri-AOI Cancer Centre
- Department of Nuclear Medicine
- Urology Centre
- Wellness Centre
- Hernia Centre
- Dialysis Centre
- Gastrointestinal Centre
- Sports Injury Clinic

The year saw multiple enhancements to the Hospital's capacity, and its offering to patients. The Hernia Centre was launched, offering affordable same-day surgery to a number of patients.

PERFORMANCE

Revenue of ASH increased by 6% YoY to LKR 3,475 Mn. in FY 2018/19 compared to LKR 3,275 Mn. the previous financial year. The Asiri Heart Centre was closed for three months due to renovations, which had a negative impact on ASH's revenue. Net profit after tax declined to LKR 367 Mn. in the year under review, mainly due to a one-off share disposal gain recorded during the previous financial year. Excluding this gain, ASH's net profit after tax is estimated to have grown by 1% YoY.

Bed occupancy increased by 10% YoY as at 31 March 2019 and daily average consultations recorded an increase of 4% during the period under review.

OPERATIONAL DEVELOPMENTS AND CAPACITY BUILDING INITIATIVES

The fully-fledged Asiri AOI Cancer Centre, a joint venture partnership between Asiri Surgical Hospital and the American Oncology Institute (AOI) was opened during the financial year.

One of the most advanced facilities in South Asia, the Centre offers the highest quality, personalised, integrated cancer care solutions. The partnership is based on collaborative protocols with the University of Pittsburgh Medical Centre, one of the eminent oncology treatment providers in the United States.

Capacity of the Cardiac Centre was doubled by commissioning a second cardiac catheterisation laboratory during the year. Several additional programmes were introduced to the Wellness Centre; including pre surgical counselling for patients undergoing cardiac and cancer surgeries. The Urology Centre was converted into a two-theatre complex, with separate recovery and urodynamic investigation facilities. The Endoscopy Unit was enhanced to accommodate two units and separate recovery and investigation rooms were installed adjoining the Unit. Greater focus was given to expanding the Orthopaedic Unit to include sports injury management and prosthesis and replacement surgery. A three-bed Dialysis Centre was also commissioned during the financial year under review, now catering to out-patient requirements.

FUTURE OUTLOOK

ASH continues to strengthen its position as the preferred hospital for cancer care. The Hospital's experienced team of Oncologists and surgeons are complemented by a dedicated team of nurses and paramedical technicians who provide committed care to each patient. The Hospital is also scaling up the Endoscopy Unit to function as a Gastrointestinal Centre, another centre of excellence made available to patients.

Asiri Central Hospital (ACH)

Established in 2010, ACH is the flagship entity of Asiri Group of Hospitals. The 14-storey multi-specialty general hospital is a one-stop medical centre offering diagnostic, therapeutic, and intensive care facilities.

The Hospital is reputed for revolutionary medical care, ultra-modern infrastructure, and cutting-edge medical technology. Delivering optimum patient care, ACH is specialised in neuroscience, cardiac care, bone marrow transplant, oncology, and organ transplant.

CENTRES OF EXCELLENCE

- Brain and Spine Centre
- Bone Marrow Transplant Unit
- Heart Centre
- Stroke Unit
- Interventional Radiology Unit
- Breast Care Centre
- Kidney Transplant Unit
- Lifeline Centre

PERFORMANCE

Revenue was driven by the steady growth in its main centers of excellence, performance of neuro surgeries, cardiac catheterisation procedures, heart surgeries, transplants, and general surgeries in the year under review. Asiri Brain and Spine Center maintained its leading position in the market, averaging over a 1,000 surgeries per annum. The number of surgeries handled by the Centre increased by 8% whilst major surgeries, recorded a growth of 9% YoY. The volume of cardiac catheterisation procedures swelled by an average of 17% in the year under review and the number of cardiac surgeries also increased by 35% YoY.

The revenue of the surgery department of ACH increased by 15% YoY, primarily due to active development in general surgery, orthopaedics and plastic surgery. Due to increased emphasis given to the minor procedure departments, the revenue of the Eye Unit and the Endoscopy Units, increased by 37% and 97% respectively, YoY.

Bone Marrow and Kidney Transplant Units, recorded another strong year with both units recording a 29% growth in revenue on average.

OPERATIONAL DEVELOPMENTS AND CAPACITY BUILDING INITIATIVES

A second catheterisation (cath.) laboratory was added to the Asiri Heart Centre in January 2019 to cater to the increasing number of patients with cardiovascular disease seen at ACH and in Sri Lanka.

With the purchase of a digital 3D mammogram, ACH successfully initiated the Asiri Breast Clinic where the unique benefit of a multidisciplinary team of consultants provide a "one stop" solution for all breast-related concerns. Our primary objective is to promote screening and early detection, as this makes it possible to treat and cure breast cancer.

ACH successfully brought down the electricity cost during the year by adopting a range of environmental friendly initiatives and reducing waste. As a result, utility cost in relation to revenue reduced by 15% YoY. ACH also reduced staff turnover rates by 6% in the year under review, by introducing diverse staff interaction and familiarisation activities like the buddy mentor guidance programme and conducting bi-weekly one-on-one staff meetings, until staff members feel like they are part of the Asiri family.

Having obtained the Joint Commission International (JCI) accreditation in 2016, ACH is working towards reaccreditation in November 2019, further strengthening safety and quality protocols.

FUTURE OUTLOOK

With key international accreditations in place, ACH is looking to expand its scope in medical tourism in the ensuing year along with planned overseas expansion. To improve facilities for staff, a creche will be opened in the Hospital premises. Capacity will be added to the Radiology Department by installing the most advanced CT and MRI machines with latest applications, facilitating new investigations through 3-D imaging in the coming year.

Asiri Hospital Matara (AHM)

Established in 2007, AHM consists of two multi-specialty facilities in the Southern Province of Sri Lanka.

The Hospital maintains high standards of excellence and care that the Asiri Group is renowned for, whilst also providing access to the latest technology and medical know-how. AHM specialises in orthopaedics, general surgery, obstetrics and gynaecology, and paediatrics.

PERFORMANCE

Revenue increased by 10% and net profit after tax increased by 26% YoY in the financial year under review, due to efficient management of overheads and other efficiency improvements.

OPERATIONAL DEVELOPMENTS AND CAPACITY BUILDING INITIATIVES

To consolidate the services offered, AHM increased the number of consultation rooms in the OPD in the main building and relocated most OPD services to one location. The older buildings were allocated to support services and administrative offices.

Remodelling of the operating theatres, endoscopy room, and the NICU allowed better utilisation of space.

The addition of a new theatre at the Matara hospital would facilitate more operating theatre time for surgeons which would boost hospital occupancy level.

FUTURE OUTLOOK

To consolidate resources and streamline operations, AHM is working to reduce overhead cost of support services such as laundry, kitchens, and CSSD. Synergies between AHM and AHG will allow for greater efficiencies through support services such as the call centre.

Asiri Hospital Galle (AHG)

AHG was acquired in November 2018 and is a recent addition to the Group's healthcare delivery network.

AHG is a 32-bed facility for in-patients facilitating more communities in the Southern Province to access Asiri Health's renowned quality and care.

PERFORMANCE

AHG recorded a revenue growth of 2% for the year ended 31 March 2019 in line with increasing demand from the public, including tourists holidaying on Sri Lanka's South coast. The Hospital received a daily average of 500 to 600 consultation bookings during the year.

Working to tap AHG's great potential for growth, capacity building and facility development are already underway, along with continued investment in technology.

OPERATIONAL DEVELOPMENTS AND CAPACITY BUILDING INITIATIVES

As part of the Hospital's two-year master plan, AHG is being refurbished to increase capacity and enhance patient convenience. Out-patient facilities are being renovated to improve customer experience.

State-of-the-art diagnostic facilities including 16 slice CT and 1.5T MRI machines are being installed within the course of the year.

FUTURE OUTLOOK

AHG has high potential for growth especially since Galle is a popular tourist hub. Acquisition of adjoining properties will expand the Hospital's capacity to respond to increasing demand for quality private healthcare in the region.

Asiri Hospital Kandy (AHK)

Opened in April 2019, AHK is a 180-bed, multi disciplinary facility, equipped with state-of-the-art medical technology for diagnostic radiology and imaging, and specialised in cardiac care.

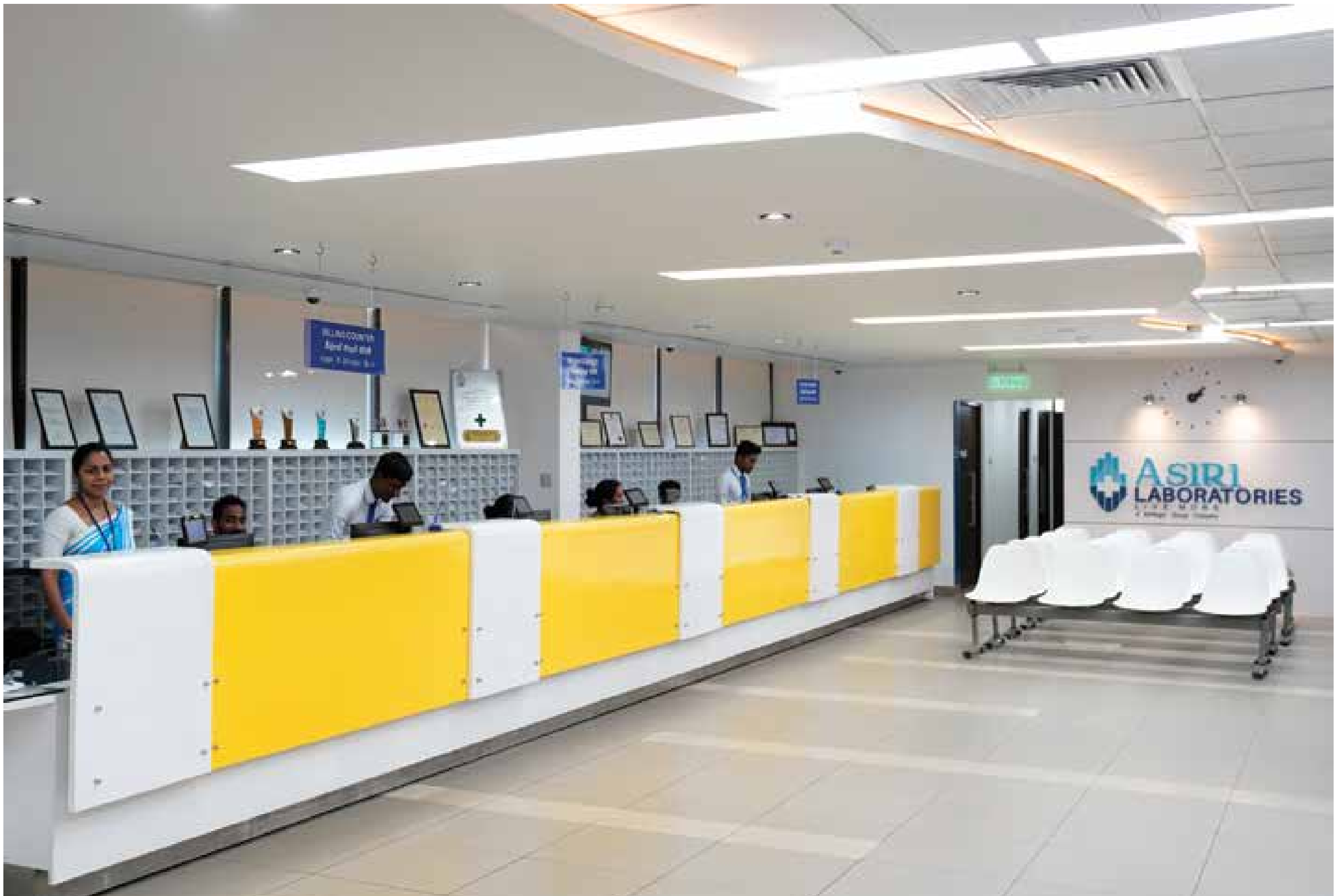
The first private hospital of this scale in the Central Province, AHK is positioned to cater to patients from beyond the Province, improving access to quality healthcare for those in the Northern, North Central, and Eastern Provinces.

AHK will soon be equipped with an MRI scanner, making it and AHG the only private hospitals outside Colombo to provide this facility. In line with Asiri Health's model of world-class care, the Hospital hosts several modern, high-tech centres of excellence. Including a complete cardiac centre, centres for dialysis and endoscopy, and fully-equipped theatres for surgical procedures. In the run-up to launch of the Hospital in 2019, AHK drew from the depth of experience available to the Group, with several senior personnel taking up key positions in the newly established team.

FUTURE OUTLOOK

The culmination of three years of development and investment worth LKR 6 Bn., the Hospital is a major point of expansion for the Group. Fully staffed and running at capacity, AHK will be the first to bring our model of world-class healthcare to rapidly growing cities and towns in the Central Province and beyond. With modern centres of excellence, an expert team, and industry-leading equipment, the Hospital is expected to see rapid growth in line with rising demand in the region.

Asiri Laboratories



Celebrating 35 years on 1 March 2019, Asiri Laboratories is one of the first and largest medical laboratories in Sri Lanka to be certified and accredited according to the International Standards Organisation (ISO) in quality management, environmental quality, and laboratory quality.

The Asiri Laboratories network extends across the island through satellite laboratories and sample collection centres. The network consists of a central lab, five hospital labs, 16 satellite labs, 57 own collection centres and 380 external collection centres. The lab performs the highest number and the largest variety of tests among all private laboratories in the Nation. Its premier position, quality of testing, and fastest turn-around time helps Asiri Laboratories remain the undisputed leader in diagnostics in private healthcare.

PERFORMANCE

The number of tests conducted per day increased substantially from an average of 11,000 to 15,000 in the year under review. The number of patients served during the year increased by 18% YoY to 2.8 Mn. from 2.2 Mn. the previous financial year.

OPERATIONAL DEVELOPMENTS AND CAPACITY BUILDING INITIATIVES

Asiri Laboratory Services received two Gold Awards at the International Convention on Quality Control Circles Competition 2018, held in Singapore. This is a strong testament to its ongoing commitment to quality and recognition of its year on year achievements in quality.

The product suite was expanded with the introduction of Des Gamma Carboxyprothrombin (DCP), Mycology tests (24 tests), RT PCR for HAV, allergy individual marker, food allergy (40 allergens), and Testosterone free and sex hormone binding globulin.

Asiri Laboratories continued to use some of the most modern, fast, and accurate analysers in the world, in addition to the daily internal quality control on all machines and external quality control with a reputed international laboratory to ensure the quality of results for patients. Continuous capacity building for a team of more than 900 enables quality standards to be maintained throughout the network. Asiri Laboratories also carried out a visual overhaul during the year, by rolling out new branding for the entire network.

Asiri Laboratories continued with the expansion plan of the last three years. Expansion in the year under review was focused on the Central and Western Provinces, in line with demand and strategic positioning of the Group.

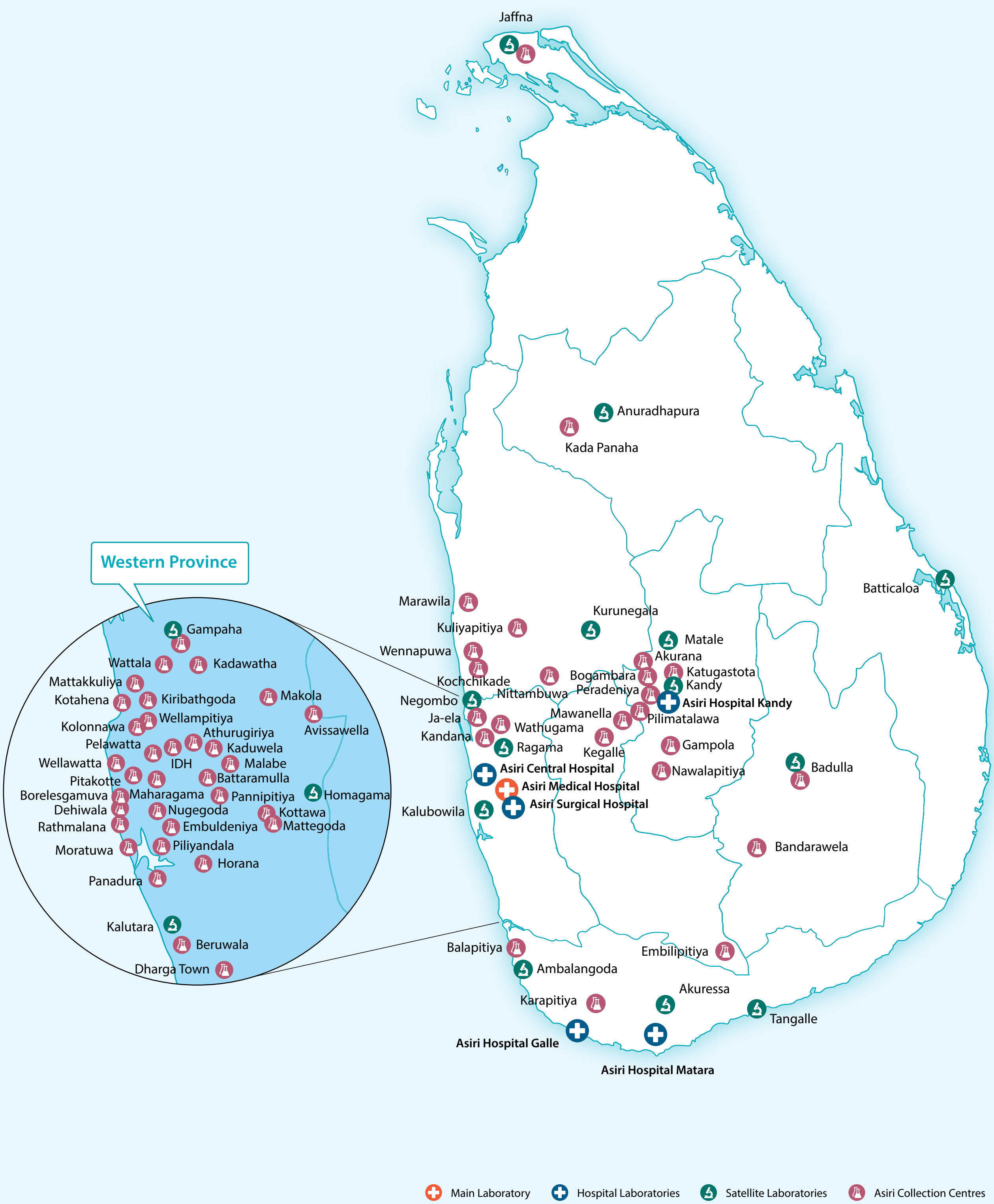
A state-of-the-art lab was also opened in Asiri Hospital Kandy, which is the largest private hospital laboratory in the Central Province.

Customer service standards were enhanced through quality circle improvements, increased frequency of call-back, and quality-of-life improvements to the mobile service.

FUTURE OUTLOOK

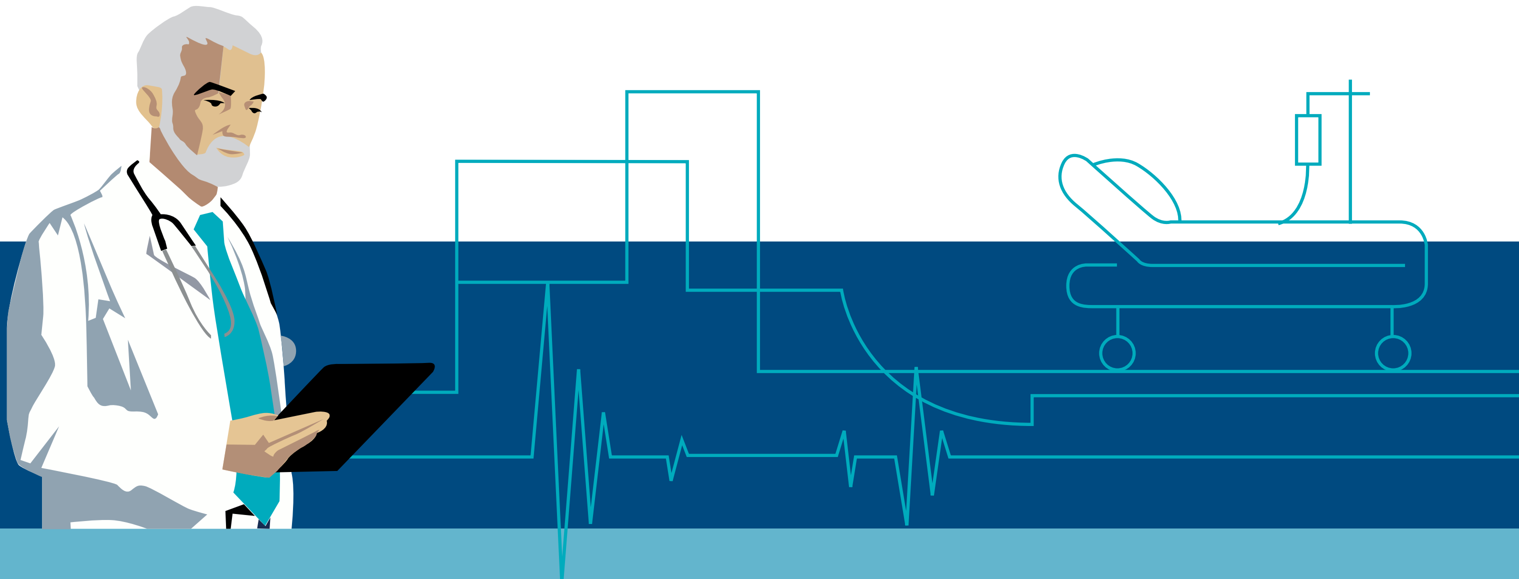
Asiri Laboratories will continue its expansion drive, increasing reach, introducing more tests, and continuing with process automation. Minimising human handling through automation is a key factor in enhancing the quality of tests and achieving world-class standards.

ASIRI LABORATORIES AND COLLECTION CENTRES



Our Model

Healthcare in Sri Lanka



Healthcare outcomes

Sri Lanka boasts of one of the most robust healthcare systems in South Asia; resulting in health and well being indicators almost on par with developed nations. With universal healthcare and education being National priorities for decades, Sri Lanka has already achieved or surpassed most global targets under SDG 3 – Good Health and Well-being.

Sri Lanka achieved the SDG 3 global target for maternal mortality more than two decades ago. Further, under-five mortality and neonatal mortality rates were also lower than the relevant SDG targets. The country has also seen success in bringing down incidence of HIV AIDS, malaria, and other diseases. Sri Lanka was recognised by the World Health Organisation (WHO) as having adequately contained Rubella and the Congenital Rubella Syndrome in 2018.

These consistent improvements demonstrate the strength of Sri Lanka's state healthcare system where high quality treatment goes hand-in-hand with grassroots implementation of maternal and childcare programmes.

HEALTHCARE SECTOR

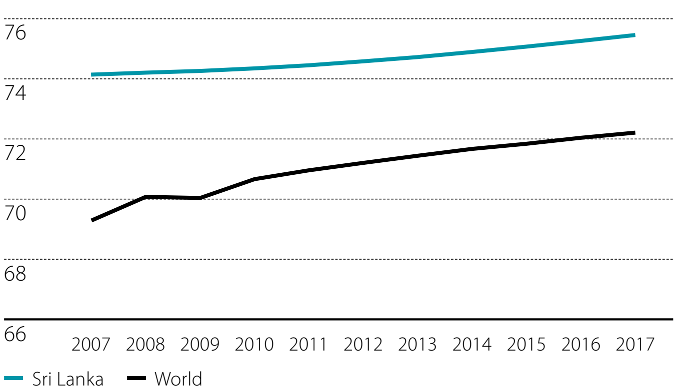
Sri Lanka's healthcare sector is primarily built around a well distributed and effective public delivery system, through which free healthcare is provided. The private sector has participated in healthcare since the 1980s when Government-employed doctors were allowed to provide consultation and treatment, and to maintain private institutions. Since then, healthcare in the private sector has grown rapidly.

Sri Lanka retains a unique healthcare system where patients do not require referral from a 3rd party to continued commitment and investment from the Government and private sectors have consistent improvement to access, quality, and outcomes visit a hospital (Government or private), consult a specialist, or access treatment from a General Practitioner (GP).

The cross-section of private and public sectors in the healthcare industry is particularly complex in Sri Lanka. Scarcity of information from the private sector and lack of coordination between the sectors has resulted in challenges such as widely prevalent dual practice; and arbitrary regulations for healthcare professionals trained in private institutions not being allowed to practice in public institutions.

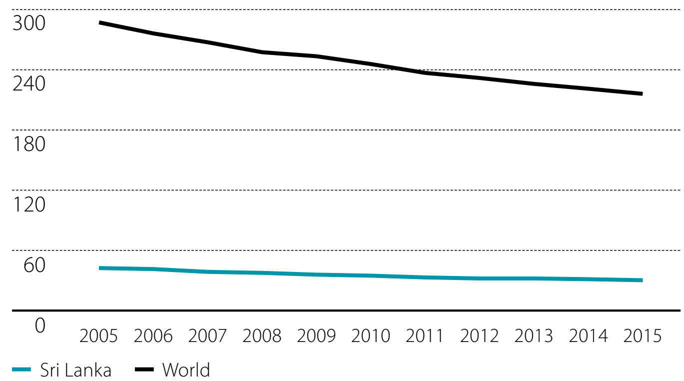
Steps to increase information flows and dialogue between the private and public sectors, increased data availability on the healthcare sector and healthcare professionals, and greater coordination between the public and private sectors, would go a long way to helping the industry better serve the citizenry.

LIFE EXPECTANCY AT BIRTH (Age)



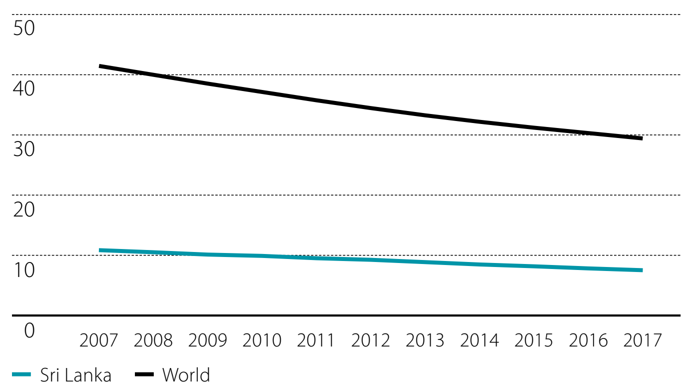
Source: World Bank

MATERNAL MORTALITY RATE (Nos. per 100,000 live births)



Source: World Bank

INFANT MORTALITY RATE (Nos. per 1,000 live births)



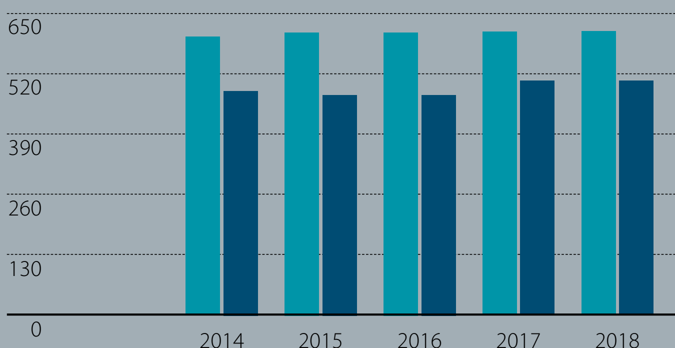
Source: World Bank

PUBLIC HEALTHCARE

Sri Lanka's public health service encompasses a large network of hospitals, clinics, and health centres that function at Central, Provincial, District, and Divisional level. This network ensures that most people have access to some form of public healthcare facility within 2 km of their homes. Public healthcare provides free treatment to all, including in-patient care. Preventative care is primarily focused on maternal and child health.

There has been a consistent increase in Government healthcare expenditure over the years, recording an 11% year on year (YoY) increase to LKR 218,462 Mn. in 2018. Of this 83% was for recurrent expenditure and the balance for capacity building.

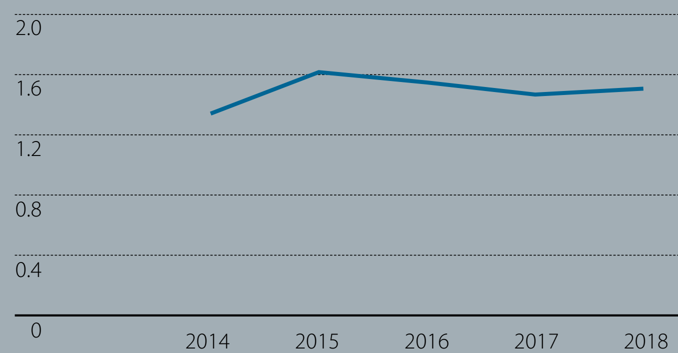
GOVERNMENT HOSPITALS (NOS.)



Hospitals practicing western medicine   Primary medical care units

Source: Central Bank of Sri Lanka

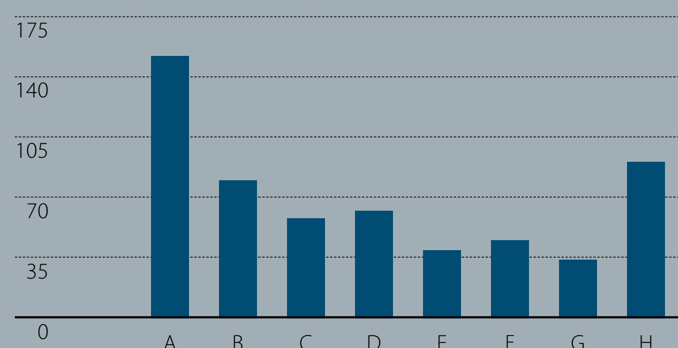
STATE HEALTHCARE EXPENDITURE AS A PERCENTAGE OF GDP (%)



Source: Central Bank of Sri Lanka

Sri Lanka's per capita health expenditure continues to be far ahead of its South Asian peers, and lower middle income nations.

HEALTH EXPENDITURE PER CAPITA – 2016 (USD)

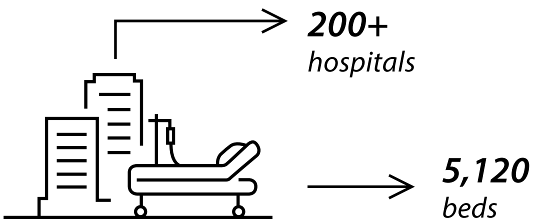


A – Sri Lanka
B – Lower middle income
C – South Asia
D – India
E – Pakistan
F – Nepal
G – Bangladesh
H – Bhutan

Source: World Bank

Source: Central Bank of Sri Lanka

PRIVATE HEALTHCARE



Private healthcare continues to play a vital role in the sector, providing an estimated 65% of out-patient care, and 15% of in-patient care. While expenses for private healthcare are mostly out-of-pocket or through health insurance/medical schemes, the private sector has been able to offer advanced facilities, while maintaining a relatively low cost when compared to other countries in the region.

Demand for private healthcare is driven by naturally rising per-capita income levels, coupled with increased value for transparency, comfort, and patient experience. Private sector healthcare in Sri Lanka remains diverse, catering to a vast cross-section of income levels. Sri Lanka's urban population (estimated to make up almost 50% of the population), achieves income levels 25%-30% higher than rural counterparts. As such, the majority of large private sector hospitals serve urban and semi-urban agglomerations.

The private healthcare sector aligns with national regulations and policies on all fronts. Healthcare providers report regularly to the Central Bank, and are monitored by the Ministry of Health to ensure quality standards in service delivery, healthy competition, and competitive pricing.

Government imposed price caps on certain essential drugs, blood tests, OPD services, and medical devices during the year had a significant impact on cost of consumables and services, with big players taking a hit to revenue.

FUTURE OUTLOOK

The Government will continue to progress on the National Health Strategic Master Plan 2016-2025 to develop Sri Lanka's healthcare system comparable to developed nations.

Sri Lanka is expected to steer through the upper middle income stage surpassing the gross domestic product (GDP) per capita of USD 4,000. Based on the strong correlation between disposable income and healthcare expenditure, a sharp rise in per capita health-spend is envisaged in the upcoming years.

Sri Lanka's private sector hospitals will continue to grow strongly given increasing demand for private healthcare, although regulatory price controls are likely to constrain profitability. The demand for private healthcare will continue to be driven by Sri Lanka's ageing population and rising incidence of non-communicable diseases (NCDs), which state hospitals are not well-equipped to handle. The demand for private healthcare in Sri Lanka is likely to improve in the medium to long term with wider acceptance of medical insurance, supported by Government-led insurance schemes and increasing personal income.

KEY INDUSTRY CHALLENGES

The demand for healthcare has been increasing over the years on account of rising ageing population, increasing purchasing power and non-communicable diseases (NCDs).

RAPID INCREASE OF NCDS

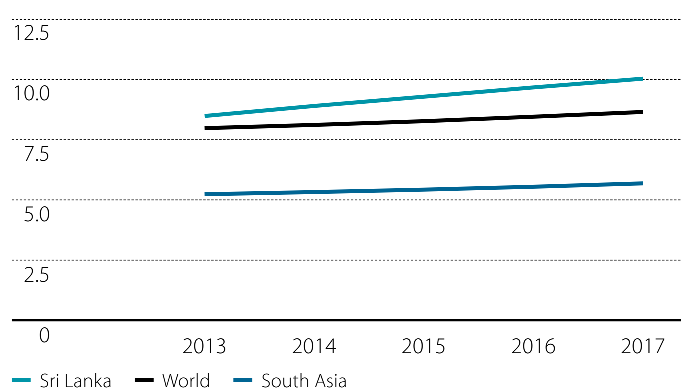
Approximately, 75% of total deaths in Sri Lanka are attributable to NCDs. The category of NCDs includes cardiovascular diseases (CVD) such as ischemic heart disease and stroke, cancers, diabetes, and respiratory conditions such as asthma. Apart from being a public health issue, the NCD epidemic now poses a serious economic burden for Sri Lanka. NCDs are on the rise due to a combination of factors, such as an ageing population, increasingly sedentary and unhealthy lifestyles, and poor food choices.

AGEING POPULATION

Sri Lanka's population is one of the oldest in South Asia and is also one of the fastest ageing populations in the world. The demographic transition of Sri Lanka is a result of a sharp decline in the fertility rate and an increase in life expectancy driven by several decades of investments on welfare, education, and health. United Nations estimates, approximately 9.67% the Island's population is above the age of 65 years and this is forecasted to rise to 27.6% by 2050. In 2030, Sri Lanka is expected to become a super-aged country with more than 21% of the population aged 65 or over.

Currently, there are no established centres for aged care, and there is no established social network to address the needs of the elderly, although the ageing population of Sri Lanka is an ongoing concern that requires addressing.

POPULATION AGED 65 AND ABOVE AS A PERCENTAGE OF TOTAL (%)



Source: World Bank

SHORTAGE OF TRAINED PROFESSIONALS

Insufficient medium and long-term planning, coupled with lack of monitoring, are primary factors affecting the healthcare workforce in Sri Lanka. While the Country has seen a recent increase in the number of healthcare workers, primarily in the field of nursing; demand for qualified staff remains. Recent reports have questioned the future absorption capacity of the health labour market which is affected by volatility in recruitment cycles and inherent weaknesses due to lack of coordination.

Most qualified and established consultants are with the Government sector, and are concentrated in the Western Province. Shortage of experienced paramedical staff is also a key constraint for the growth of the healthcare sector as it creates competition especially among private players, to attract skilled employees. The situation is compounded by migration of healthcare professionals.

Establishment of a Human Resource Coordinating Unit within the Ministry of Health, is a step in the right direction, which could help address systemic challenges.

KEY OPPORTUNITIES

Opportunity	Impact	Our response
Rapid increase of NCDs	Unhealthy diets and lifestyles due to increased urbanisation and higher incomes have resulted in an increase in NCDs that require extended care and medication. Most types of NCDs require expensive medical procedures followed by long hospital stays, and a lifetime of medication and palliative care.	• We have been setting up specialised Centres of Excellence such as cardiac, neuro, and oncology units within our hospitals to cater to changes in disease patterns and the rise of NCDs. • Creating awareness on prevention, early identification, and management of NCDs through regular free clinics.
Potential to increase penetration of medical insurance	Increased penetration of medical insurance coverage would result in more patients opting for paid healthcare by shifting away from state-run hospitals.	• Partnering with state funds and private health insurance providers to extend exclusive medical facilities to their customers.
Increasing urbanisation and per-capita incomes	People opt for private healthcare as personal incomes rise. Also, they seek convenience and better service standards that are not met by the public sector due to under-capacity. There has been a shift in the use of outpatient and inpatient care at state hospitals by the rural population in recent years which creates opportunities for private operators to expand outside of main cities.	• Investing in our hospitals, increasing capacity, and catering to patients in multiple provinces through an extensive network of hospitals within the Group.
Growing popularity for medical tourism	Sri Lanka has a strong foundation to build its medical tourism industry, with the improving quality of private healthcare, availability of highly skilled English-speaking medical staff, and the low cost of services offered compared to regional peers.	• Investing in process improvements, pursuing globally accepted accreditation, ensuring quality, and enriching the patient experience. • Retaining a competitive pricing schedule. • Investing in the latest, world-class partnerships and medical equipment to offer care on par with developed nations. • Asiri Kandy and Asiri Galle are state-of-the-art hospitals which attract foreign patients for medical tourism.

Strategy

Our Strategic Framework

Our ultimate objective is to deliver increased value to our stakeholders and we give utmost importance to patient care which commences with understanding their requirements and leveraging our resources to meet their needs. We made steady progress on our three strategic pillars: Growth, Quality, and Sustainability. Given below are the value drivers of Asiri Health:

Capacity

Enhance capacity of our state-of-the-art hospitals, Centres of Excellence and widest laboratory network to offer comprehensive healthcare facilities in a convenient manner to a wider customer base.

Quality and Safety-Centred Culture

We enhance the quality and safety standards of our hospitals through adherence to global quality protocols and safety standards of accreditations such as JCI (Joint Commission International), ISO 14001: 015 (Environmental Management System), ISO 9001:2015 (Quality Management System), OHSAS 18001:2007 (Occupational Health and Safety Management System), ISO 22000:2005 (Food Safety Management System).

Fully-Fledged Healthcare Solutions

We provide patients with integrated care and solutions through our Centres of Excellence across clinical and medical specialties and ambulatory services.

Professional Expertise

We have a team of experienced medical specialists, nurses, allied health personnel, and hospital management and operational teams who work together with a patient-centric perspective.

Innovation

Through investment in the latest medical equipment, operations, and systems infrastructure, we enable patients to benefits from the latest breakthrough medical treatment at a fraction of the cost of obtaining treatment overseas.

Collaborative Partnerships

We generate a sustainable competitive advantage for the long term, through value adding strategic tie-ups.

Stakeholders

As the Nation's largest private healthcare service provider, Asiri Health engages with a wide variety of stakeholders who are critical to our business. We maintain strong relationships with all our stakeholders, engaging them regularly across multiple channels, and staying responsive to their expectations. Group-wide policies are in place to guide our interactions with all key stakeholder groups. Our interactions help us identify risks, opportunities, trends, and concerns that are material to the business, allowing us to incorporate them in our strategies as we navigate a dynamic operating environment.

Our Impact section of the Report describes in greater detail the value we deliver to, and derive from, some of our key stakeholder groups.

Stakeholder	Method of engagement	Key expectations	How we respond
Patients	• One-on-one interactions with our teams • Patient feedback survey • Corporate website	1. Comfortable and convenient patient experience 2. Optimal patient outcomes 3. Patient privacy and responsible management of health records 4. World-class healthcare and healthcare management – Latest technology and procedures, qualified and committed staff 5. Access and availability of affordable healthcare	• Financial counselling at admission • Process improvements to reduce discharge time, monitoring to address patient pain-points, digital patient feedback with response and elevation processes • Globally accepted accreditations and standards, culture of quality and safety, rigorous monitoring and training to improve quality, continuous process improvements • Continued investment in technology, expertise, facilities, and offerings • 24/7 care across an ever-expanding network of hospitals • Local and international partnerships to provide high quality healthcare at affordable rates, collaboration with local healthcare providers to improve efficiency and efficacy of healthcare delivery
Employees	• Performance appraisal and feedback session • Grievance handling mechanism • Regular divisional staff meetings • Whistle-blower policy • Staff get-togethers and recreational activities • Staff newsletter	6. Recognition and competitive remuneration 7. Training and personal development, and space for engagement and involvement 8. Equal opportunity, culture of non discrimination, and an ethical work environment	• High-performance culture aligned with strategic objectives, recognition during staff events and competitions • Training need assessments and individual training passports for each individual, continuous cross-learning and knowledge-sharing, structured and ad-hoc training programmes across all departments • Multiple policies in place to achieve gender equality in the workplace, equality and diversity principles applied at every step of employment cycle • Strong corporate citizenship drive, multiple community-oriented actions at Group and Hospital level
Consultants	• Regular one-to-one open communication with consultants • Participation in medical advisory committees • CME programmes	4. World-class healthcare and healthcare management – latest technology and procedures, qualified and committed staff 9. Space to participate in medical advisory committees	• Continuous investment, expansion, and capacity development of facilities across hospitals, procurement of the latest technology and equipment • New cross-border partnerships and collaborations across a range of disciplines
Suppliers	• Ongoing dialogue with suppliers • Tender Committee	10. Ethical and transparent procurement and tender processes 11. Negotiations built on mutual respect and fair-pricing structures	• Engagement with suppliers and strategic partners in reviewing and renewing contracts and procurement initiatives • Transparent tender and procurement processes across the Group
Government	• Ongoing interaction with the Ministry of Health at an executive level • Communication on private/ public sector issues • Participation in Government forums and priority projects	12. Compliance with regulations 13. Assistance in development of healthcare/sector standards, regulation, and practices 14. Access and availability of affordable healthcare	• Continued expansion of service • Coordination with communities to respond to healthcare needs • Collaboration with healthcare professionals to improve coordination in the sector

Stakeholder	Method of engagement	Key expectations	How we respond
Shareholders	• Annual General Meeting • Corporate website	15. Sustained growth and business outreach, financial stability and sustainability of the business 16. Strong corporate and clinical governance 17. Clear and transparent communication of the Group's strategy and results	• Compliance with Code of Best Practices for Corporate Governance • Group-wide adoption of sustainable business practices, proactive financial and non-financial disclosure on material issues • Maintenance of a culture of quality and safety across the Group • Incorporation of risk-management practices for corporate and clinical risks • Continued growth and expansion, leveraging new partnerships, cohesive brand-building and Group-wide marketing strategy
Society and environment	• Sponsorships • Free health clinics • Awareness programmes • Media campaigns	18. Health and nutritional development of society 19. Awareness and capacity building on health and healthcare 20. Development of healthcare sector and collaboration with multiple providers 21. Responsible energy and waste management	• Continued focus on raising awareness of patients and communities • Incorporation of programmes that provide free and/or affordable healthcare • Collaboration with multiple healthcare providers and institutions to ensure development of healthcare sector and practice • Responsible management of clinical and hazardous waste according to national guidelines • Continuous Group-wide efforts to improve energy management

DETERMINING MATERIALITY

Asiri Health has identified key material aspects for disclosure and stakeholder engagement based on a three-tiered evaluation which considers global industry-specific disclosure standards and expectations, significance to our stakeholders, and significance to the Group. Identified material aspects are incorporated into Group-level strategies, and Group responsiveness to material matters is operationalised at a hospital and employee level.

Significance to Stakeholders	Medium	High	Very High
Very High		12	1, 2, 6, 7, 16, 15
High		3, 5, 10, 11, 13, 17	4, 8
Medium	9, 18, 19	14, 20, 21	

Significance to Asiri Health

How We Do Healthcare

INPUTS

FINANCIAL CAPITAL
Shareholders' funds
Borrowed funds from banks
Risk management
Financial management

INTELLECTUAL CAPITAL
Accreditations
Globally-recognised brand
Medical expertise
Tacit knowledge
Centres of excellence
Innovation

MANUFACTURED CAPITAL
IT infrastructure
State-of-the-art healthcare facilities
Cutting-edge medical equipment

SOCIAL AND RELATIONSHIP CAPITAL
5 fully-fledged hospitals, 8 Centres of excellence, Island-wide laboratory network
Business ethics and integrity
Free health clinics, community development
Investor confidence
Commitment to quality and patient safety
Collaborative partnerships

HUMAN CAPITAL
Skilled and loyal nursing staff
Salaries and benefits
Training and development
Health and safety

NATURAL CAPITAL
Water
Energy

Colombo Stock Exchange

Strategic imperatives

Articles of Association

REGULATORY AGENCIES

GOVERNANCE STRUCTURE

Vision

Mission

Quality monitoring and oversight

Centres of excellence and specialised departments

Emergency services and critical care

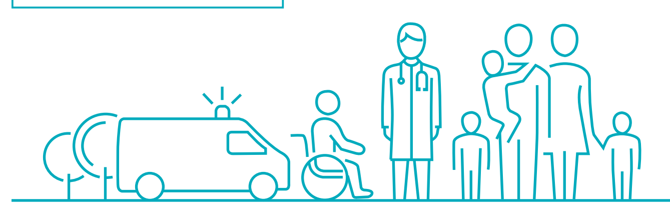
Diagnostics imaging and clinical labs

Pharmacy

Paramedical services

HIGH-QUALITY CARE

- Evidence-based medicine practices
- Clinical competency of team
- Infection control and medication management
- Clinical governance



Corporate Governance

Code of Ethics

Government

OPERATING ENVIRONMENT

Central Bank of Sri Lanka

Values

- Committed and capable cadre
- Latest technology, equipment, and expertise
- Health and safety
- Comfort and convenience
- Patient feedback and engagement
- Billing management

Human resources

IT

Engineering and maintenance

Security

Food and beverage services

Call centre and front office

Finance

PREMIER PATIENT EXPERIENCE

Process improvement and oversight

Risk management framework

Internal controls

Board Charters

Central Environmental Authority

OUTPUTS

FINANCIAL CAPITAL
Profit before tax
Total assets

INTELLECTUAL CAPITAL
Brand reputation
Efficient systems and processes
Culture of safety across the Group

MANUFACTURED CAPITAL
Acquisition of latest hi-tech equipment
Capacity expansion of operating theatres and centres of excellence

SOCIAL AND RELATIONSHIP CAPITAL
Organisation growth
EPS LKR 1.48
Dividend payment to shareholders LKR 910 Mn.
Patient loyalty
World-class integrated care and medical solutions
Patient-centric culture

HUMAN CAPITAL
Employees trained 4,992
LKR 3.4 Bn. expended on salaries, wages and other benefits
Health and safety of staff members

NATURAL CAPITAL
Energy efficient facilities
Responsible disposal of waste according to CEA regulations

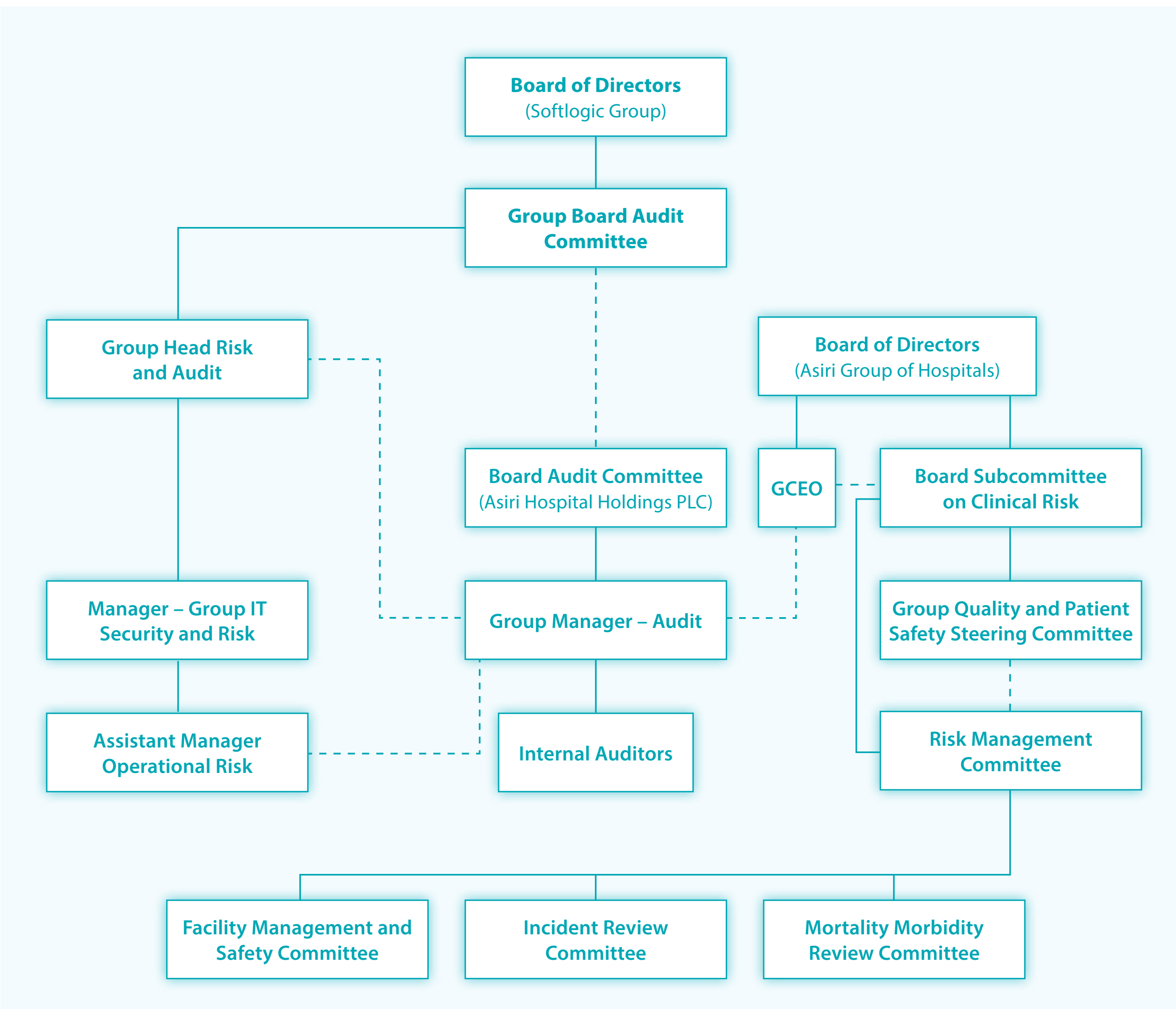
Risk Management

INTEGRATED RISK MANAGEMENT

While recognising that risk management is a responsibility of the Board of Directors, we have empowered a broader avenue for all employees to engage in day-to-day risk management activities to optimise the risk and return spectrum within defined risk appetites. Being the key player in the private healthcare industry in Sri Lanka, our main focus is on health and safety of patients and employees. Asiri Group has implemented a robust risk management framework that is efficient, transparent, and proactive. Knowing the repercussions of a minor error, the Management is dedicated to review the adequacy of controls and other risk management aspects on a regular basis.

Driving towards a zero-error culture, risk assessments have provided greater insights on the areas of improvements while the risk scoring matrix has facilitated to recognise priorities. Asiri Group of Hospitals is keen on emerging risks that are inherent to the business and has adopted a number of risk mitigation strategies to ascertain resilience. The highest level of industry standards and best practices are followed to eliminate expensive lawsuits and undue damages to reputation.

The Group has established an integrated and effective risk management framework where significant risks are identified, assessed, prioritised and managed by implementing appropriate risk mitigation actions. Heads of business units are acting as the First Line of Defence and Finance control, information security and risk and compliance functions are devoted as the Second Line of Defence. Being the Third Line of Defence, assurance of risk management and controls rest with Internal and External Auditors. Adequacy and effectiveness of the risk management framework is periodically reviewed by the Board Audit Committee and required changes are recommended to the Board of Directors.



PERCEIVED RISKS

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

Risk	Potential impact	Mitigation strategy
Clinical risk Any event or incident that occurs in our daily operations will affect the quality of patient care, thus; we have prioritised most of the clinical risks and new additions are promptly identified through patient feedback and industry analysis.	As a hospital, risks associated with patient care are extremely important. Clinical risks can lead to other risks including reputation and legal risks while causing financial losses. Likelihood and consequences of clinical risks may vary from time to time and it has become the most significant and vulnerable area to Asiri Group of Hospitals in terms of risk.	We continuously provide fully-fledged training programmes to all our employees and encourage them to maintain better communication all the time. Asiri Group of Hospitals has provided stringent guidelines for incident reporting, utilisation of informed consent documents and related defensible documentation. The Management is keen on maintaining and replacing Biomedical instruments which play a vital role in patient safety. The subcommittee on clinical risk management fully operates within its sphere to ensure that all clinical risks that are reported have been addressed adequately and controls are in place to prevent additional clinical risk events. Frequent monitoring and review of clinical risks are performed to ensure that the Organisation's clinical risk management plan is adequate and effective. The Group has already obtained multiple accreditations including Joint Commission International (JCI) for all aspects of its operations, including patients care and health, food and safety, quality management, and laboratory management. The specialist doctors and medical officers who join Asiri Group of Hospitals are subjected to a credentialing and privileging process to ensure they possess the required skill and competence to deliver good clinical care to our patients. Similarly, nursing professionals as well as paramedical staff are recruited with careful evaluation of their skill and competencies and thereafter encouraged to pursue continuous professional development to keep up with evolving trends in technology.
Infections risk Healthcare-acquired infections (HAIs) would be critical to the healthcare industry and mostly medical staff of the hospitals, affecting the operational effectiveness in the long term.	The hospital-acquired infections due to cross contamination would lead to prolonged stay for some patients or undue complications with escalation of treatment costs. HAIs may affect smooth operation of the hospital if healthcare professionals get affected with infectious diseases.	Asiri Group of Hospitals has initiated comprehensive infection control strategies. Among many solutions, the Group ensures all sanitation systems are up to date, operational, and ensure staff understand how to use the systems properly to keep patients safe. These initiatives continue to remind staff and visitors about basic infection control techniques.
Strategic risk Strategic risk is inherent in business strategy, strategic objectives, and strategy execution. It is a possible source of loss that might arise from pursuing an unsuccessful business plan. Strategic risk might also arise from inadequate resource allocation or from a failure to respond well to changes in the business environment.	Strategic risk is often a major factor in determining a company's worth and may lead to a complete failure if not addressed accordingly. Incompetent strategic decisions will adversely affect shareholder objectives while failure to execute innovative decisions will hinder the expansion and opportunities in the emerging markets.	All strategic decisions are scrutinised by the Board of Directors who have expertise knowledge and vast experience in the industry. Recommended decisions are reviewed by the Softlogic Holdings Group Executive Board of Directors and thorough evaluations and assessments are carried out prior to execution.

Risk	Potential impact	Mitigation strategy
Reputational risk Reputational risk refers to the potential for negative publicity, public perception or uncontrollable events to have an adverse impact on the reputation of Asiri Group of Hospitals, thereby affecting its revenue.	In the service industry, reputation is the most influential factor that distinguishes players in the same industry. Therefore it is difficult to quantify the reputational risk which has a severe impact on shareholders' value.	Nursing and other staff undergo extensive training on patient management and customer service on a continuous basis. Asiri Group of Hospitals maintain a constructive relationships with stakeholders by developing trust, confidence, and win-win relationships while conforming to international best practices. A well-established complaint handling process is in place to address issues expeditiously. The Ethics Committee, comprising industry specialists, plays an advisory role on matters relating to research and clinical trials.
Operational risk These are the risk of losses resulting from inadequate or failed internal processes, people and systems or from external events.	Operational risk exists in the natural course of business activity. Failure to manage operational risks can expose the Group to significant losses.	The Group is promoting and enhancing the effectiveness of Operational Risk Management processes which includes identification, assessment, treatment, monitoring and controlling. Our risk management framework has been designed to promptly detect deficiencies in the policies, procedures and processes. However, some risks may be latent and we have crisis management processes designed to improve our resilience to unforeseen events. Business continuity arrangements are in place to address supply chain disruption, employee repatriation, natural disasters, cyberattacks, and technical mishaps, and can minimise their impact on our stakeholders, reputation, and performance. Further, robust policies for IT security were implemented and frequent IT audits and reviews are performed to ensure the adequacy of controls and areas of improvements.
Internal processes Internal processes are predominant in achieving business objectives and ineffectiveness of which will lead to severe financial or business losses.	Inadequate internal controls may adversely affect the continuity or effectiveness of internal processes. The impact is specific to each process and its contribution to the continuity of the service. If several processes fail, the cumulative impact might be greater than what is expected.	Internal processes have been standardised in accordance with JCI and other accreditation requirements. Asiri Group of Hospitals maintains proper internal control systems and initiate prompt responses to evolving risks. All the processes are continually reviewed by the Internal Audit Department to ensure that all the risks are being attended to. Audit trails are checked in an appropriate manner and red flags (if any) are raised to draw the attention and ensure proper action is being taken and implemented in a timely manner.
Human resources (People) Service industry, in which the Group operates, is heavily dependent on human resources. Risks may arise from employee negligence, conflict of interest, fraud or misappropriation and due to poorly trained employees. The human capital may be affected through failure to attract, develop, and retain skilled workforce.	Failures in human resource could affect the continuity of business operations. The consequences could be serious, if key executives are lost without suitable replacements in place. Thus ability to recruit and retain qualified and skilled healthcare professionals are crucial for the success of the Organisation.	The Group has introduced a comprehensive recruitment and retention process. Qualified people are recruited after a proper screening. Employee requirements, and satisfaction levels are efficiently and effectively monitored through employee satisfaction surveys. The gaps, if any, are addressed promptly. While ensuring the safety and welfare of employees, our risk management approach is directed towards minimising human related concerns. A succession planning programme is in place which includes; regular training and development, promotions, KPIs, and supervision.

Risk	Potential impact	Mitigation strategy
External events		
External events including natural disasters and other similar types of emergencies that confront organisations on a daily basis which affects the continuity of business.	Some extreme events can interrupt the entire service function whilst keeping the alternate options limited. Unlike other industries, due to the necessity of business continuity in a disaster situation, stretched disaster recovery time may incur more financial and business losses.	Events are identified by analysing historical data and conducting proper assessments based on real time information from external sources. Adequate business continuity measures have been taken to ensure that an uninterrupted service is provided. Additionally the revenue has been insured against uncontrollable events. Regular reviews are undertaken to ensure that adequate insurance covers are available to compensate for revenue loss.
Cyber and information security risk		
The healthcare industry increasingly relies on technology that is connected to the Internet including patient records and lab results. This has raised new concerns with regard to privacy as these records are targeted by cybercriminals. Increasing use of technology has resulted in new levels of complexity and threats such as: security breaches, system failures, malicious attacks, IT fraud, and many other issues.	If systems are disrupted over the Internet by an adversary or an accident, this can have a profound impact on patient care. It would impact continuity of business for the hospital and both monetary and non-monetary losses could be incurred. These attacks are more complex in nature than ever before due to use of Artificial Intelligence (AI). Financial and business losses that could arise due to failure of IT systems are difficult to predict.	Our Information Security policies and procedures have been developed based on ISO:27000 and we have deployed numerous controls at both database and application levels. Information security incident reporting and monitoring have been given prominence while Independent third party reviews and vulnerability assessments are carried out frequently. Preventive maintenance of IT infrastructure, scheduled data backups, off-site storage and round-the-clock IT support by the parent Group are some of the strategies adopted to ensure zero losses of data during a system failure. Regular IT disaster recovery testing is carried out to ensure the resilience.
Technological risk		
Healthcare industry is exposed to frequent technological revolutions and failure to adopt latest technologies will drive the Group towards technological obsolescence.	Inability to adopt the latest pioneering technology could result in loss of customers, leading to fall in revenue and loss of market leadership.	Research and innovations in the healthcare industry are closely followed and we are prompt in adopting the most advanced and innovative technology available for both diagnostics and treatment. Our Group makes regular investments in pioneering technology and training of staff for optimal application of existing technology.
Credit risk		
The risk of default on receivables may arise from a patient failing to make required payments at the time of discharge.	Credit risk will cause disruption to cash flows and will increase collection costs which will ultimately affect the liquidity position.	We evaluate creditworthiness of corporates before granting extended credit facilities, educate customers of the services and associated costs and check validity of patient's insurance policies at the time of patient registration. Interim bills are issued for inpatients to facilitate periodic bill settlements.

Risk	Potential impact	Mitigation strategy
Interest rate risk Interest rate risk exists in interest-bearing liabilities, such as loans and overdrafts where the financial expenses will increase due to increased interest rates.	The Group has obtained multiple facilities from various banks for working capital, capital expenditure and investments. Fluctuations of interest rates will adversely affect the business by increasing financial costs and affect the capital structure and strategic decisions adversely.	Close monitoring and supervision of macroeconomics trends are done to understand the market behaviour and to enable firm decision-making. To mitigate the impact of Interest rate risk, more consideration is given to maintain minimum interest spreads during when the rates are declining while fixed rates are encouraged during rising periods.
Legal and compliance risk In a highly regulated, high risk industry like healthcare, compliance is especially important. Compliance risk arises 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 are difficult to predict or quantify. In addition to complying with the Colombo Stock Exchange, Securities and Exchange Commission of Sri Lanka and Companies Act disclosure requirements, the Group also complies with Sri Lanka Accounting Standards. Non-compliance would cause severe reputation damage as well.	Our team is committed to address the wide range of legal and compliance issues that must be considered in identifying, managing, minimising, and avoiding adverse legal risks, and to attain and maintain compliance with healthcare statutory and regulatory obligations. We are engaged in good corporate practices which ensure the transparency, compliance with laws, and regulations and ethical business in all affairs with stakeholders. Related Party Transaction Review Committee has been established to assure the highest level of integrity and transparency.

Our Impact

Caring for Patients

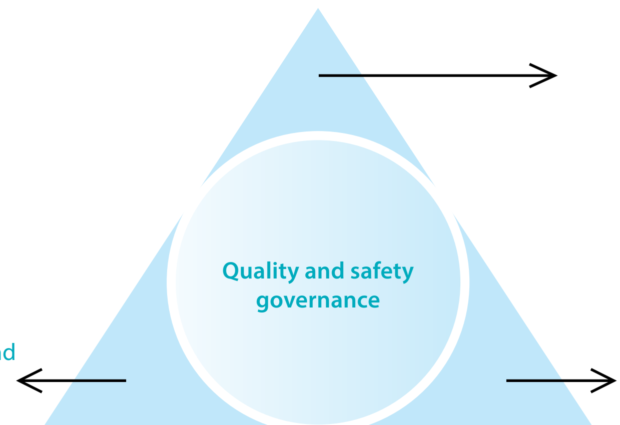
Each year over a million patients patronise our hospitals seeking quality treatment. We continually strive to provide the highest quality care in the safest possible environment. Through investments in cutting-edge technology, state-of-the-art infrastructure, process enhancements, stringent quality standards, and a team of qualified and competent staff, we continuously enhance the value delivered to our patients.

COMMITMENT TO QUALITY AND SAFETY

Nurturing a patient-centric culture, Asiri Health has built a system of care delivery focused on safety, quality, and the patient experience. We are deeply committed to excellence in patient safety and clinical care and continually strive to improve clinical outcomes. Asiri Health's quality and safety framework serves as a formal mechanism to implement the Group-wide quality and patient-safety strategy. The framework includes three aspects; quality improvement, risk management, and safety culture.

Quality improvement

- Annual quality improvement plan
- Clinical Performance Indicator dashboard
- Quality improvement-related mandatory training programme
- Quality improvement projects
- Quality indicator plans for each department
- Quality improvement projects
- Ongoing engagement with Medical Officer of Health (MOH) and Public Health Inspector (PHI)



Risk management

- Risk management frame work including clinical and non-clinical risks

Safety culture

- Incident management
- Feedback Review Committee
- Community forum
- Rapid response teams and resuscitation committee for deteriorating patient management

ACCREDITATIONS

Asiri Group of Hospitals has obtained several local and global accreditations reflecting our ongoing commitment to quality, and our benchmarks against global best practices for safe and effective patient-care. Through these efforts, Asiri Health continuously raises the bar of clinical quality across the healthcare industry.

See page 8 for a complete list of accreditations and certifications.

QUALITY IMPROVEMENT

We foster a "quality culture" in our hospitals, and encourage staff to actively participate in the quality improvement process. Our systems and processes for quality, safety, compliance, and incident-management are geared to ensure every patient entering an Asiri Health facility receives the highest level of clinical care and best possible outcomes. We also work continuously with all our teams, doctors, and partners to ensure our healthcare proposition meets global best practices in the healthcare industry, and adheres to all necessary protocols.

Quality improvement dashboards are implemented across hospitals and in each department, to monitor, assess, and analyse clinical and non-clinical performance indicators. These include global healthcare indicators that are considered mandatory in relation to hospital services. The Quality Team spearheads the implementation of quality parameters across the Group.

Asiri Health's ongoing digitalisation efforts saw significant advances during the year with three of our main systems achieving complete electronic adaptation. Changes to hospital billing, laboratory information, and pharmacy information systems will have a significant impact on the quality of our care, patient safety, and the overall patient experience. We have established downtime management protocols, and have ongoing efforts in place to minimise downtime and manage data integrity.

A CULTURE OF SAFETY

Regular training is provided to ensure employees stay abreast of the latest developments. A safety culture cultivated within the Group has increased reporting and monitoring of issues, errors, incidents, and falls. This enables us to implement processes to prevent the same, and further increase safety. Building a culture of safety is an ongoing process involving training, awareness, and a mindset change for staff across the Group. Staff perception surveys helped identify roadblocks and work toward inculcating a no-blame culture that gives the highest priority to patient and staff safety. Initiatives were also undertaken to improve psychological safety of staff. In particular, effective measures implemented to enhance infection control and minimise needle-stick injuries amongst clinical staff resulted in positive outcomes.

All clinical and surgical units follow strict protocols which ensure we excel at infection control and medication management, resulting in the best care for our patients. From donor selection criteria to standardised manuals for clinical practice, our preoperative, operative and post-op areas are clearly managed according to global protocols. These are audited on a regular basis and success rates are tracked for continuous improvement. Additionally, regular audits are conducted in medication management.

RISK MANAGEMENT

Introduction of globally-accepted risk management tools and protocol for facilities and clinical areas was a key development during the year. Carrying out a comprehensive risk analysis allowed the Group to identify risk associated with all clinical processes, including ICU, theatres, and wards.

THE PATIENT EXPERIENCE

Patient feedback is essential to effect improvements across the Group. During 2018/19, we completely digitalised our patient feedback mechanism with back-end reporting and real-time monitoring. These improvements allow our front-office and customer-care teams to identify ongoing pain-points and potential roadblocks. Live monitoring is coupled with routine feedback reviews and processes for patient engagement, ensuring our patients have a caring, efficient, and comfortable experience at all times. This move enjoyed considerable success with nearly 80% of patients providing feedback during the financial year.

94%
Excellent or Good Patient Satisfaction Rating

Responding to patient feedback and identified pain points, we were able reduce discharge time to one hour, 70% of the time, through forward planning and digital tracking of time taken at each stage of the discharge process. Using a digital dashboard provided greater visibility of the discharge process, allowing multi-disciplinary teams to pre-plan, track, and work together to improve efficiency. Getting our pharmacy online and migrating prescriptions to the system also allowed for significant reductions in processing time.

Financial counselling including bill estimation at admission was expanded to cover all surgical procedures and consultant fees. This gave patients clarity and predictability regarding ultimate costs associated with treatment plans, and was a key transparency improvement that empowered patient decision-making.

COORDINATED HEALTHCARE

Asiri Health continued to expand partnerships with General Practitioners (GPs) for efficient continuation of care. This model facilitates patients to obtain primary care from their GPs and effective secondary care from our hospitals. We worked to improve links between our hospitals and surrounding GPs, ensuring availability of essential medical records, ease of collaboration on diagnoses and report results, and created the space for GPs to stay involved and committed in the care and treatment of their patients. Hospitals established contact-points for GP coordination, and are incorporating a digital platform that would greatly streamline the collaborative process.

While pushing change and innovative ways of work remain challenging, our patients stand to gain from greater collaboration and coordination between the various levels of healthcare provision in the country.

OUR CENTRES OF EXCELLENCE

Asiri Health is proud to be home to many centres of excellence offering cutting-edge care in multiple disciplines. Access to these institutes offers our patients world-class treatment at an affordable price in Sri Lanka.

ASIRI BONE MARROW TRANSPLANT (BMT) UNIT

The pioneering unit in Sri Lanka geared to perform bone marrow transplantation is a JCI (Joint Commission International) accredited facility. It is amongst the best in the South Asian Region and is registered with the international donor registry. The Unit has state-of-the-art infection prevention facilities, an in-house blood bank, and a dedicated facility for outpatient immunotherapy. Since inception in 2014, a total of 48 patients have been treated, 31 of them with Thalassemia, strengthening Asiri BMT Unit's reputation as Sri Lanka's premier facility specialised in curing Thalassemia.

The Asiri BMT Unit is also recognised for Hematology postgraduate studies by the Postgraduate Institute of Medicine in Colombo, which is the first time a private hospital in Sri Lanka has been bestowed such recognition.

ASIRI BRAIN AND SPINE CENTRE

This is the largest fully-fledged world-class facility in Neurosciences, with a CT "Brain Lab" – the only one available in Sri Lanka's private healthcare system. It is the only facility in Sri Lanka with the ability to diagnose, treat, and care for an extensive range of neurological disorders, all under one roof.

The Centre is equipped with world-class Neurological theatres with the latest intra-operative monitoring mechanisms including Neurosurgery microscopes and Neuro-navigation systems. An eminent panel of Neurosurgeons provide cutting-edge treatment facilities on a par with global standards.

The Unit was chosen by the Fellowship of the Royal College of Surgeons (FRCS) as the first overseas venue for the prestigious International FRCS examination in Neurosurgery in February 2018.

ASIRI HEART CENTRES

Asiri Heart Centres are one-stop fully-fledged facilities covering every aspect of cardiac care, from prevention, to diagnosis, and disease management. A comprehensive suite of diagnostic and treatment facilities including non-invasive interventional cardiac and vascular procedures are provided, including a 360º assessment of the patient's potential heart condition. Asiri Health's cardiac care programme provides personalised care from a multidisciplinary team of physical therapists, clinical psychologists, dieticians, and wound care specialists for long-term management of patients' heart conditions. Each Unit maintains a high staff to patient ratio to ensure optimal care.

ASIRI STROKE UNIT

Asiri Stroke Unit is the only fully-fledged stroke care Unit in Sri Lanka with the capacity to offer preventive care, treatment of acute stroke, and therapeutic facilities for ongoing rehabilitation following a stroke, all under one roof.

The JCI accredited facility is the only dedicated Stroke Unit in the Island equipped with clot-busting and clot-retrieval technology for the removal of clots from blood vessels. MRI and CT scanners and the newly introduced biplane digital catheterisation unit at the Asiri Stroke Unit are advanced facilities that apply interventional radiology to ensure accurate diagnoses and administer effective treatment.

ASIRI INTERVENTIONAL RADIOLOGY UNIT

The fully-fledged Unit performs interventional procedures from minor peripheral interventions to complex neuro interventions, with results comparable to any centre of excellence in the world. A team of dedicated and highly trained interventional radiologists, anaesthetists, and supporting staff functions ensure the Unit is operational 24/7. The Unit is equipped with an advanced biplane digital subtraction angiography unit and the patient receiving and recovery areas are located within the Unit to ensure convenience.

ASIRI-AOI CANCER CENTRE

Asiri-AOI Cancer Centre provides precision-driven cancer treatment on collaborative protocols with the University of Pittsburgh Medical Centre, one of the leading providers of oncology treatment in the United States. Following a model of integrated care delivery that is individualised for each patient, the Centre offers the best-in-class care across Medical, Radiation, and Surgical Oncology backed by high end radio diagnosis PET and pathology services. With a multidisciplinary team of highly qualified Clinical specialists, supported by trained and compassionate nursing staff, Asiri-AOI Cancer Centre is at the forefront of delivering excellence in cancer care. The Radiation Therapy Department has a centralised treatment planning centre that provides an accurate treatment plan with optimal radiation focused on all parts of the tumor while sparing other normal tissues.

ASIRI UROLOGY UNIT

Asiri Urology Unit is one of the best, state-of-the-art, dedicated facilities for diagnosis and treatment of urogenital disorders. The Unit functions as a one-stop centre for minor urology procedures and investigations as well as for complex procedures and kidney transplants. The Unit provides a dedicated dialysis unit for out patients and in ward patients. The Unit is served by eminent consultant genitourinary surgeons, and supported by a medical team experienced in Genitourinary care. The Unit is strengthened by the best clinical diagnostics and radiology imaging services.

Technologically advanced investigation facilities including CT scans, MRI scans, urodynamic testing, nuclear medicine studies such as gamma scans and advanced urological surgeries using minimal access techniques are carried out at the Urology Unit.

ASIRI DEPARTMENT OF NUCLEAR MEDICINES (DNM)

Asiri DNM is the only fully-fledged facility in Sri Lanka providing a full range of services in nuclear medicine. The facility provides high-resolution functional imaging to support diagnosis, staging, and information on effective treatment for cancer and other diseases.

Manned by a specialised team of experienced radiologists, radiographers, and physicists, Asiri DNM provides customised investigation protocols to every patient on par with any international facility around the world. The Unit is equipped with the only PET scanner in the private sector and a new Gamma Camera; the most advanced nuclear medicine camera in operation in Sri Lanka, facilitating clinicians to obtain very precise pictures of the body being imaged. Asiri DNM also offers radioactive iodine treatment for patients with Thyroid cancer and Thyrotoxicosis.

Caring for Our People

Our diverse and dedicated team of employees have been key to the success of the Group. Our people deliver on our service promise every day through the delivery of exceptional healthcare services in a compassionate manner. We recruit, develop and deploy the best people in the industry.

PEOPLE MANAGEMENT

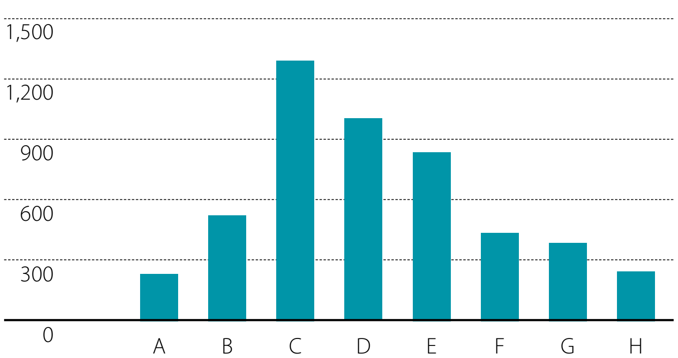
Asiri Health strongly believes that effective people management is essential to deliver quality healthcare services and continuously enhance patient health outcomes. We strive to attract and retain the best-in-class talent, maintain high staff morale, provide opportunities for professional development, and offer competitive remuneration above industry benchmarks. We also nurture a performance-based team culture.

We encourage cross functional interaction to provide an exceptional patient experience. Embracing the high level of interdependency among departments, we deliver holistic patient care through close integration among departments and maintenance of a patient-centric attitude.

OUR TEAM

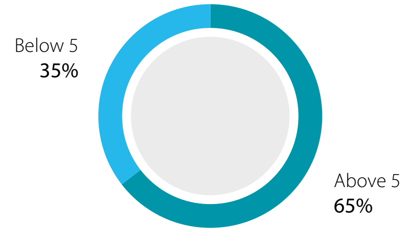
As the largest private healthcare provider in the country, we employ almost 5,000 individuals across our hospitals, laboratories, and supporting services. As part of our expansion in the last few years, we continued to inject fresh energy into our teams, with 35% of our cadre being new to the Group. 45% of our team are below 30 years of age, ensuring we also have a healthy balance between experience and youth. 67% of our team are female, and we have implemented a range of policies and practices to promote diversity, and enable all our employees to excel in the workplace.

STAFF STRENGTH (Nos.)

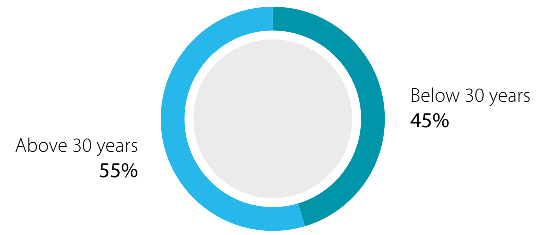


A – Asiri Health (Corporate)
B – Asiri Medical Hospital
C – Asiri Central Hospital
D – Asiri Surgical Hospital (including Asiri-AOI Cancer Centre)
E – Asiri Laboratories (including Asiri Diagnostic Services)
F – Asiri Hospital Matara
G – Asiri Hospital Kandy
H – Asiri Hospital Galle

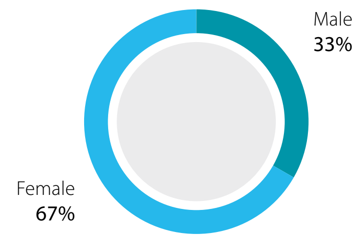
SERVICE ANALYSIS



AGE ANALYSIS



GENDER ANALYSIS



WORKPLACE HEALTH AND SAFETY

Ensuring employee well-being, health, and safety are key priorities at Asiri Health. We have Facilities Management and Safety Committees to ensure a hazard-free and a safe working environment. The committees provide necessary oversight to ensure effective execution of preventive programmes, in particular for infection control, radiation safety, laboratory safety and management of hazardous materials. We have made improvements to health and safety across the Group with accident prevention and sharing of best practices, implementing initiatives to raise awareness on safety and well-being topics.

All work-related accidents and incidents are recorded by the incident command centre and further investigated by the Group Environment, Health, and Safety (EHS) Department to identify root causes and recommend necessary corrective action.

A safety culture is nurtured across the Group, obtaining employee perception, and providing necessary training and awareness on safety aspects. The culture benefits patients and staff at all levels. Needle stick injuries amongst clinical staff was minimised during the year by adopting effective measures for needle disposal.

TRAINING AND DEVELOPMENT

We continue to invest in our people with adequate and requisite training to enhance their performance and support personal career growth. In line with the dynamic needs of the healthcare industry and the long-term objectives of Asiri Health, we equip our people through structured and ad-hoc training programmes based on individual training need assessments carried out during performance appraisals.

Each employee has a training passport, which captures their training history and helps identify future training requirements. It is mandatory for all new recruits to follow the induction programme to learn the demands of the job and integrate with the Group culture. Based on an annual training needs analysis, safety and quality standards, focused training and development activities are organised to improve the skills of our people to fulfil the Group's mission of delivering exceptional patient care and optimising the patient experience. Clinical staff follow basic life-support training which is an essential aptitude for their job role. In order to provide flexible and effective training sessions to suit a wide variety of our employees, we have embarked on implementing electronic modules into our modes of training.

Training details for FY 2018/19

	Number of programmes	Total number of man-days
Clinical training	370	1,555
Non-clinical training	829	5,434
Total	1,199	6,989

Asiri School of Nursing – A Ministry of Health accredited training facility, provides a three-year residential programme with State-approved curricula and exams. It is esteemed for its level of teaching and the high standard of nursing capability delivered. All trainee nurses are required to complete the three-year Diploma course at the Nursing School and are given on-the-job training – A crucial component of our talent development model. Nursing staff comprise the largest percentage of the Group's workforce. We support the professional development of our nurses through on-the-job experiential learning, in-house programmes, external training and overseas training opportunities for selected talent in the Group. In 2018, 37 nurses graduated from the school, the 47th batch to do so since inception of the school in 1986.

Underpinned by Asiri Health's succession planning strategy, suitable employees are provided with leadership training with access to mentoring and coaching opportunities that groom them for senior roles and greater responsibility in the future. Potential employees are also selected for education, grants, and sponsorships.

TACIT KNOWLEDGE

Operating in the healthcare industry since 1980, Asiri Health has accumulated a wealth of expertise in medical and clinical care. The majority of our employees have been with the Organisation for over 10 years, and makeup a great reservoir of tacit knowledge which is an aspect of the long-term accumulated learning process. This is an important driver of innovation and provides our Hospitals with a competitive edge. Through quality initiatives, sharing of learning experiences, and by capturing learnings through regular reports, we strive to formalise and share such tacit knowledge across the Group.

DIVERSITY AND INCLUSIVITY

We pride ourselves in being an equal opportunity employer without discrimination on any basis, inclusive of race, religion, age, or gender. This is because we strongly believe that inclusion promotes diversity of thought, brings new ideas, and leverages a range of perspectives that enrich the care and service we provide. Hence, we strive to create an inclusive workplace with the capacity to attract and retain clinical and non-clinical talent.

The principle of equality, fairness, and meritocracy is applied to every aspect of the employment cycle, covering recruitment, retention, promotion, and exit. Exemplifying our commitment to the above, we promote equal pay between men and women and have implemented a range of policies to achieve gender equality, fairness, and meritocracy in the workplace.

BENEFITS AND REWARDS

Asiri Health maintains unbiased remuneration schemes, on par with market standards and in compliance with regulatory policies.
In addition to the remuneration, all Asiri Health employees are entitled to a comprehensive range of benefits and rewards as given below:

- Flexible working hours
- Subsidised accommodation on a need basis
- Staff meals at subsidised rates
- Staff discounts offered by the Softlogic Group of Companies
- Comprehensive Life and Personal Accident Cover medical insurance
- Crèche facilities
- Book donation scheme for children of staff members
- Counselling services
- Staff medical scheme
- Safe working environment

We nurture a strong performance culture to ensure staff are aligned with our business strategy and values. A formal performance review is conducted at the end of each financial year, which creates a fair and level playing field, offering meaningful professional development and delivers rewards commensurate with performance. Employees are appraised, evaluated and rewarded for their contribution to the Group's operating, strategic and financial performance.

EMPLOYEE ENGAGEMENT AND FEEDBACK

Employee engagement is promoted through staff engagement activities including staff get-togethers, cultural days (such as Vesak Bhakthi Gee), international day celebrations (such as nursing days), and dedicated days to get involved in clinical and non-clinical activities. We also organised Christmas Carols, quizzes, and competitions that promote cohesion and enhance employee knowledge.

We also strive to create a cohesive team culture by improving communication between management and staff and disseminating information effectively across the Group. A formal grievance-handling mechanism is also in place to address employee grievances.

Employee perceptions are obtained through employee satisfaction surveys conducted on a periodical basis. Results are collated by the Human Resources Department and corrective action taken in collaboration with cross-functional teams and Management to address areas of concern.

Caring for Communities

As a responsible corporate in the healthcare industry, we have embraced our duty to contribute to the well-being of society. We share our knowledge and expertise for the betterment of the community through efforts operationalised across multiple platforms.

ACCESS TO HEALTHCARE FOR THE UNDERPRIVILEGED

Our flagship community project is the free-heart surgery initiative that enables underprivileged children to receive free surgery and aftercare through the Asiri Surgical Cardiac Care Unit. The patients for the initiative are identified through free health clinics conducted by Asiri Heart Centre in remote areas, or through referrals received from the Lady Ridgeway Children's Hospital.

The initiative has supported 195 children since it was launched in 2011. An average of three surgeries are performed per month.

FREE HEALTH CLINICS

With the aim of raising awareness regarding matters of critical importance in the present healthcare environment, the following free healthcare clinics were conducted during FY 2018/19.

Free consultation clinic	Number of clinics held	Location	Number of beneficiaries
Brain and Spine Clinic	50	Asiri Central Hospital	584
Antenatal programme	36	Asiri Medical Hospital	387
Asiri Breast Care Clinic	69	Asiri Central Hospital	322
Well Woman Clinic	27	Asiri Medical Hospital	68
Total	182		1,361

CONTINUOUS MEDICAL EDUCATION PROGRAMME (CME)

Asiri Health's CME programme is rolled out as special knowledge-sharing or topic-based discussion forums that enable Medical Officers and nurses to enhance their knowledge on current developments. This is often held in collaboration with industry stakeholders.

COMMUNITY FORUM

In order to ensure adequate dialogue with key stakeholders on activities of the hospital, we have set up a community forum to address our impact in the communities we operate, obtain their suggestions on services to provide, and improve service standards and communication tools. The forum comprises representatives from Asiri Health, local police, the Medical Officer of Health (MOH), Public Health Inspectors (PHIs), local community associations such as trishaw-drivers' associations, local schools, and corporates in the neighbourhood. The forum meets quarterly to assess and ensure the safety of the community. A safety walk is conducted every week by the safety committee to ensure a clean and safe environment in the neighbourhood.

MEDICAL INTERNSHIP PROGRAMME

Through the Asiri Health formal structured internship programme, approximately 110 interns were granted the opportunity to complete mandatory internship required for a degree programme in FY 2018/19. University undergraduates were given vital exposure in clinical practice and healthcare administration.

ONE-STOP SHOP FOR GOVERNMENT SERVICE PERSONNEL

Asiri Health has set up a designated counter to serve public service personnel who patronise our hospitals. They are covered by the "*Agrahara*" medical insurance scheme which is obtained by paying premiums deducted from their monthly salaries. Under the scheme, policyholders are entitled to certain medical benefits which can be obtained from any of the Asiri Hospitals. To offer a premier service, we have set up a designated counter at each of our hospitals to expedite applications and deliver a seamless service. We are one of the first hospitals in Sri Lanka to provide such a service to public service personnel while also serving a wide swathe of communities across the island due to wide geographical reach.

Target group	Topic	Number of participants	Date
Medical professionals	CME on Acute kidney injury	126 +	3 April 2018
Medical professionals, Clinical staff	CME Update on Bone Marrow Transplant in Sri Lanka	157	2 May 2018
Medical professionals	Apes evolution and Back-pain management	97 +	20 June 2018
Medical professionals	Minimally Invasive Cardiac Surgery	94 +	17 July 2018
Medical professionals	Chest pain and cardiac management	86	15 September 2018
Clinical paramedics	Palliative Care	288 +	15 March 2019
Medical professionals	Living and dying with dignity	143 +	31 March 2019

Caring for the Environment

As a responsible corporate citizen, Asiri Health believes in safeguarding the environment in which it operates. The Group is fully committed to conduct operations in compliance with all environmental regulations pertaining to the healthcare industry. We ensure minimal negative impact for the environment through our operations.

Having identified that the greatest environmental impact of our business arises from energy consumption and waste generation, we have integrated environmentally sustainable practices into our daily activities. The following efforts enable us to strengthen environmental sustainability.

ENERGY MANAGEMENT

As a Group with multiple hospitals that operate 365 days a year, and a large network of laboratories across the island, Asiri Health is an energy intensive institution. Approximately 75% of annual overheads comprise the energy cost, and we continuously strive to reduce our energy bill which would also have a positive impact on our bottom line. We have implemented guidelines that underpin our long-term energy reduction targets. Monitoring energy consumption across all divisions of the Group is an essential aspect of our energy management strategy. This helps us to deploy energy efficient initiatives across the Group and continuously assess the effectiveness of measures for improvement.

Ongoing investments in energy efficient equipment and special projects reinforce our commitment to effective management of energy. We continued our efforts in upgrading to energy efficient lighting and cooling solutions across the Group. We have also raised awareness, trained, and strengthened accountability for employees in line with the Group's energy management programme, which is critical for successful implementation.

Adoption of energy management processes and establishing set points in chillers have improved efficiency and helped reduce energy consumption.

Electricity consumption (kWh)	**2018/19**	2017/18	YoY variance (%)
ASH	**5,283,391**	5,357,410	(1)
AMH	**2,059,180**	2,753,880	(25)
ACH	**6,197,100**	6,312,066	(2)
AHM	**995,292**	912,197	9
Total	**14,534,963**	15,335,553	(5)

WASTE MANAGEMENT

As a large healthcare institution with a footprint across multiple districts, a considerable volume of waste is generated across the Group every day, which can contribute to environmental hazards. Our waste management programme is geared to minimise such harmful impact on the environment.

We segregate waste based on categories in multiple colour-coded bins for easy identification. The 3R (Reduce, Reuse, Recycle) concept is an important aspect of our waste management programme. However, for safety reasons, hazardous waste is not recycled. All clinical waste is sent for incineration to Central Environmental Authority (CEA)-approved contractors. E-waste and Mercury waste are also disposed appropriately through CEA-approved contractors.

With a collaboration between Asiri Surgical Hospital (ASH), CEA, Colombo Municipal Council (CMC) and the National Solid Waste Management Centre, a project was initiated to dispose non-hazardous solid waste in an environmentally sustainable manner. We have set up effluent treatment plants at our hospitals, which adhere to waste water treatment requirements set by the CEA.

Through internal policies and coordinated actions, we have built a culture of waste minimisation and improved waste recycling rates.

Recyclable items recovered from non-clinical waste (Kg)	**2018/19**	2017/18	YoY variance (%)
ASH	**23,666**	19,214	23
AMH	**4,191**	2,151	95
ACH	**17,100**	16,800	2
AHM	**9,908**	9,769	1
Total	**54,865**	47,934	14

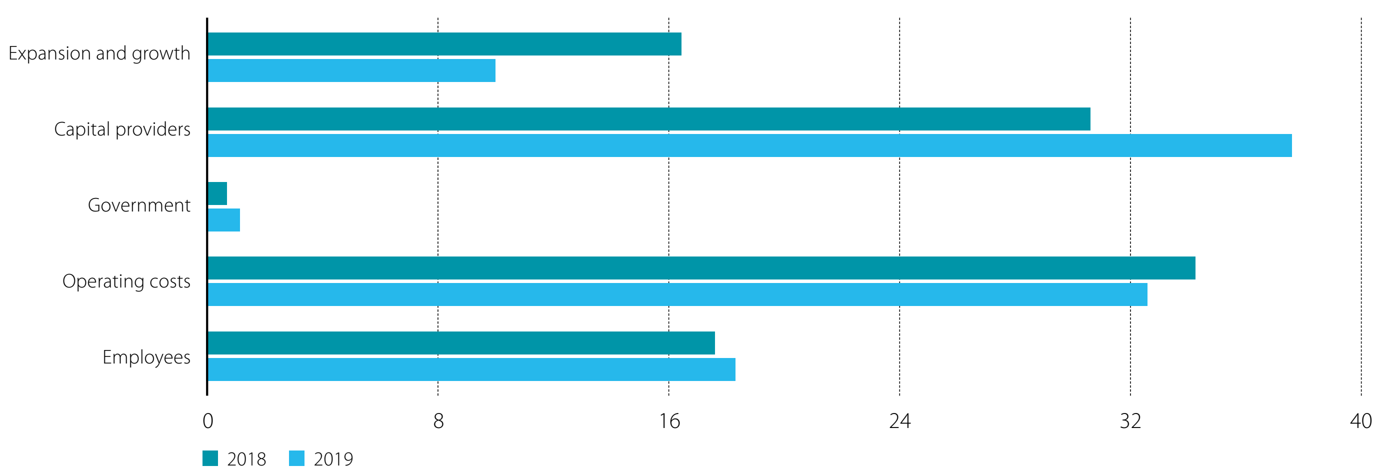
Economic Value Added Statement

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

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

	31 March 2019 LKR '000	Percentage %	31 Mar 2018 LKR '000	Percentage %
Direct economic value generated				
Turnover	4,194,654	77	3,731,903	72
Finance income	106,264	2	42,164	1
Other income	1,115,086	21	1,397,120	27
	5,416,004	100	5,171,187	100
Economic value distributed				
To employees				
Employee wages and benefits	967,708	18	914,158	18
Operating cost				
Other operating expenses	1,722,491	32	1,910,632	37
Payments to Government				
Taxes paid	61,840	1	37,551	1
Payments to providers of capital				
To lenders as interest	1,076,428	20	906,274	18
To shareholders as dividends	910,027	17	682,520	13
Value retained for expansion and growth				
Depreciation	148,390	3	144,434	3
Retained earnings	529,120	9	575,616	17
	5,416,004	100	5,171,187	100

DISTRIBUTION OF ECONOMIC VALUE ADDED (%)



How We Manage

Board of Directors

Mr Richard Ebell
Director

Mr Harris Premaratne
Director

Mr Ankur Thadani
Director

Dr Sivakumar Selliah
MBBS, M Phill
Deputy Chairman

Mr Ashok Pathirage
Chairman/Managing Director

Dr Manjula Karunaratne
MBBS, MSc (Trinity, Dublin), Dip. MS Med (Eng) MSOrth Med. (UK)
Group Chief Executive Officer

Mr Vishal Bali
Director

Mr Samantha Rajapaksa
Director

MR ASHOK PATHIRAGE

Chairman/Managing Director

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

He also serves as the Chairman of Softlogic Capital PLC and Softlogic Finance PLC in addition to the other companies of the Group. He is also the Deputy Chairman of National Development Bank PLC and the Chairman of NDB Capital Holdings Limited.

DR SIVAKUMAR SELLIAH

MBBS, M Phill
Deputy Chairman

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

Dr Selliah is currently the Deputy Chairman of Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC and Central Hospitals Private Ltd. He is a Director of Lanka Tiles PLC, HNB Assurance PLC, Softlogic Holdings PLC, ODEL PLC, Lanka Walltiles PLC, Lanka Ceramic PLC, ACL Cables PLC, Swisstek (Ceylon) PLC and Swisstek Aluminium (Pvt) Ltd. Dr Selliah is also the Chairman of JAT Holdings (Pvt) Ltd., Vydexa (Lanka) Power Corporation (Pvt) Ltd. and Cleanco Lanka (Pvt) Ltd.

Dr Selliah serves on the Audit Committee, Investment Committee, Strategic Planning Committee, Related Party transactions Committee and Human Resource and Remuneration Committee which are subcommittees of the Board, of some of the companies listed above.

DR MANJULA KARUNARATNE

MBBS, MSc (Trinity, Dublin), Dip. MS Med (Eng) MSOrth Med. (UK)
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 the Asiri Group. He also serves on the Boards of Central Hospital Ltd., Asiri Central Hospitals Ltd., Asiri Hospital Matara (Pvt) Ltd., Asiri Hospital Galle (Pvt) Ltd., Asiri Diagnostic Services (Pvt) Ltd., and Asiri Hospital Kandy (Pvt) Ltd.

He previously held the positions of Medical Director, Asiri Hospital Holdings PLC (1996-2000) and was Chief Operating Officer, Asiri Hospitals Group during the period 2006-2014.

He possesses over 30 years of experience in the field of healthcare, and is responsible for the overall medical policy of the Group. Under his guidance the Group has introduced over twenty new medical procedures and technologies to Sri Lanka amongst which are the country's first Bone Marrow Transplant Unit, first Minimally Invasive Cardiac Surgery service, first fully fledged Stroke Unit with facilities for "clot retrieval" and a high end Interventional Radiology service. In addition a 'live donor' Liver Transplant service is currently being set up.

MR HARRIS PREMARATNE

Director

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

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

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 Messrs Ernst & Young. He went on to serve as Director/General Manager at Informatics International.

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

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

Mr Rajapaksa thereafter in 2012 took up the position of Group Managing Director of Associated Motorways (Pvt) Ltd.

Mr Rajapaksa currently serves as the Group Executive Director of the Informatics Group of Companies, Chairman of Kitra Holdings (Pvt) Ltd. and the Rakuen Group of Hotels. He also currently serves as Director of Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC and as President of the Sri Lanka – USA Business Council.

He is also the recipient of the Platinum Honours Award in recognition of Professional Excellence in the field of Management from the Postgraduate Institute of Management from the University of Sri Jayewardenepura.

MR RICHARD EBELL

Director

Fellow of The Institute of Chartered Accountants of Sri Lanka and of the Chartered Institute of Management Accountants, UK. Holds a Diploma in Marketing from the Chartered Institute of Marketing, UK. Has 40+ years of experience in finance, operations and Board roles after qualifying as a Chartered Accountant in 1977.

A Past President of CIMA, Sri Lanka Division. Engaged in setting up a fluently running Audit Committee Forum in mid-2014, and serves as a Committee member of a more recently established Independent Directors Forum. Presently an Independent Non-Executive Director of Cargills Bank Ltd. and Chairman of its Audit Committee, having served in the same capacities on other listed and regulated entities in the past.

MR VISHAL BALI

Director

Mr Bali brings with him 27 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 Day Care Speciality in diversified geographies of India, Australia, New Zealand, Hong Kong, Singapore, Vietnam, Sri Lanka and Dubai has given him the exceptional opportunity to transform healthcare businesses in both developing and developed countries.

Mr Bali is currently Asia Head – Healthcare , TPG Growth which is amongst the leading private equity firms globally. He is also Executive Chairman, Asia Healthcare Holdings.

Prior to his current assignment he was the Group CEO for Fortis Healthcare Limited which is the leading provider of healthcare services in India with a network of 68 hospitals and had earlier built Asia's leading integrated healthcare delivery system with presence across 12 countries and a human capital base of more than 20,000 people and $1.2 Bn. annualised revenues. His earlier roles also include CEO for Fortis Healthcare International in Singapore and CEO for Fortis Hospitals in India. His past assignment also includes spearheading the growth and transformation of Wockhardt Hospitals from a single hospital to one of India's largest speciality hospital chains as its CEO and Managing Director. He has successfully led post merger integration and divestments of multiple healthcare delivery assets in different countries. His expertise in integrating healthcare strategy with operations and management has set industry benchmarks. Mr Bali completed his Bachelors in Science and Post graduation in Business from Bombay University and completed an advance programme in hospital management from Harvard Medical, Boston. He sits on the Board of leading healthcare organisations and has been an invited member of the Strategic Initiatives Group of Joint Commission International, US and a past member of the Global Agenda Healthcare Council of the World Economic Forum. His keen interest in education and globalisation of healthcare takes him to leading Healthcare Education Institutes and Business Schools globally which include case studies at the Harvard Business School. He is an active member of various Industry bodies and globally recognised industry public speaker.

MR ANKUR THADANI

Director

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

Group Senior Management Team

1. **Dr Hasanthie Iddamalgoda**
   Medical Director
   Asiri Medical Hospital

2. **Ms Indresh Puvimanasinghe Fernando**
   Chief Process Officer

3. **Dr Uthpala Malawara Arachchi**
   Medical Director
   Asiri Hospital Kandy

4. **Mrs Thelani Weerasinghe**
   Director Nursing

5. **Ms Mihiri Cabandugama**
   Director Strategic Planning and Laboratory Development

6. **Mr Ajith Karunarathne**
   Chief Financial Officer

7. **Mrs Hasanthi De Saram Karandagaspitiya**
   Director Human Resources

8. **Mr N P John**
   Director Laboratory Services

9. Dr Ruwan Senatilleke
Medical Director
Asiri Central Hospital

10. Mr Nihal Rathnayake
Director Operations
Asiri Central Hospital

11. Dr Samanthi De Silva
Director Operations
Asiri Medical and Surgical Hospitals,
Asiri Hospitals Matara, Galle and Kandy

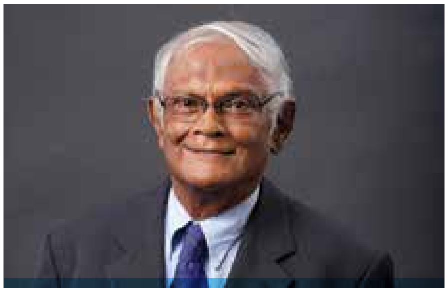
12. Mr N P Pasqual
General Manager
Asiri Hospital Kandy

13. Dr Mahesh Kandambi
General Manager
Asiri Hospitals Matara and Galle

14. Dr Champika Bogahawatte
Medical Director
Asiri Surgical Hospital

15. Mrs Rochelle Rode De Silva
Director Marketing

Group Consultant Medical Team



Dr S D Athukorala
Consultant Clinical Bacteriologist

Prof L R Amarasekara
Consultant Histopathologist

Dr Y K M Lahie
Consultant Cardiothoracic Surgeon

Dr Anil Perera
Consultant/Head – Department of Anaesthesiology – Asiri Medical and Surgical

Dr Himaru Wirithamulla
Consultant General Surgeon

Dr Thushara Fernando
Consultant Anaesthesiologist

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

Dr Gayani Senanayake
Consultant Anaesthesiologist

Dr Hiranthi Abeysinghe
Consultant Anaesthesiologist

Dr Vernon Manil Fernando
Consultant Orthopaedic Surgeon

Dr Rangika Goonaratne
Consultant Eye Surgeon

Dr Saman Perera
Consultant Radiologist

Dr Lallindra Gooneratne
Director – Bone Marrow Transplant and Clinical Haematology Unit – Asiri Central Hospital

Dr Rohini Ranwala
Clinical Director – Department of Neuroscience – Asiri Central Hospital

Dr Gulpa Subasinghe
Consultant Radiologist

Dr Sumedha Amarasekara
Consultant Orthopaedic Surgeon

Dr Darshani Amarasinghe
Consultant Anaesthesiologist

Dr Stella Fernando
Consultant Anaesthesiologist

Dr Romanie Nishanthi Fernando
Consultant Obstetrician and Gynaecologist

Dr Dinesh De Silva
Consultant Eye Surgeon

Dr V P Gamage
Consultant Surgeon

Dr Chrishantha Mendis
Consultant/Head – Department of Anaesthesiology – Asiri Central Hospital

Dr Vivek Guptha
Senior Consultant Cardiothoracic – Surgeon

Dr Shantha Hettiarachchi
Consultant/Head – Department of Radiology – Asiri Medical and Asiri Surgical Hospital

Dr Lakmali Paranahewa
Consultant/Head – Department of Radiology – Asiri Central Hospital

Dr Sunil Perera
Consultant/Head – Department of Neuroscience – Asiri Central Hospital

Dr Kantha Samarawickrema
Consultant/Head – Department of Nuclear Medicine

Dr Ajith Karunaratne
Senior Consultant Cardiothoracic Surgeon

Dr Shama Goonathilake
Consultant Clinical Oncologist – Asiri AOI Cancer Centre (Pvt) Ltd.

Dr Rajeeva Pieris
Consultant Cardiothoracic Surgeon

Prof Vajira Dissanayake
Consultant Medical Geneticist

Dr Menik Goonewardhene
Consultant Neonatologist

Dr Thurul Attygalle
Resident Physician – Stroke Unit

Dr Gitanjali Jayathilaka
Consultant Anaesthesiologist

Dr Nihal Wijewardhana
Consultant Interventional Radiologist

Dr Philomena Chandrasiri
Consultant Microbiologist/Head of Infection Control

Dr Natasha Peiris
Consultant Resident Physician

Dr Kalyani Miranda
Consultant Radiologist

Dr Dishna De Silva
Consultant Paediatrician

Dr Nimali Puwakwaththa
Consultant Anaesthesiologist

Dr Sujatha Pathirage
Consultant Microbiologist

Dr Udeni Dissanayake
Consultant Eye Surgeon

Dr Champika Abeysinghe
Consultant Anaesthesiologist

Dr K Chandrasekher
Family Physician

Corporate Governance Report

BOARD OF DIRECTORS

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

BOARD COMPOSITION

The Board consists of eight Directors, with a split between 2 Executive and 6 Non-Executive Directors, out of whom 4 are Independent. The composition of the Board is in compliance with the Corporate Governance Rules of the Colombo Stock Exchange. The Directors provide the objectivity and are equipped with the skills and experience required to discharge their responsibilities in an effective manner. (Refer to pages 58 and 59 for the full profiles of the Directors)

RESPONSIBILITIES OF THE BOARD

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

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

APPOINTMENT AND RE-ELECTION TO THE BOARD

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

BOARD MEETINGS AND ATTENDANCE

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

CHAIRMAN

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

REMUNERATION OF THE BOARD

The remuneration of the Directors is determined by the Board and is disclosed on page 101 of this Annual Report.

COMPANY SECRETARY

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

BOARD COMMITTEES

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

AUDIT COMMITTEE

Duties and responsibilities	Composition
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.	**Chairman** Mr R A Ebell Independent Non-Executive Director **Committee members** Mr G L H Premaratne Independent Non-Executive Director Mr S A B Rajapaksa Independent Non-Executive Director **Frequency of meetings** Committee meets quarterly

REMUNERATION COMMITTEE

Duties and responsibilities	Composition
Provide recommendations to the Board on the following: • Remuneration policy for Executive Directors • Remuneration policy and specific incentives for certain Senior Executives • Employee benefits and long-term incentive schemes Principles governing the Group's remuneration policy • To deliver improved shareholder value by ensuring that individual performance and reward reflect and reinforce the business objectives of the Group • To support the recruitment, motivation and retention of high quality Senior Executives • To ensure that performance is the key factor in determining individual reward • To communicate the reward structure clearly and effectively to Executives and shareholders	**Chairman** Mr G L H Premaratne Independent Non-Executive Director **Committee member** Dr S Selliah Independent Non-Executive Director **Frequency of meetings** Committee meets once a year

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Duties and responsibilities	Composition
• 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	**Chairman** Mr S A B Rajapaksa Independent Non-Executive Director **Committee members** Mr G L H Premaratne Independent Non-Executive Director Mr R A Ebell Independent Non-Executive Director **Frequency of meetings** Committee meets quarterly

INDEPENDENCE OF THE DIRECTORS

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

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

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

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

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 and having served on the Board of the Company continuously for a period exceeding nine (9) years from the date of their first appointment.

COMPLIANCE WITH CORPORATE GOVERNANCE RULES OF THE CSE

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

Section	Criteria	Has the company met the criteria
7.10.1	Non-Executive Directors	Complied with. Out of 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 S A B Rajapaksa meet all the criteria except one and Mr G L H Premaratne meet all the criteria except two.
7.10.5	Remuneration Committee	Complied with. Comprises two Independent Non-Executive Directors. The names of the members of the Committee are given in the page 67 of the Annual Report.
7.10.6	Audit Committee	Complied with. Comprises three Independent Non-Executive Directors. The names of the members of the Committee are given in the page 67 of the Annual Report. The report of the Committee is given on pages 70 and 71. 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 Group of Hospitals:

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

MEMBERS:

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

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

Dr Arittha Wickramanayake
(Attorney-at-Law/Precedent Partner, Nithya Partners)

Dr Siva Selliah
(Deputy Chairman of Asiri Group of Hospitals/Senior Lecturer, Department of Physiology, Faculty of Medicine, University of Kelaniya)

Prof Kemal I Deen
(Consultant General Surgeon – Intestinal)

Dr Indrani Amarasinghe
(Consultant Oncologist)

Prof Chandani Wanigatunga
(Professor in Pharmacology and Consultant Physician)

Dr Kamal Weerapperuma
(Company Director)

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

Prof Rohan Jayasekara
Chairman – Ethics Committee

25 June 2019
Colombo

Audit Committee Report

SCOPE OF THE COMMITTEE

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

COMPOSITION OF THE COMMITTEE AND MEETINGS

The Audit Committee is appointed by the Board of Directors and comprises three Independent Non-Executive Directors. Their names are stated in the Corporate Governance Report on page 67.

Mr J E Huxtable ceased to be a Director of Asiri Hospital Holdings PLC on 28 December 2018 and Mr R A Ebell was appointed as a Director on 1 January 2019. Mr Ebell was appointed as the Chairman of the Committee on that date, the position previously held by Mr S A B Rajapaksa.

The Audit Committee met on six occasions during the year under review. The activities of the Audit Committee are reported quarterly to the Board of Directors.

The attendance at Audit Committee meetings was as follows:

Name of Director	Attendance
Mr R A Ebell (member/Chairman from 1 January 2019)	2/2
Mr S A B Rajapaksa (Chairman to 31 December 2018)	5/6
Mr G L H Premaratne	6/6
Mr J E Huxtable	3/4

The Group Manager – Audit and the Chief Financial Officer of Asiri Group of Hospitals were permanent attendees at these meetings, as were the Group Head of Risk and Audit and the Group Chief Financial Officer of Softlogic Group. The Director of Operations of Asiri Group of Hospitals and the External Auditors attended meetings by invitation when required and the Company Secretary, Softlogic Corporate Services served as Secretary to the Committee.

DUTIES AND RESPONSIBILITIES

The duties of the Audit Committee include –

- Oversight of preparation, presentation and adequacy of disclosure in the Financial Statements, in accordance with applicable laws, regulations and accounting standards.
- Oversight of processes directed towards ensuring internal controls and risk management procedures are adequate and effective.
- Monitoring and reviewing the effectiveness of the internal audit function.
- Assessing the Company's ability to continue as a going concern in the foreseeable future.
- Assessing the independence and performance of the Company's External Auditor.

The committee discharges the following responsibilities:

Financial Statements, Financial Reporting Process and Accounting Policies	The Audit Committee reviews: • The quarterly and annual Financial Statements prior to publication. • The appropriateness of Accounting Policies applied. • Significant estimates and judgements made by the Management. • Compliance with Accounting Standards and regulatory requirements. • Issues arising from the internal audit and independent external audit. • The Company's ability to continue as a going concern.
Internal Controls and Risk Management	The Audit Committee reviews and assesses: • The internal control environment and areas of significant risk. • The effectiveness of internal control systems, including information technology security and control. • Policies and practices on risk assessment and Management, directed towards ensuring a sound system of internal control is in place. • Internal and External Auditor's reviews of internal control over financial reporting and their reports on significant findings and recommendations, alongside Management's responses.

Internal Auditing	The Audit Committee reviews and approves: • The internal audit charter. • The internal audit budget and resource plan including staffing and organisational structure of the function. • The annual audit plan, major changes to the plan and the internal audit activity's performance against the plan, ensuring there are no unjustified restrictions or limitations on their activity.
IT Systems Auditing	The Audit Committee reviews and assesses: • The effectiveness and efficiency of Information System Audits on IT operations, technologies, systems, structures and processes. • The protection of IT assets in terms of integrity, confidentiality and availability. • The effectiveness of IT risk management measures in place. • IT Governance activities.
External Audit	The Audit Committee: • Reviews the External Auditor's audit scope and approach, including coordination of audit effort with internal audit. • Reviews the performance, independence and objectivity of the External Auditor. • Makes recommendations to the Board pertaining to the appointment, reappointment and removal of External Auditors and their remuneration and terms of engagement. • Seeks to resolves disagreement between management and the External Auditor regarding financial reporting.
Compliance	The Audit Committee reviews: • The effectiveness of the system for monitoring compliance with laws and regulations and the results of Management's investigations. • The findings of examinations by regulatory agencies and Auditor's observations. • The process for communicating the code of conduct to Company personnel and monitoring compliance therewith. • Updates from Management and Company legal counsel regarding compliance.

The Audit Committee recommends to the Board of Directors that Messrs Ernst & Young be re-appointed as Auditors of the Company for the financial year ending 31 March 2020, subject to the approval of the shareholders at the Annual General Meeting.

R A Ebell
Chairman – Board Audit Committee

25 June 2019
Colombo

Remuneration Committee Report

The Remuneration Committee is a subcommittee of the Board constituted under the Company's Corporate Governance policies for the purpose of recommending and endorsing the remuneration of Senior Management. The members of the Committee comprise two Independent Non-Executive Directors. The names of the Committee members are stated in the Corporate Governance Report on page 67.

The remuneration policy is designed to reward, motivate and retain the Company's executive team, with market competitive remuneration and benefits, to support the continued success of the business and creation of shareholder value. Accordingly, salaries and other benefits are reviewed periodically taking into account the performance of the individual and industry standards.

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

The Directors' emoluments are disclosed on page 101.

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

G L H Premaratne
Chairman – Remuneration Committee

25 June 2019
Colombo

Related Party Transactions Review Committee Report

PURPOSE

The Related Party Transactions Review Committee was established by the Board in order to comply with the Listing Rules of the Colombo Stock Exchange governing related party transactions in respect of listed companies as per the Code of Best Practice on Related Party Transactions 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 31 March 2019:

- Mr S A B Rajapaksa – Independent Non-Executive Director (Chairman)
- Mr G L H Premaratne – Independent Non-Executive Director
- Mr R A Ebell – Independent Non-Executive Director

Mr S A B Rajapaksa assumed the Chairmanship of the Committee on 28 December 2018. Mr J E Huxtable was the Chairman and Member of the Committee from 1 April 2018 to 28 December 2018.

Mr R A Ebell was appointed to the Committee on 1 January 2019.

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.

ATTENDANCE AT MEETINGS

Name	Attended/ Eligible to attend
Mr J E Huxtable	2/2
Mr S A B Rajapaksa	3/4
Mr G L H Premaratne	4/4
Mr R A Ebell	2/2

ROLES AND RESPONSIBILITIES

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

REVIEW OF THE RELATED PARTY TRANSACTIONS DURING THE YEAR

The Committee reviewed all proposed Related Party Transactions of Asiri Hospital Holdings PLC and scrutinised such transactions to ensure that they are no less favourable to the Group than those generally available to an unaffiliated third party in a similar circumstance. The activities and observations of the Committee have been communicated to the Board quarterly through tabling minutes of the meeting of the Committee at Board Meetings. Details of Related Party Transactions entered by the Group during the above period are disclosed in Note 33 to the Financial Statements.

The Committee on behalf of the Board of Directors has given the following statement in respect of the related party transactions:

The related party transactions of the Company during the financial year have been reviewed by the Committee and are in compliance with the Section 9 of the Rules.

S A B Rajapaksa
Chairman – Related Party Transactions Review Committee

25 June 2019
Colombo

Statement of Directors' Responsibility

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The responsibilities of the Directors, in relation to the Financial Statements of the Company differ from the responsibilities of the Auditors, which are set out in the Report of the Auditors on pages 78 to 80.

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

The Directors consider that, in preparing Financial Statements set out on pages 81 to 142 of the Annual Report, appropriate accounting policies have been selected and applied in a consistent manner and supported by reasonable and prudent judgements and estimates, and that all applicable accounting standards have been followed. The Directors confirm that they have justified in adopting the going concern basis in preparing the Financial Statements since adequate resources are available to continue operations in the foreseeable future.

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

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

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

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

COMPLIANCE REPORT

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

COMPLIANCE WITH RELATED PARTY TRANSACTIONS RULES

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

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

Secretaries
Softlogic Corporate Services (Pvt) Ltd.

25 June 2019
Colombo

Annual Report of the Board of Directors

The Directors of Asiri Hospital Holdings PLC have pleasure in presenting to the members their report together with the Audited Financial Statements of the Company and the Audited Consolidated Financial Statements of the Group for the year ended 31 March 2019.

PRINCIPAL ACTIVITIES AND NATURE

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

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

REVIEW OF OPERATIONS

A review of the operations of the Group and its performance during the year is contained in the Chairman's Review on pages 10 and 11 of the Annual Report. This review together with the Financial Statements reflects the state of affairs of the Company and the Group. These reports form an integral part of the Directors' report.

FINANCIAL STATEMENTS

Section 168 (b) of the Companies Act No. 07 of 2007 requires that the Annual Report of the Directors to include Financial Statements of the Company, in accordance with Section 151 of the Act and Group Financial Statements for the accounting period, in accordance with Section 152 of the Act. The requisite Financial Statements of the Company are given on pages 81 to 142 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 74.

AUDITOR'S REPORT

The Auditor's Report on the Financial Statements is given on pages 78 to 80.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Financial Statements are given on pages 86 to 98. There was no change in the accounting policies adopted, other than those disclosed in Note 2.5 to the Financial Statements.

INTERNAL CONTROL

The Board has overall responsibility for the Company's system of internal control and review of its effectiveness. The internal control system has been designed to meet the particular needs of the Organisation concerned, and the risk to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatement 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 (Resigned w.e.f. 28 December 2018)

Mr V Bali

Mr A N Thadani

Mr R A Ebell (Appointed w.e.f. 1 January 2019)

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

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

In terms of Article 24 (2) of the Articles of Association of the Company, Mr R A Ebell retires and being eligible offer himself for re-election.

The Directors have recommended the reappointment of Mr G L H Premaratne who is 71 years of age, as a Director of the Company; and accordingly a resolution will be placed before the shareholders in terms of Section 211 of the Companies Act in regard to the reappointment of Mr G L H Premaratne.

DIRECTORS' SHAREHOLDING

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

Name of Director	Number of shares as at 31 March 2019	Number of shares as at 31 March 2018
Mr A K Pathirage	**371,664**	371,664
Dr S Selliah	–	–
Dr K M P Karunaratne	**9,424**	9,424
Mr G L H Premaratne	–	–
Mr S A B Rajapaksa	–	–
Mr V Bali	–	–
Mr A N Thadani	–	–
Mr R A Ebell	–	–

INTERESTS REGISTER

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

DIRECTORS' INTERESTS IN CONTRACTS AND PROPOSED CONTRACTS WITH THE COMPANY

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

DIRECTORS' REMUNERATION

Directors' remuneration in respect of the Company and the Group for the financial year 2018/19 are given in Note 5 to the Financial Statements on page 101.

ACQUISITION OF HEMAS SOUTHERN HOSPITALS (PRIVATE) LIMITED NOW KNOWN AS "ASIRI HOSPITAL GALLE (PRIVATE) LIMITED"

The Company acquired the entire issued shares of Hemas Southern Hospitals (Private) Limited for LKR 450,000,000/- on 2 November 2018.

AMALGAMATION OF ASIRI HOSPITAL KANDY (PRIVATE) LIMITED WITH ASIRI HOSPITAL HOLDINGS PLC

The Board of Directors of the Company and Asiri Hospital Kandy (Private) Limited resolved to amalgamate Asiri Hospital Kandy (Private) Limited with Asiri Hospital Holdings PLC in terms of Section 242 (1) of the Companies Act No. 07 of 2007 on 28 September 2018 whereby Asiri Hospital Holdings PLC will remain and Asiri Hospital Kandy (Private) Limited will cease to exist. The amalgamation is to be effective upon the Registrar General of Companies issuing the Certificate of Amalgamation in terms of Section 244 (2) of the Companies Act.

DONATIONS

The donations made by the Company during the year amounted to LKR 2,697,463/- (2017/18 – LKR 7,528,890/-).

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 LKR 0.80 per share paid on 22 April 2019 be considered as the final dividend for the financial year ended 31 March 2019.

CAPITAL EXPENDITURE

The capital expenditure of the Group and the Company during the year amounted to LKR 3,250 Mn. and LKR 237 Mn. respectively (2017/18 – Group LKR 2,690 Mn. and Company – LKR 916 Mn.) details of which are given in Note 9 to the Financial Statements.

STATED CAPITAL

The stated capital of the Company as at 31 March 2019 was LKR 4,748,108,334/- represented by 1,137,533,596 ordinary shares.

RESERVES

The total reserves of the Group and the Company as at 31 March 2019 amounted to LKR 3,928 Mn. and LKR 3,553 Mn. respectively. The composition of reserves is shown in the Statement of Changes in Equity in the Financial Statements.

SHAREHOLDERS' INFORMATION

The distribution of shareholders is indicated on pages 144 and 145 in the Annual Report. There were 5,330 registered shareholders as at 31 March 2019.

SHARE INFORMATION

Information on share trading is given on page 145 of the Annual Report.

EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

No circumstances have arisen and no material events have occurred since after the date of Statement of Financial Position, which would require adjustments to, or disclosure in the accounts other than those disclosed in Note 32 to the Financial Statements.

EMPLOYMENT

Pages 49 to 51 covers in detail the Group's practices and policies relating to selection, training, development, promotion, and employee relations.

There were no material issues pertaining to employees or industrial relations during the year.

STATUTORY PAYMENTS

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

GOING CONCERN

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

ANNUAL GENERAL MEETING

The Thirty-ninth Annual General Meeting of the Company will be held at Auditorium of Central Hospital Ltd. (4th Floor), No. 114, Norris Canal Road, Colombo 10 on Friday the 20th day of September 2019 at 3.20pm. The Notice of the Thirty-ninth Annual General Meeting is on page 148 of the Annual Report.

For and on behalf of the Board,

Ashok Pathirage
Chairman/Managing Director

Dr Manjula Karunaratne
Group Chief Executive Officer

Secretaries
Softlogic Corporate Services (Pvt) Ltd.

25 June 2019
Colombo

Financial Reports

FINANCIAL CALENDAR

FINANCIAL YEAR END 31 MARCH 2019
ANNOUNCEMENT OF QUARTERLY FINANCIAL PERFORMANCE

1st Quarter	13 August 2018
2nd Quarter	15 November 2018
3rd Quarter	15 February 2019
4th Quarter	29 May 2019
Notice of Annual General Meeting	25 June 2019
Annual General Meeting	20 September 2019

Independent Auditor's Report

Building a better working world

Ernst & Young
Chartered Accountants
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Sri Lanka

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TO THE SHAREHOLDERS OF ASIRI HOSPITAL HOLDINGS PLC

Report on the audit of the consolidated financial statements

Opinion

We have audited the financial statements of Asiri Hospital Holdings PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2019, and the statement of profit or loss, statement of comprehensive Income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2019, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key audit matter	How our audit addressed the key audit matter
Revaluation of freehold land and buildings of the Group As at 31 March 2019, freehold land and buildings (including buildings on leasehold land) carried at fair value, classified as property, plant and equipment amounted to LKR 12.7 Bn, which represents approximately 50% of the total assets of the Group. The fair value of such property was determined by external valuer engaged by the Group. The valuation of freehold land and buildings was significant to our audit due to the use of significant estimates such as per perch price and value per square foot disclosed in Note 9.1.9 to the financial statements.	Our audit procedures focused on the valuations performed by the external valuer engaged by the Group, and included the following: • We assessed the competency, capability and objectivity of the external valuer engaged by the Group. • We read the external valuer's report and understood the key estimates made and approach taken by the valuer in determining the valuation of each property. • We engaged our internal specialised resources to assist us in assessing the appropriateness of the valuation technique and reasonableness of per perch price and value per square foot. • We also assessed the adequacy of the related disclosures made in Note 9.1.9 to the financial statements relating to the valuation technique and estimates used by the external valuer.

Key audit matter	How our audit addressed the key audit matter
Interest bearing loans and borrowings of the Group As disclosed in Note 23, the Group's total interest-bearing loans and borrowings amounted to LKR 12.2 Bn, which represents a significant portion of its total liabilities. The maturities of such interest-bearing loans and borrowings are disclosed in Note 23. The management's assessment of Group's ability to continue to meet its financial covenants and liquidity risk aspects were largely based on expectations and informed estimates. Therefore, we considered compliance with financial covenants and Group's liquidity risk aspects as a key audit matter.	Our audit procedures included the following: • We obtained an understanding of the covenants attached to external borrowings, by reading the loan agreements. • We evaluated the statement prepared by the management and tabled at a board meeting on the Group's compliance with applicable financial covenants as at 31 March 2019. • We obtained confirmations from external lending institutions about compliance by the Group with covenants as at the year end. • We assessed the adequacy of the disclosures made in Note 23 and Note 34 to the financial statements relating to the interest-bearing loans and borrowings and liquidity risk aspects.
Revenue recognition The Group adopted SLFRS 15-Revenue from Contracts with Customers (New Revenue Standard) with effect from 1 April 2018 and management was required to evaluate compliance of existing revenue recognition policies with the new Revenue Standard. Requirements of the new standard along with relevant clarifications and guidance specifically relating to agent vs principal relationships and disclosures requirements coupled with the fact that Group operates in multiple segments and enters in to varying contracts with its customers and consultant medical personnel, resulted us in considering Group's adoption of SLFRS 15 as a Key audit matter.	Our audit procedures focused on the Group's adoption of the New Revenue standard and included, amongst others, the following: • We assessed the process followed by the Group to ensure all revenue streams are considered in its assessment and that the related contracts reviewed are representative of specified revenue streams & contractual terms. • We obtained management's impact assessment and examined a sample of contracts to assess whether method for recognition of revenue was relevant and consistent with SLFRS 15 and applied consistently. • We examined a sample of contractual arrangements where consultant medical personnel are involved, and tested the appropriateness of the recognition of revenue on a gross or net basis. • We assessed the adequacy of the disclosures made in Note 2.4.16 and Note 3 in the financial statements.

Other information included in the Group's 2019 annual report

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

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

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

Responsibilities of management and those charged with governance

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

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

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

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

25 June 2019
Colombo

Statement of Profit or Loss

		GROUP		COMPANY	
Year ended 31 March	Note	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Revenue	3.1	**13,476,097,219**	12,025,177,850	**4,194,653,565**	3,731,903,045
Cost of services		**(7,140,008,168)**	(6,476,261,852)	**(1,843,175,195)**	(1,739,368,942)
Gross profit		**6,336,089,051**	5,548,915,998	**2,351,478,370**	1,992,534,103
Other income	3.2	**237,066,840**	910,878,971	**1,115,085,827**	1,397,120,434
Administrative expenses		**(2,990,422,375)**	(2,653,561,961)	**(868,808,147)**	(797,108,639)
Selling and distribution expenses		**(412,617,555)**	(399,276,597)	**(166,573,992)**	(155,032,386)
Finance costs	4.1	**(877,064,854)**	(869,506,478)	**(1,090,976,609)**	(921,127,384)
Finance income	4.2	**73,910,843**	65,791,023	**106,263,710**	42,164,298
Share of profit/(loss) of associate/ joint venture (Net of income tax)	14.5	**72,692**	(3,609,444)	**–**	–
Profit before tax	5	**2,367,034,642**	2,599,631,512	**1,446,469,159**	1,558,550,426
Income tax expense	6	**(575,311,399)**	(699,567,431)	**(7,322,119)**	(300,413,973)
Profit for the year		**1,791,723,243**	1,900,064,081	**1,439,147,040**	1,258,136,453
Attributable to:					
Equity holders of the parent company		**1,682,552,432**	1,738,518,587		
Non-controlling interests		**109,170,811**	161,545,494		
		1,791,723,243	1,900,064,081		
Earnings per share – Basic	7	**1.48**	1.53	**1.27**	1.11
Earnings per share – Diluted	7	**1.48**	1.53	**1.27**	1.11
Dividend per share – Ordinary shares	8	**0.80**	0.60	**0.80**	0.60

The Accounting Policies and Notes on pages 86 through 142 form an integral part of these Financial Statements.

Statement of Comprehensive Income

		GROUP		COMPANY	
Year ended 31 March	Note	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Profit for the year		1,791,723,243	1,900,064,081	1,439,147,040	1,258,136,453
Other comprehensive income not to be reclassified to Statement of Profit or Loss in subsequent periods (net of tax):					
Net loss on equity instrument designated at FVOCI	15.2	(110,297,724)	–	–	–
Revaluation of land and buildings		677,561,236	1,003,884,280	312,228,022	458,919,029
Deferred tax on land		(106,194,164)	(701,112,570)	(80,162,264)	(451,868,285)
Deferred tax on revaluation of buildings		(92,875,335)	(271,094,806)	(6,111,789)	(21,312,479)
Actuarial gain/(loss) on post employment benefit liability	26.1	38,169,658	(8,708,294)	23,997,443	(16,841,181)
Deferred tax on post employment benefit liability		(8,869,417)	2,806,995	(6,719,284)	4,715,531
Share of other comprehensive expense of joint venture (net of tax)	14.5	(5,877)	–	–	–
Net other comprehensive income not to be reclassified to Statement of Profit or Loss in subsequent periods (net of tax):		397,488,377	25,775,605	243,232,128	(26,387,384)
Other comprehensive income to be reclassified to Statement of Profit or Loss in subsequent periods (net of tax):					
Net gain/(loss) on equity instrument designated at AFS	15.2	–	(16,539,179)	–	–
Net other comprehensive income to be reclassified to Statement of Profit or Loss in subsequent periods (net of tax):		–	(16,539,179)	–	–
Other comprehensive income for the year, net of tax		397,488,377	9,236,426	243,232,128	(26,387,384)
Total comprehensive income for the year, net of tax		2,189,211,620	1,909,300,507	1,682,379,168	1,231,749,068
Total comprehensive income attributable to:					
Equity holders of the parent company		2,094,635,955	1,783,586,065		
Non-controlling interests		94,575,665	125,714,442		
		2,189,211,620	1,909,300,507		

The Accounting Policies and Notes on pages 86 through 142 form an integral part of these Financial Statements.

Statement of Financial Position

		GROUP		COMPANY	
As at 31 March	Note	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Assets					
Non-current assets					
Property, plant and equipment	9	20,654,066,564	17,118,347,414	4,310,217,672	3,922,641,720
Leasehold property	10	898,309,431	917,568,500	–	–
Investment property	11	193,724,248	–	–	–
Goodwill	12	609,654,071	548,706,564	–	–
Investment in subsidiaries	14	–	–	12,379,752,104	11,894,844,806
Investment in associate/joint venture	14.5	31,624,671	31,557,856	30,000,000	30,000,000
Other non-current financial assets	15	323,946,456	345,761,723	–	–
		22,711,325,441	18,961,942,057	16,719,969,776	15,847,486,526
Current assets					
Inventories	18	452,519,009	523,340,748	96,586,960	125,142,265
Loans granted to related parties	20	1,458,627,448	–	2,106,484,150	–
Trade and other receivables	19.1	724,619,771	534,426,511	2,177,668,852	767,431,341
Advances and prepayments	19.2	1,192,133,750	413,747,577	206,564,902	132,465,324
Cash and short-term deposits	29.1	242,985,995	1,297,339,711	66,729,493	613,715,160
		4,070,885,973	2,768,854,547	4,654,034,357	1,638,754,090
Total assets		26,782,211,414	21,730,796,604	21,374,004,133	17,486,240,616
Equity and liabilities					
Capital and reserves					
Stated capital	21	4,748,108,334	4,748,108,334	4,748,108,334	4,748,108,334
Revaluation reserve	22	2,846,611,421	2,376,640,086	1,476,134,417	1,250,180,448
Fair value reserve of financial assets at FVOCI/AFS		(7,675,757)	79,448,457	–	–
Reserve on consolidation		(862,298,725)	(862,298,509)	–	–
Retained earnings		1,951,118,946	1,149,356,989	2,077,058,984	1,530,660,662
Shareholders' funds		8,675,864,219	7,491,255,357	8,301,301,735	7,528,949,444
Non-controlling interests		792,320,223	700,716,884	–	–
Total equity		9,468,184,442	8,191,972,241	8,301,301,735	7,528,949,444
Non-current liabilities					
Interest-bearing loans and borrowings	23	6,028,692,962	6,611,898,247	4,409,034,179	3,149,739,843
Amount due on leasehold property	24.1	17,984,666	22,056,667	–	–
Deferred tax liabilities	25	1,644,385,751	1,312,292,329	748,673,190	631,658,329
Post employment benefit liability	26	484,450,831	465,672,352	178,844,982	183,489,016
		8,175,514,210	8,411,919,595	5,336,552,351	3,964,887,188
Current liabilities					
Trade and other payables	27.1	809,275,140	569,382,541	141,542,612	91,111,628
Other payables	27.2	781,669,445	313,770,899	217,628,818	88,745,981
Dividend payable		940,410,956	55,985,987	940,410,956	48,941,353
Interest-bearing loans and borrowings	23	6,218,755,583	3,874,204,421	6,333,227,480	5,581,725,277
Amount due on leasehold property	24.1	4,072,000	4,072,000	–	–
Income tax payable	28	384,329,638	309,488,920	103,340,181	181,879,745
		9,138,512,762	5,126,904,768	7,736,150,047	5,992,403,984
Total equity and liabilities		26,782,211,414	21,730,796,604	21,374,004,133	17,486,240,616

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

Ajith Karunarathne
Chief Financial Officer

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

Ashok Pathirage
Director

Dr Manjula Karunaratne
Director

The Accounting Policies and Notes on pages 86 through 142 form an integral part of these Financial Statements.

25 June 2019
Colombo

Statement of Changes in Equity

GROUP	Note	Stated capital LKR	Fair value reserve of financial assets at FVOCI/AFS LKR	Revaluation reserve LKR	Reserve on consolidation LKR	Retained earnings LKR	Non-controlling interests LKR	Total LKR
As at 1 April 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
Profit for the year		–	–	–	–	1,738,518,587	161,545,494	1,900,064,081
Other comprehensive income		–	(13,064,046)	64,783,266	–	(6,651,743)	(35,831,052)	9,236,426
Total comprehensive income		–	(13,064,046)	64,783,266	–	1,731,866,844	125,714,442	1,909,300,506
Effect of changes in holdings of subsidiary companies		–	–	–	(21,866,936)	–	(253,667,410)	(275,534,346)
Final dividends 2017/18	8	–	–	–	–	(682,520,158)	–	(682,520,158)
Subsidiaries dividend to minority shareholders		–	–	–	–	–	(117,704,943)	(117,704,943)
As at 31 March 2018		4,748,108,334	79,448,457	2,376,640,086	(862,298,509)	1,149,356,989	700,716,884	8,191,972,241
Profit for the year		–	–	–	–	1,682,552,432	109,170,811	1,791,723,243
Other comprehensive income		–	(87,124,214)	469,971,335	–	29,236,402	(14,595,146)	397,488,377
Total comprehensive income		–	(87,124,214)	469,971,335	–	1,711,788,834	94,575,665	2,189,211,620
Acquisition of non-controlling interests	13.2	–	–		(216)	–	(2,972,326)	(2,972,542)
Interim dividends 2018/19	8	–	–	–	–	(910,026,877)	–	(910,026,877)
As at 31 March 2019		4,748,108,334	(7,675,757)	2,846,611,421	(862,298,725)	1,951,118,946	792,320,223	9,468,184,442

COMPANY	Note	Stated capital LKR	Revaluation reserve LKR	Retained earnings LKR	Total LKR
As at 1 April 2017		4,748,108,334	1,264,442,182	967,170,017	6,979,720,533
Profit for the year		–	–	1,258,136,453	1,258,136,453
Other comprehensive income		–	(14,261,734)	(12,125,650)	(26,387,384)
Total comprehensive income		–	(14,261,734)	1,246,010,803	1,231,749,069
Final dividends 2017/18	8	–	–	(682,520,158)	(682,520,158)
As at 31 March 2018		4,748,108,334	1,250,180,448	1,530,660,662	7,528,949,444
Profit for the year		–	–	1,439,147,040	1,439,147,040
Other comprehensive income		–	225,953,969	17,278,159	243,232,128
Total comprehensive income		–	225,953,969	1,456,425,199	1,682,379,168
Interim dividends 2018/19	8	–	–	(910,026,877)	(910,026,877)
As at 31 March 2019		4,748,108,334	1,476,134,417	2,077,058,984	8,301,301,735

The Accounting Policies and Notes on pages 86 through 142 form an integral part of these Financial Statements.

Statement of Cash Flows

		GROUP		COMPANY	
Year ended 31 March	Note	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Cash flows from/(used in) operating activities					
Profit before income tax expense		2,367,034,642	2,599,631,512	1,446,469,159	1,558,550,426
Adjustments for					
Depreciation	9	874,676,213	862,931,249	148,389,840	144,434,494
Amortisation of leasehold assets		3,908,655	53,797,500	–	–
Share of profit/(loss) of associate/joint venture	14.5	(72,692)	3,609,444	–	–
Net loss/(profit) on disposal of property, plant and equipment	3.2	6,141,457	(267,169)	10,483,899	1,842,813
Provision for bad and doubtful debts		10,349,553	21,810,580	1,252,900	3,623,178
Provision for retirement gratuity	26	93,786,284	97,690,066	34,637,224	36,395,542
Finance costs	4.1	877,047,533	869,506,478	1,084,842,035	909,477,438
Investment income		(95,303,306)	(766,309,077)	(1,045,428,048)	(1,323,221,375)
Net unrealised exchange (gain)/loss		(2,335,359)	–	–	–
Guarantee income	4.2	–	–	(31,934,755)	(24,505,731)
Operating profit before working capital changes		4,135,232,980	3,742,400,583	1,648,712,254	1,306,596,785
Changes in working capital					
Decrease/(increase) in inventories		84,954,452	(8,029,960)	28,555,306	3,613,520
Increase in trade and other receivables		(364,947,230)	(80,577,990)	(1,411,490,412)	(268,957,271)
Increase in loans granted to related parties		(1,458,627,448)	–	(2,106,484,150)	–
Increase/(decrease) in advances and prepayments		(905,145,287)	8,488,278	(74,099,578)	(12,410,159)
Increase/(decrease) in trade and other payables		211,871,718	122,451,490	50,430,984	(29,708,584)
Increase in other payables		402,463,926	13,719,220	132,442,623	10,998,773
Cash generated from/(used in) operations		2,105,803,111	3,798,451,621	(1,731,932,973)	1,010,133,064
Income tax paid	28	(275,812,389)	(306,900,924)	(61,840,159)	(37,551,399)
Defined benefit plan costs paid	26	(48,697,362)	(41,698,789)	(18,843,603)	(27,329,591)
Finance cost paid	4.1	(877,047,533)	(869,506,478)	(1,084,842,035)	(909,477,438)
Net cash from/(used in) operating activities		904,245,827	2,580,345,430	(2,897,458,770)	35,774,636
Cash flows from/(used in) investing activities					
Acquisition of property, plant and equipment	9	(3,249,500,497)	(2,689,517,653)	(236,745,520)	(915,514,715)
Investment in financial assets designated at FVOCI		(69,628,652)	–	–	–
Investment in associates		–	(27,000,000)	–	–
Investment in subsidiaries (net of cash acquired)		(442,825,488)	–	(452,972,543)	(275,534,347)
Proceeds from disposal of property, plant and equipment		34,381,532	82,411,844	2,523,852	7,207,549
Interest/dividend received		76,449,500	754,435,538	1,045,428,048	1,323,221,375
Net cash flows from/(used in) investing activities		(3,651,123,605)	(1,879,670,271)	358,233,837	139,379,862
Cash flows from/(used in) financing activities					
Dividends paid		(18,557,274)	(1,246,798,220)	(18,557,274)	(1,246,798,220)
Dividends paid to minority by subsidiaries		–	(110,660,309)	–	–
Proceeds from term loans		1,332,295,788	2,116,650,541	2,280,000,000	1,385,000,000
Repayment of term loans		(1,824,690,204)	(1,402,271,786)	(1,093,951,623)	(1,133,620,295)
Repayment of lease obligations		(16,219,923)	(11,676,727)	(8,815,153)	(7,900,640)
Acquisition of non-controlling interests		(2,972,542)	(275,534,346)	–	–
Repayment of amount due on leasehold property		(4,072,000)	(4,072,000)	–	–
Net cash flows from/(used in) financing activities		(534,216,155)	(934,362,847)	1,158,675,950	(1,003,319,155)
Net decrease in cash and cash equivalents		(3,281,093,933)	(233,687,688)	(1,380,548,983)	(828,164,657)
Cash and cash equivalents at the beginning of the year		(385,364,607)	(151,676,919)	(1,024,174,979)	(196,010,322)
Cash and cash equivalents at the end of the year	29.2	(3,666,458,540)	(385,364,607)	(2,404,723,962)	(1,024,174,979)

The Accounting Policies and Notes on pages 86 through 142 form an integral part of these Financial Statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 GENERAL

Asiri Hospital Holdings PLC ("the 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 Statements of Asiri Hospital Holdings PLC and its subsidiaries for year ended 31 March 2019 was authorised for issue in accordance with a resolution of the Board of Directors dated 25 June 2019.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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

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

2.1.1 STATEMENT OF COMPLIANCE

The Financial Statements of the Company and the 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 are in compliance with the requirements of the Companies Act No. 07 of 2007.

2.1.2 OFFSETTING

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

2.1.3 MATERIALITY AND AGGREGATION

Each material class of similar items is presented separately in the Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

2.1.4 COMPARATIVE INFORMATION

On 1 April 2018 Group has adopted SLFRS 15 and SLFRS 9. The Group has not restated comparative information for 2018 on financial instruments and revenue in the scope of SLFRS 9 and SLFRS 15. Therefore, the comparative information for 2018 is reported under LKAS 39 and LKAS 18 which is not comparable to the information presented for 2019. Information on the adoption of SLFRS 15 and SLFRS 9 are disclosed in Note 2.5.1 and 2.5.2 respectively.

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

2.2.1 SUBSIDIARIES

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

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

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

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

The Group reassesses 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 looses 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 in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

The Financial Statements for the year end 31 March 2019 of the following subsidiary companies are included in the Consolidated Financial Statements:

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

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

The Consolidated Statement of Cash Flows includes the cash flows of the Company and its subsidiaries.

Company	Effective holding 2019 %	Effective holding 2018 %	Principal activities
Asiri Central Hospitals Ltd.	**94.39**	94.26	The principal activities of the Company were providing medical services. With the cessation of the medical services business operations, the Company operated as an investment company.
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.	**66.54**	66.54	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	**78.39**	78.39	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.
Asiri Hospital Galle (Pvt) Ltd.	**100**	–	The principal activities of the Company are to operate a hospital and provide healthcare services.

EQUITY ACCOUNTED INVESTEES (INVESTMENT IN ASSOCIATES AND JOINT VENTURES)

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

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

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

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

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

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

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

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

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

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

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

2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES, AND ASSUMPTIONS

ESTIMATES AND ASSUMPTIONS

The preparation of the Financial Statements of the Group require the Management to make judgements, 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 judgements 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.

FAIR VALUE OF INVESTMENT PROPERTY

The Group measures building which are recognised as investment property at fair value amount with change in value being the open market approach in determining the fair value of the building. Further details on fair value of investment property are disclosed in Note 11 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 Judgement 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 judgement is required to determine the future tax implications arising from particularly property, plant and equipment after the expiration of the tax holiday.

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

DEFINED BENEFIT PLANS

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

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

TRANSFER PRICING REGULATION

The Group is subject to income taxes and other taxes including transfer pricing regulations. Prevailing uncertainties with respect to the interpretation of respective transfer pricing regulations, necessitated using Management judgement to determine the impact of transfer pricing regulations. Accordingly, critical judgements 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 judgements. 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 APPLIED

2.4.1 BUSINESS COMBINATION AND GOODWILL

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

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

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

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss recognised in Statement of Profit or Loss.

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

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

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

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

2.4.2 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 Statement of Profit or Loss.

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

2.4.3 CURRENT VERSUS NON-CURRENT CLASSIFICATION

The Group presents assets and liabilities in the Statement of Financial Position based on current/non-current classification. An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

2.4.4 FAIR VALUE MEASUREMENT

Fair value related disclosures for assets measured at fair value or financial instruments that are not measured at fair value, for which fair values are disclosed, are summarised in the Note 9.1.9 and Note 17 to the Financial Statements.

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

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

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

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

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

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

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

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

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

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

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

2.4.5 TAXATION

CURRENT TAXES

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

ASIRI 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 1 January 2015 upon expiry of exemption period which is 10 years counted from the date on which the enterprise first commences commercial operations (1 January 2005).

ASIRI CENTRAL HOSPITALS LTD.

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

CENTRAL HOSPITAL LTD.

Pursuant to the agreement dated 9 November 2007 and supplementary agreement dated 14 February 2009 entered into with the Board of Investment under Section 17 of the Board of Investment Law No. 4 of 1978, the Inland Revenue Act relating to the imposition, payment and recovery of income tax shall not apply to the business operating a hospital and providing healthcare services, for a period of eight years commencing from the year the Company makes profits or any year of assessment not later than two years from the date on which the Company commences commercial operations, whichever is earlier. Accordingly, the exemption is for a period of eight years commencing from financial year 2012/13. This exemption will expire on 31 March 2020. Immediately following the aforementioned tax exemption period, the Company's income tax on operating profit shall be charged at a concessionary tax rate of 15%.

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

ASIRI HOSPITAL GALLE (PVT) LTD.

Pursuant to the agreement entered into with the Board of Investments (BOI) on 13 September 2007, profits of Asiri Hospital Galle (Pvt) Ltd. are exempted form income tax for a period of four (4) years. After the expiration of aforesaid tax exemption period, the profits of the Company shall be charged at the rate of 10% for a period of two (2) years immediately succeeding the last date of the exemption period. After the expiration of the aforesaid two years concessionary tax period at the rate of 10%, the profits of the Company shall, for any year of assessment, be charged at the rate of 20%. Accordingly, the profits of Asiri Hospital Galle (Pvt) Ltd. for the year 2018/19 were charged at 20%. However, other income is liable for income tax at 28%.

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

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

DEFERRED TAXATION

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

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

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

Deferred tax relating to items recognised outside Statement of Profit or Loss is recognised outside Statement of Profit and Loss. Deferred tax items are recognised in correlation to the underlying transaction either in Other Comprehensive Income or directly in equity.

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

2.4.6 PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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.

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

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

A revaluation surplus is recognised in Other Comprehensive Income and credited to the revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in the Statement of Profit or Loss, such the increase is recognised in the Statement of Profit or Loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the revaluation reserve.

2.4.7 INVESTMENT PROPERTIES

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

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

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

2.4.8 LEASES

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

GROUP AS A LESSEE:

Finance leases that transfer to the Group 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 Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

2.4.9 BORROWING COSTS

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

2.4.10 FINANCIAL INSTRUMENTS – INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

Policy applicable from 1 April 2018

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

(I) FINANCIAL ASSETS

INITIAL RECOGNITION AND MEASUREMENT

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through Other Comprehensive Income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under SLFRS 15. Refer to the accounting policies in Section 2.4.16 – Revenue.

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

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

SUBSEQUENT MEASUREMENT

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

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

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

FINANCIAL ASSETS AT AMORTISED COST (DEBT INSTRUMENTS)

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

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

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.

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

FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH OCI (EQUITY INSTRUMENTS)

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

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the Statement of Profit or Loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

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

DERECOGNITION

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's Statement of Financial Position) when:

- The rights to receive cash flows from the asset have expired,

  Or

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

IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

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

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

– Trade Receivables Note 19

(II) FINANCIAL LIABILITIES

INITIAL RECOGNITION AND MEASUREMENT

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

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

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

SUBSEQUENT MEASUREMENT

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

LOANS AND BORROWINGS

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

FINANCIAL GUARANTEE CONTRACTS

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

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

DERECOGNITION

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

2.4.11 FINANCIAL INSTRUMENTS – INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

Policy applicable up to 31 March 2018

(III) FINANCIAL ASSETS

The Group's financial assets include cash and bank balances, trade and other receivables including loans granted to related parties, available- for-sale investments and other financial assets.

INITIAL RECOGNITION AND MEASUREMENT

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

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 other operating income, 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 including loans granted to related parties are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate method (EIR), less impairment. The losses arising from impairment are recognised in the Statement of Profit or Loss.

DERECOGNITION

Financial Assets

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

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.

(IV) FINANCIAL LIABILITIES

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.

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.

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

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

DERECOGNITION

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

2.4.12 INVENTORIES

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

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

2.4.13 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.

2.4.14 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.

2.4.15 POST-EMPLOYMENT BENEFITS

(A) DEFINED BENEFIT PLAN – GRATUITY

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

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

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

(B) DEFINED CONTRIBUTION PLANS:

EMPLOYEES' PROVIDENT FUND AND EMPLOYEE' TRUST FUND

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

2.4.16 REVENUE

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

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

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

- The parties to the contract have approved the contract/s;
- The entity can identify each party's rights regarding goods or services to be transferred;
- The entity can identify the payment term for the goods or services to be transferred;
- The contract has commercial substance;
- It is probable that the entity will collect the consideration to which it will be entitled in exchange for goods or services that will be transferred to the customer.

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

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

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

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

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

2.4.16.1 CONTRACT ASSETS

Contract assets are Group's/Company's right to consideration in exchange for goods or services that the Group/Company has transferred to a customer, with rights that are conditioned on some criteria other than the passage of time. Upon satisfaction of the conditions, the amounts recognised as contract assets are reclassified to trade receivables. Contract assets of the Group/Company have been disclosed in trade and other receivable Note 19.

2.4.16.2 CONTRACT LIABILITIES

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

2.4.17 DIVIDEND INCOME

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

2.4.18 OTHER INCOME

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

2.4.19 FINANCE INCOME

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

2.4.20 FINANCE EXPENSE

Finance costs comprise interest expense on borrowings and guarantee cost.

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

2.4.21 EXPENDITURE

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

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

2.4.22 CASH DIVIDEND

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

2.4.23 EARNINGS PER SHARE

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

2.4.24 SEGMENT REPORTING

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

2.4.25 STATEMENT OF CASH FLOW

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

2.5 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and Amended Standards and Interpretations

The accounting standards SLFRS 15 and SLFRS 9 came into effect from 1 January 2018 and consequently the Group has adopted these standards for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below:

2.5.1 SLFRS 15 – REVENUE FROM CONTRACTS WITH CUSTOMERS

SLFRS 15 supersedes LKAS 11 – Construction Contracts, LKAS 18 – Revenue and Related Interpretations. It applies with limited exceptions, to all revenue arising from contracts with its customers. SLFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

SLFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted SLFRS 15 without restating comparatives. Based on the assessment performed, the Group concluded that SLFRS 15 does not have an impact on the Group's Financial Statements.

2.5.2 SLFRS 9 – FINANCIAL INSTRUMENTS

SLFRS 9 – Financial Instruments replaces LKAS 39 – Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has applied SLFRS 9 without restating comparatives with the initial application date of 1 April 2018. The nature of these adjustments is described below:

2.5.2.1 CLASSIFICATION AND MEASUREMENT

Under SLFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments contractual cash flows represent "solely payments of principal and interest on the principal amount outstanding.

The assessment of the Group's business model was made as of the date of initial application, 1 April 2018, and then applied modified retrospectively to those financial assets that were not derecognised before 1 April 2018. The assessment whether contractual cash flows on debt instruments are solely comprised principal and interest, was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of SLFRS 9 did not have a significant impact on the Group. The following are the changes in the classification of the Company's financial assets:

- Trade receivables previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as debt instruments at amortised cost.
- Equity investments in listed companies previously classified as AFS financial assets are now classified and measured as equity instruments designated at fair value through OCI and the AFS reserve have been redesignated as fair value reserve of financial assets designated at FVOCI. The Group elected to classify irrevocably its listed equity investments under this category as it intends to hold these investments for the foreseeable future. There were no impairment losses recognised in Statement of Profit or Loss for these investments in prior periods.

2.5.2.2 IMPAIRMENT

The adoption of SLFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing LKAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. SLFRS 9 requires the Group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

The effect of adopting SLFRS 9 does not have a material impact on Group's Financial Statements.

2.6 STANDARDS ISSUED BUT NOT YET EFFECTIVE

SLFRS 16 – LEASES

SLFRS 16 sets out the principles for the recognition, measurement, presentation, and disclosure of leases for both parties to a contract, i.e., the customer ("Lessee") and the supplier ("Lessor"). SLFRS 16 will replace Sri Lanka Accounting Standard – LKAS 17 (Leases) and related interpretations.

SLFRS 16 introduces a single accounting for the lessee, eliminating the present classification of leases in LKAS 17 as either operating leases or finance leases.

The new Standard requires a lessee to:

- recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value;
- present depreciation of lease assets separately, from interest on lease liabilities in the Income Statement.

SLFRS 16 substantially carries forward the lessor accounting requirement in LKAS 17. Accordingly, a lessor continues to classify its leases as operating lease or finance lease, and to account for those two types of leases differently.

SLFRS 16 will become effective on 1 January 2019. The impact on the implementation of the above Standard has not been quantified yet.

IFRIC INTERPRETATION 23 UNCERTAINTY OVER INCOME TAX TREATMENT

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 and does not apply to taxes or levies outside the scope of LKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation specifically addresses the following:

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

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Company will apply interpretation from its effective date.

3. REVENUE AND OTHER INCOME

3.1 REVENUE

	GROUP		COMPANY	
Year ended 31 March	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Healthcare services	12,628,048,045	11,270,200,187	4,022,104,900	3,571,529,796
Sale of goods	848,049,174	754,977,663	172,548,665	160,373,249
	13,476,097,219	12,025,177,850	4,194,653,565	3,731,903,045

3.1.A SEGMENT INFORMATION

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

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

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

The following table presents the revenue and other income generated by the Group's segments for the year ended 31 March 2019 and comparative figures for the year ended 31 March 2018.

	GROUP	
Year ended 31 March	2019 LKR	2018 LKR
Pre-care	5,508,798,666	2,293,924,114
Post-care	7,119,249,379	8,976,276,073
Pharmaceutical	848,049,174	754,977,663
	13,476,097,219	12,025,177,850

3.1.B TIMING OF REVENUE RECOGNITION

	GROUP		COMPANY	
Year ended 31 March	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Services and goods transferred at a point in time	6,345,590,463	6,173,065,853	3,360,966,818	3,514,226,270
Services transferred over time	7,130,506,756	5,852,111,997	833,686,747	217,676,775
	13,476,097,219	12,025,177,850	4,194,653,565	3,731,903,045

3.2 OTHER INCOME/(EXPENSES)

	GROUP		COMPANY	
Year ended 31 March	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Rental income	68,421,870	51,552,362	1,800,000	1,800,000
Other laboratory income	79,002,637	89,715,873	79,002,637	89,715,873
Net (loss)/gain on disposal of property, plant and equipment	(6,141,457)	267,169	(10,483,899)	–
Dividend income	23,745,142	21,914,587	977,233,667	746,668,318
Sundry income	72,038,648	3,034,490	67,533,422	41,753
Gain on investments	–	558,894,490	–	558,894,490
Gain on disposal of shares	–	185,500,000	–	–
	237,066,840	910,878,971	1,115,085,827	1,397,120,434

4. FINANCE COSTS AND INCOME

4.1 FINANCE COSTS

	GROUP		COMPANY	
Year ended 31 March	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Interest expense on bank borrowings	860,444,202	863,668,922	640,874,049	592,308,038
Interest expense on inter company borrowings	–	–	435,553,956	313,966,409
Bank charges on interest-bearing loans	16,603,331	5,837,556	8,414,030	3,202,991
Guarantee expense	–	–	6,134,574	11,649,946
Exchange loss on foreign currency	17,321	–	–	–
	877,064,854	869,506,478	1,090,976,609	921,127,384

4.2 FINANCE INCOME

	GROUP		COMPANY	
Year ended 31 March	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Interest income	71,558,164	63,105,726	74,328,955	17,658,567
Guarantee income	–	–	31,934,755	24,505,731
Exchange gain on foreign currency	2,352,679	2,685,297	–	–
	73,910,843	65,791,023	106,263,710	42,164,298

5. PROFIT BEFORE TAX

Profit before tax is stated after changing all expenses including the following:

	GROUP		COMPANY	
Year ended 31 March	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Included in cost of sales				
Depreciation	446,436,438	465,601,745	47,807,119	56,425,792
Employee benefits including the following	2,580,914,855	2,298,624,028	733,045,909	684,145,081
– Defined contribution plan costs – EPF and ETF	220,070,258	188,556,080	62,810,159	56,047,988
Included in administrative expenses				
Depreciation	428,239,775	397,329,504	100,582,721	88,008,702
Employee benefits including the following	851,285,220	778,872,821	234,661,848	230,012,920
– Defined benefit plan costs – Gratuity	94,179,477	98,009,559	34,637,224	36,787,485
– Defined contribution plan costs – EPF and ETF	55,234,648	45,785,142	13,607,225	12,002,454
Directors' fees and remuneration	62,623,904	43,475,500	51,305,000	37,055,500
Amortisation of leasehold property	3,908,655	53,797,500	–	–
Donations	6,741,213	8,507,341	2,697,463	7,528,890
Legal fees	24,822,140	5,529,949	5,875,910	1,793,412
Audit fees and reimbursable expense	5,430,346	4,925,820	2,231,300	1,980,000
Included in selling and distribution costs				
Advertising expenses	90,693,657	90,935,395	29,402,278	22,700,677
Impairment of trade debtors	10,349,553	21,810,580	1,252,900	3,623,178

6. INCOME TAX

The major components of income tax expense for the years ended 31 March are as follows :

	GROUP		COMPANY	
Year ended 31 March	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Current income tax				
Current income tax charge	509,507,104	402,729,404	141,956,916	208,393,449
ESC write-off	2,106,916	–	–	–
(Over)/under provision in respect of previous years	(158,853,997)	36,621,387	(158,656,321)	(49,809)
10% withholding tax on inter company dividends	–	81,668,708	–	–
14% withholding tax on inter company dividends	158,085,899	–	–	–
Deferred income tax				
Deferred taxation charge	64,465,477	178,547,932	24,021,524	92,070,333
Income tax expense reported in the Statement of Profit or Loss	575,311,399	699,567,431	7,322,119	300,413,973
Deferred income tax				
Deferred taxation recognised in other comprehensive income	207,938,916	969,400,381	92,993,337	468,465,233
Income tax expense reported in the Statement of Other Comprehensive Income	207,938,916	969,400,381	92,993,337	468,465,233

6.1 RECONCILIATION BETWEEN TAX EXPENSE AND ACCOUNTING PROFIT

	GROUP		COMPANY	
Year ended 31 March	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Accounting profit before tax	2,367,034,642	2,599,631,512	1,446,469,163	1,558,550,424
Disallowable expenses	752,279,621	807,440,045	376,168,541	427,344,374
Deductible expenses	(575,742,847)	(627,570,063)	(253,915,331)	(242,416,171)
Income not liable for tax	–	–	(1,061,733,389)	(771,174,049)
Profit exempt from tax	(783,760,346)	(802,660,621)	–	–
Assessable income	1,759,811,070	1,976,840,873	506,988,984	972,304,578
Qualifying payments	–	(68,020,289)	–	(3,662,250)
Tax losses brought forward and utilised	–	(22,757,931)	–	–
Taxable profit	1,759,811,070	1,886,062,653	506,988,984	968,642,328
Statutory tax rate				
Income tax rate	28%	12%	28%	12%
Income tax rate on other income	28%	28%	28%	28%
Income tax – 2019 – N/A (2018 – 12%)	–	114,095,990	–	47,206,967
Income tax – 2019 – 28% (2018 – 28%)	509,507,104	288,633,414	141,956,916	161,186,482
Current income tax charge	509,507,104	402,729,404	141,956,916	208,393,449

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.

Diluted 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 after adjustment for the effect of all diluted potential ordinary shares. There were no potentially diluted ordinary shares outstanding at any time during the year/previous year.

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

	GROUP		COMPANY	
Year ended 31 March	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Profit attributable to ordinary shareholders for basic earnings per share	1,682,552,432	1,738,518,587	1,439,147,040	1,258,136,453
	1,682,552,432	1,738,518,587	1,439,147,040	1,258,136,453

	COMPANY	
Year ended 31 March	2019 LKR	2018 LKR
Number of ordinary shares used as the denominator		
Weighted average number of ordinary shares in issue applicable to basic/diluted earnings per share	1,137,533,596	1,137,533,596

8. DIVIDENDS

Declared during the year

	COMPANY	
Year ended 31 March	2019 LKR	2018 LKR
Equity dividends on ordinary shares:		
Interim dividend for 2018/19: LKR 0.80	910,026,877	–
(Final dividend for 2017/18: LKR 0.60)	–	682,520,158

9. PROPERTY, PLANT AND EQUIPMENT

9.1 GROUP

9.1.1 GROSS CARRYING AMOUNTS AT COST OR VALUATION

	Balance as at 1 April 2018 LKR	Acquisition of a subsidiary (Refer Note 13.1) LKR	Additions LKR	Transfers LKR	Revaluation LKR	Disposals LKR	Balance as at 31 March 2019 LKR
Land	4,610,200,000	281,142,500	23,001,200	–	430,906,300	–	5,345,250,000
Buildings	6,779,250,499	345,687,513	104,532,228	52,435,712	95,240,061	–	7,377,146,013
Furniture and fittings	1,358,739,793	28,229,990	89,719,664	307,463	–	(24,829,103)	1,452,167,807
Medical equipment	5,327,401,246	185,716,439	589,109,396	–	–	(263,883,827)	5,838,343,254
Motor vehicles	170,594,450	311,630	36,927,047	–	–	(2,050,000)	205,783,127
Sundry equipment	1,163,849,014	64,381,547	222,826,290	11,667,867	–	(39,047,059)	1,423,677,659
	19,410,035,002	905,469,619	1,066,115,825	64,411,042	526,146,361	(329,809,989)	21,642,367,860
Assets on finance lease							
Motor vehicles	92,500,000	–	–	–	–	(10,525,000)	81,975,000
Capital work-in-progress							
Work-in-progress	2,466,798,105	–	2,183,384,672	(258,135,290)	–	–	4,392,047,487
	2,466,798,105	–	2,183,384,672	(258,135,290)	–	–	4,392,047,487
Total value of assets	21,969,333,107	905,469,619	3,249,500,497	(193,724,248)	526,146,361	(340,334,989)	26,116,390,347

9.1.2 ACCUMULATED DEPRECIATION

	Balance as at 1 April 2018 LKR	Acquisition of a subsidiary (Refer Note 13.1) LKR	Charge for the year LKR	Transfers LKR	Revaluation LKR	Disposals LKR	Balance as at 31 March 2019 LKR
Buildings	–	6,149,808	145,265,064	–	(151,414,872)	–	–
Furniture and fittings	879,007,020	18,063,335	118,230,608	–	–	(9,342,199)	**1,005,958,764**
Medical equipment	3,049,660,393	116,007,296	446,436,438	–	–	(244,706,519)	**3,367,397,608**
Motor vehicles	59,173,075	311,630	23,622,416	–	–	(2,050,000)	**81,057,121**
Sundry equipment	839,711,419	47,356,681	128,772,444	–	–	(37,853,164)	**977,987,380**
	4,827,551,907	187,888,750	862,326,970	–	(151,414,872)	(293,951,882)	**5,432,400,873**
Assets on finance lease							
Motor vehicles	23,433,785	–	12,349,243	–	–	(5,860,118)	**29,922,910**
Total depreciation	4,850,985,692	187,888,750	874,676,213	–	(151,414,872)	(299,812,000)	**5,462,323,783**

9.1.3 NET BOOK VALUES

As at 31 March	2019 LKR	2018 LKR
Land	**5,345,250,000**	4,610,200,000
Buildings	**7,377,146,013**	6,779,250,499
Furniture and fittings	**446,209,043**	479,732,773
Medical equipment	**2,470,945,646**	2,277,740,853
Motor vehicles	**124,726,006**	111,421,375
Sundry equipment	**445,690,279**	324,137,595
	16,209,966,987	14,582,483,095
Asset on finance lease		
Motor vehicles	**52,052,090**	69,066,215
Capital work-in-progress		
Work-in-progress	**4,392,047,487**	2,466,798,105
Total carrying amount of property, plant and equipment	**20,654,066,564**	17,118,347,414

9.1.4 During the year, the Group acquired property, plant and equipment to the aggregate value of LKR 3,249,500,497/-(2018 – LKR 2,689,517,653/-). Cash payments amounting to LKR 3,249,500,497/- (2018 – LKR 2,689,517,653/-) were made during the year for purchase of property, plant and equipment.

Group has capitalised the 100% of the borrowing cost incurred on Asiri Hospital Kandy (Pvt) Ltd. project amounting to LKR 426 Mn. as at 31 March 2019. (2018 – LKR 255 Mn.) which is included under Acquisition of PPE of the Cash Flow Statement.

9.1.5 Group property, plant and equipment with a carrying value of LKR 8,289,250,001/- (2018 – LKR 7,800,400,000/-) have been pledged as security for term loans obtained, details of which are disclosed in Note 31.

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 LKR 2,210 Mn. (2018 – LKR 2,052 Mn.).

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

	Group/Company 2018/19
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:

Class of asset	Cost LKR	Cumulative depreciation if assets were carried at cost LKR	**Net carrying amount 2019 LKR**	Net carrying amount 2018 LKR
Freehold land	1,653,467,153	–	**1,653,467,153**	1,423,589,466
Buildings	6,645,438,046	1,041,216,172	**5,604,221,874**	3,533,570,617
	8,298,905,199	1,041,216,172	**7,257,689,027**	4,957,160,083

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 unobservable inputs are as follows:

Company	Location	Extent	Independent valuer	Effective date of valuation	Valuation details	Significant unobservable input (level 3)	Range LKR	Fair value measurement LKR
Asiri Hospital Holdings PLC	No. 181, Kirula Road, Colombo 5	1 A 2 R 13.98 P	P B Kalugalagedara & Associates	31 March 2019	Land – Market-based evidence	Land price per perch	11,000,000	2,699,250,000
		2 Buildings 105,157 square feet			Buildings – Direct Capital Comparison Method using Depreciated Replacement Cost	Building value per square feet	2,500 to 16,000	842,750,000
Asiri Surgical Hospital PLC	No. 21, Kirimandala Mawatha, Narahenpita	3 Buildings 368,123 square feet	P B Kalugalagedara & Associates	31 March 2019	Buildings – Direct Capital Comparison Method using Depreciated Replacement Cost	Building value per square feet	3,000 to 8,400	2,264,496,000
Asiri Hospital Matara (Pvt) Ltd.	No. 15, Dharmapala Mawatha, Uyanwatta	1 A 2 R 1.5 P	P B Kalugalagedara & Associates	31 March 2019	Land – Market-based evidence	Land price per perch	750,000 to 1,100,000	249,500,000
		2 Buildings 76,591 square feet			Buildings – Direct Capital Comparison Method using Depreciated Replacement Cost	Building value per square feet	600 to 8,000	407,900,000

Company	Location	Extent	Independent valuer	Effective date of valuation	Valuation details	Significant unobservable input (level 3)	Range LKR	Fair value measurement LKR
Central Hospital Ltd.	No. 114, Norris Canal Road, Colombo 10	1 A 21.03 P	P B Kalugalagedara & Associates	31 March 2019	Land – Market-based evidence	Land price per perch	10,000,000 to 12,000,000	2,082,000,000
		1 Building 453,842 square feet			Building – Direct Capital Comparison Method using Depreciated Replacement Cost	Building value per square feet	2,000 to 10,000	3,508,000,000
Asiri Hospital Galle (Pvt) Ltd. [Formally known as Hemas Southern Hospitals (Pvt) Limited]	No. 59, Wackwella, Galle	2R 24.83P	P B Kalugalagedara & Associates	31 March 2019	Land – Market based evidence	Land price per perch	3,000,000	314,500,000
		4 Buildings 44,255 square feet			Buildings – Direct Capital Comparison Method using Depreciated Replacement Cost	Building value per square feet	8,000	354,000,000

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.

9.1.10 COMPARATIVE INFORMATION

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

Company	Location	Extent	Independent valuer	Effective date of valuation	Valuation details	Significant unobservable input (level 3)	Range LKR	Fair value measurement LKR
Asiri Hospital Holdings PLC	No. 181, Kirula Road, Colombo 5	1 A 2 R 13.98 P	P B Kalugalagedara & Associates	31 March 2018	Land – Market-based evidence	Land price per perch	9,000,000 to 10,000,000	2,390,000,000
		2 Buildings 96,657 square feet			Buildings – Direct Capital Comparison Method using Depreciated Replacement Cost	Building value per square feet	2,000 to 16,000	739,000,000
Asiri Surgical Hospital PLC	No. 21, Kirimandala Mawatha, Narahenpita	3 Buildings 368,123 square feet	P B Kalugalagedara & Associates	31 March 2018	Buildings – Direct Capital Comparison Method using Depreciated Replacement Cost	Building value per square feet	3,000 to 8,250	2,213,250,500
Asiri Hospital Matara (Pvt) Ltd.	No. 15, Dharmapala Mawatha, Uyanwatta	1 A 2 R 1.3 P	P B Kalugalagedara & Associates	31 March 2018	Land – Market-based evidence	Land price per perch	1,000,000	150,000,000
						Land price per perch – Rear land	700,000	63,900,000
						Site improvement	–	15,000,000
		2 Buildings 76,591 square feet			Buildings – Direct Capital Comparison Method using Depreciated Replacement Cost	Building value per square feet	600 to 8,000	407,900,000

Company	Location	Extent	Independent valuer	Effective date of valuation	Valuation details	Significant unobservable input (level 3)	Range LKR	Fair value measurement LKR
Central Hospital Ltd.	No. 114, Norris Canal Road, Colombo 10	1 A 21.03 P	P B Kalugalagedara & Associates	31 March 2018	Land – Market-based evidence	Land price per perch	11,000,000	1,991,300,000
		1 Building 453,842 square feet			Buildings – Direct Capital Comparison Method using Depreciated Replacement Cost	Building value per square feet	2,000 to 10,000	3,419,100,000

9.2 COMPANY

9.2.1 GROSS CARRYING AMOUNTS AT COST OR VALUATION

	Balance as at 1 April 2018 LKR	Additions LKR	Transfers LKR	Revaluation LKR	Disposals LKR	Balance as at 31 March 2019 LKR
Land	2,390,000,000	22,956,200	–	286,293,800	–	**2,699,250,000**
Buildings	738,999,987	44,988,332	52,435,712	6,325,969	–	**842,750,000**
Medical equipment	924,660,590	41,278,006	–	–	(11,108,709)	**954,829,887**
Furniture and fittings	219,432,588	41,891,831	307,463	–	(16,821,207)	**244,810,675**
Motor vehicles	64,741,197	2,684,500	–	–	–	**67,425,697**
Sundry equipment	384,586,492	48,407,512	11,667,867	–	(24,049,711)	**420,612,160**
	4,722,420,854	202,206,381	64,411,042	292,619,769	(51,979,627)	**5,229,678,419**
Assets on finance lease						
Motor vehicles	63,800,000	–	–	–	–	**63,800,000**
Capital work-in-progress						
Buildings work-in-progress	64,428,576	34,539,139	(64,411,042)	–	–	**34,556,673**
Total value of assets	4,850,649,430	236,745,520	–	292,619,769	(51,979,627)	**5,328,035,092**

9.2.2 ACCUMULATED DEPRECIATION

	Balance as at 1 April 2018 LKR	Charge for the year LKR	Transfers LKR	Revaluation LKR	Disposals LKR	Balance as at 31 March 2019 LKR
Buildings	–	19,608,253	–	(19,608,253)	–	**–**
Medical equipment	611,328,940	47,807,119	–	–	(10,558,956)	**648,577,103**
Furniture and fittings	62,331,375	21,969,611	–	–	(4,493,313)	**79,807,673**
Motor vehicles	19,438,119	5,946,783	–	–	–	**25,384,902**
Sundry equipment	222,090,564	46,414,949	–	–	(23,919,608)	**244,585,905**
	915,188,998	141,746,715	–	(19,608,253)	(38,971,877)	**998,355,583**
Assets on finance lease						
Motor vehicles	12,818,712	6,643,125	–	–	–	**19,461,837**
Total depreciation	928,007,710	148,389,840	–	(19,608,253)	(38,971,877)	**1,017,817,420**

9.2.3 NET BOOK VALUES

As at 31 March	2019 LKR	2018 LKR
Land	**2,699,250,000**	2,390,000,000
Buildings	**842,750,000**	738,999,987
Medical equipment	**306,252,784**	313,331,650
Furniture and fittings	**165,003,002**	157,101,213
Motor vehicles	**42,040,795**	45,303,078
Sundry equipment	**176,026,255**	162,495,928
	4,231,322,836	3,807,231,856
Asset on finance lease		
Motor vehicles	**44,338,163**	50,981,288
Capital work-in-progress		
Building work-in-progress	**34,556,673**	64,428,576
Total value of assets	**4,310,217,672**	3,922,641,720

9.2.4 During the year, the Company acquired property, plant and equipment to the aggregate value of LKR 236,745,520/- (2018 – LKR 915,514,715/-). Cash payments amounting to LKR 236,745,520/- (2018 – LKR 915,514,715/-) 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 LKR 628 Mn. (2018 – LKR 607 Mn).

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

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

Class of Asset	Cost LKR	Cumulative depreciation if assets were carried at cost LKR	Net carrying amount 2019 LKR	Net carrying amount 2018 LKR
Freehold land	799,140,898	–	**799,140,898**	776,184,698
Buildings	617,028,768	150,042,934	**466,985,834**	385,127,983
	1,416,169,666	150,042,934	**1,266,126,732**	1,161,312,681

10. LEASEHOLD PROPERTY

	GROUP	
As at 31 March	2019 LKR	2018 LKR
Balance as at the beginning of the year	**917,568,500**	971,366,000
Amortisation for the year	**(19,259,069)**	(53,797,500)
Balance as at the end of the year	**898,309,431**	917,568,500

10.1 LEASEHOLD PROPERTY AS AT 31 MARCH 2019 CONSISTS OF THE BELOW:

(a) Asiri Surgical Hospital PLC obtained leasehold right to the land (extent of land is 2 Acres, 1 Rood and 11.6 perches) situated at No. 21, Kirimandala Mawatha, Colombo 5 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 The 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 21 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 4 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 a period of 50 years.

11. INVESTMENT PROPERTY

		GROUP	
As at 31 March	Note	2019 LKR	2018 LKR
Balance as at the beginning of the year		–	–
Transferred from capital work-in-progress	9.1	193,724,248	–
Balance as at the end of the year		193,724,248	–

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

As at 31 March 2019, the fair values of the properties are based on valuations performed by P B Kalugalagedara & Associates., an accredited independent valuer. P B Kalugalagedara & Associates is a specialist in valuing these types of investment properties. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied.

	GROUP	
Year ended 31 March	2019 LKR	2018 LKR
Rental income derived from investment properties	12,000,000	–
Direct operating expenses (including repairs and maintenance) generating rental income (included in cost of sales)	–	–
Direct operating expenses (including repairs and maintenance) that did not generate rental income (included in cost of sales)	–	–
Profit arising from investment properties carried at fair value	12,000,000	–

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

11.2 FAIR VALUE MEASUREMENT DISCLOSURE FOR REVALUED INVESTMENT PROPERTY

The independent valuer concluded that the fair value of investment property is closely approximated by its cost.

12. GOODWILL

As at 31 March	Note	GROUP 2019 LKR	GROUP 2018 LKR
Balance as at the beginning of the year		548,706,564	548,706,564
Acquisition of a subsidiary*	13.1	60,947,507	–
Balance as at the end of the year		609,654,071	548,706,564

**Asiri Hospital Holdings PLC acquired 100% of the voting shares of Hemas Southern Hospitals (Pvt) Limited on 2 November 2018 for LKR 450,000,000/-. The name of Hemas Southern Hospitals (Pvt) Limited changed to Asiri Hospital Galle (Pvt) Ltd. on 27 November 2018.*

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.

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

As at 31 March	GROUP 2019 LKR	GROUP 2018 LKR
Asiri Surgical Hospital PLC	548,706,564	548,706,564
Asiri Hospital Galle (Pvt) Ltd.	60,947,507	–
	609,654,071	548,706,564

12.1 IMPAIRMENT OF GOODWILL

ACCOUNTING JUDGEMENTS, ESTIMATES, AND ASSUMPTIONS

Impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use (VIU). The fair value less costs to sell calculation is based on available data from an active market in an arm's length transaction of similar assets, or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the cash-generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

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

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

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

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

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

13. BUSINESS COMBINATION AND ACQUISITION OF NON-CONTROLLING INTERESTS

13.1 ACQUISITION OF HEMAS SOUTHERN HOSPITALS (PVT) LIMITED

On 2 November 2018, Asiri Hospital Holdings PLC acquired 100% of the voting shares of Hemas Southern Hospitals (Pvt) Limited, an unlisted company which operates as a hospital providing healthcare services.

The Group has elected to measure the non-controlling interest in the acquiree at present ownership instruments' proportionate share in the recognised amounts of the aquiree's identifiable net assets.

ASSETS ACQUIRED AND LIABILITIES ASSUMED

The fair values of the identified assets and liabilities of Hemas Southern Hospitals (Pvt) Limited as at the date of acquisition were:

	Fair value recognised on acquisition
	LKR
Assets	
Property, plant and equipment	717,550,250
Inventories	14,132,713
Trade and other receivables	40,479,415
Other current assets	7,367,383
Cash and cash equivalent	20,884,141
	800,413,902
Liabilities	
Interest-bearing loans and borrowings	
– Loans due to related parties	(196,250,651)
– Bank loans	(43,220,000)
Retirement benefit obligation	(11,859,215)
Deferred tax liability	(59,689,030)
Trade and other payables	(68,152,985)
Amounts due to related parties	(18,257,885)
Income tax payable	(222,015)
Bank overdraft	(13,709,628)
	(411,361,409)
Total identifiable net assets at fair value	389,052,493
Goodwill arising on acquisition	60,947,507
Purchase consideration transferred	450,000,000

Prior to the acquisition, the Hemas Southern Hospitals (Pvt) Limited revalued the land.

The fair value of the trade receivables amounts to LKR 20,245,169/-. The gross amount of trade receivables is LKR 25,361,304/- and it is expected that the full contractual amounts can be collected.

The fair value of the inventory amounts to LKR 14,132,713/-. The gross amount of inventory is LKR 17,448,563/-.

From the date of acquisition, Asiri Hospital Galle (Pvt) Ltd. (formerly known as Hemas Southern Hospitals (Pvt) Limited) contributed LKR 206,322,425/- of revenue and LKR 7,637,452/- to profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been LKR 518,962,563/- and loss before tax from continuing operations for the Group would have been LKR 6,818,955/-.

13.2 ACQUISITION OF ADDITIONAL INTEREST IN ASIRI CENTRAL HOSPITALS LTD.

The Group acquired an additional 0.13% interest in voting shares of Asiri Central Hospitals Ltd., increasing its ownership interest to 94.39%. Cash consideration of LKR 2,972,542/- was paid to the non-controlling shareholders. Following is a schedule of additional interest acquired in Asiri Central Hospitals Ltd.

	LKR
Cash consideration paid to non-controlling shareholders	2,972,542
Carrying value of the additional interest in Asiri Central Hospitals Ltd.	(2,972,326)
Difference recognised in reserve on consolidation	216

14. INVESTMENT IN SUBSIDIARY COMPANIES/ASSOCIATE/JOINT VENTURE

INVESTMENT IN SUBSIDIARY COMPANIES

14.1 QUOTED*

	COMPANY					
As at 31 March	2019			2018		
	Direct holding %	Carrying value LKR	Market value LKR	Direct holding %	Carrying value LKR	Market value LKR
Asiri Surgical Hospital PLC	78.39	2,667,474,347	3,935,314,504	78.39	2,665,510,325	3,582,403,815
		2,667,474,347	3,935,314,504		2,665,510,325	3,582,403,815

14.2 UNQUOTED

	COMPANY			
As at 31 March	2019		2018	
	Direct holding %	Carrying value LKR	Direct holding %	Carrying value LKR
Asiri Diagnostics Services (Pvt) Ltd.	66.54	2,691,400	66.54	2,691,400
Asiri Hospital Matara (Pvt) Ltd.	100	261,764,001	100	261,758,357
Central Hospital Ltd.	99.73	7,118,571,981	99.73	7,115,692,216
Asiri Hospital Kandy (Pvt) Ltd.	100	171,110,355	100	144,025,031
Asiri Central Hospitals Ltd.	94.39	1,707,140,020	94.26	1,704,167,477
Asiri Laboratories (Pvt) Ltd.	100	1,000,000	100	1,000,000
Asiri Hospital Galle (Pvt) Ltd.	100	450,000,000	–	–
		9,712,277,757		9,229,334,481
Carrying value of investment in subsidiaries		12,379,752,104		11,894,844,806

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

Carrying values include the value recognised for the corporate guarantees provided by the parent to the subsidiaries. (Refer Note 4.2)

14.3 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 23.4 for details of shares)

14.4 MATERIAL PARTLY-OWNED SUBSIDIARIES

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

PROPORTION OF EQUITY INTEREST HELD BY NON-CONTROLLING INTERESTS

Company Name	2019 %	2018 %
Asiri Surgical Hospital PLC	21.61	21.61
Asiri Diagnostics Services (Pvt) Ltd.	33.46	33.46

ACCUMULATED BALANCES OF MATERIAL NON-CONTROLLING INTERESTS

Company Name	2019 %	2018 LKR
Asiri Surgical Hospital PLC	777,286,868	771,087,380
Asiri Diagnostics Services (Pvt) Ltd.	108,444,055	95,953,092

TOTAL COMPREHENSIVE INCOME ALLOCATED TO MATERIAL NON-CONTROLLING INTERESTS:

Company Name	2019 LKR	2018 LKR
Asiri Surgical Hospital PLC	64,199,809	81,843,404
Asiri Diagnostics Services (Pvt) Ltd.	17,985,725	16,461,756

Summarised Statement of Total Comprehensive Income for year ended 31 March 2019:

	Asiri Surgical Hospital PLC		Asiri Diagnostics Services (Pvt) Ltd.	
	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Revenue	3,475,046,720	3,275,348,652	158,853,205	159,566,769
Cost of services	(2,122,762,350)	(2,013,869,335)	(73,468,134)	(78,442,133)
Profit for the year	366,514,731	546,602,916	53,591,218	49,314,757
Total comprehensive income for the year	297,083,798	378,682,101	53,752,915	49,198,313
Attributable to non-controlling interests	64,199,809	97,097,703	17,985,725	16,461,756

Summarised Statement of Financial Position as at 31 March 2019:

	Asiri Surgical Hospital PLC		Asiri Diagnostics Services (Pvt) Ltd.	
	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Current assets	888,634,838	803,836,513	64,226,628	54,291,892
Non-current assets	4,975,946,595	4,095,292,328	314,882,282	253,404,712
Current liabilities	1,353,299,836	421,691,994	48,420,026	15,153,292
Non-current liabilities	914,844,886	638,904,590	6,617,083	4,623,324
Total equity	3,596,436,711	3,567,752,237	324,071,801	286,744,086
Attributable to:				
Equity holders of parent	2,819,149,843	2,780,134,963	215,627,746	190,790,994
Non-controlling interests	777,286,868	787,617,274	108,444,055	95,953,092
Dividend to non-controlling interests	57,106,957	97,081,826	5,496,360	13,466,082

14.5 INVESTMENT IN ASSOCIATE/JOINT VENTURE

14.5.1 ASSOCIATE – DIGITAL HEALTH (PVT) LTD.

Asiri Hospital Holdings PLC has invested LKR 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 Company is in the business of providing an integrated e-commerce based digital medical appointment booking solution to healthcare providers and users/customers via the Online Medical Care System ("doc.lk") which includes but not be limited to the appointment booking process, online channelling services, administrative services for consultants and hospitals and such other connected services.

	GROUP		COMPANY	
As at 31 March	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Balance as at the beginning of the year	–	8,167,299	30,000,000	30,000,000
Share of profit/(loss) for the year	–	(8,167,299)	–	–
Balance as at the end of the year	–	–	30,000,000	30,000,000

14.5.2 JOINT VENTURE – AOI CANCER CENTRE (PRIVATE) LIMITED

Asiri AOI Cancer Centre (Private) Limited started its operation on 1 September 2017 and as intended at the inception of the project, Asiri Surgical Hospital divested 50% stake of Asiri AOI Cancer Centre (Private) Limited to the joint venture partner "Cancer Treatment Services Hyderabad Private Limited" on 29 September 2017. Accordingly, 2,700,000 shares were disposed for a consideration of LKR 212,500,000/- and the gain on sale of shares amounts to LKR 185,500,000/- recorded under other income during year 2017/18 (Note 3.2).

Asiri AOI Cancer Centre (Private) Limited is a company incorporated in Sri Lanka and is principally engaged in providing comprehensive oncology services.

	GROUP	
As at 31 March	2019 LKR	2018 LKR
Balance as at the beginning of the year	31,557,856	–
Investment made during the year	–	27,000,000
Share of profit/(loss) for the year	72,692	4,557,856
Share of other comprehensive income	(5,877)	–
Balance as at the end of the year	31,624,671	31,557,856

14.5.3 SUMMARISED FINANCIAL INFORMATION OF JOINT VENTURE INVESTEE

	2019 LKR	2018 LKR
Non-current assets	389,776,815	48,835,719
Current assets	33,633,556	24,371,615
Non-current liabilities	(138,059,889)	(3,257,099)
Current liabilities	(219,375,875)	(4,146,102)
Net assets	65,974,607	65,804,133
Group's share of net assets	31,624,671	31,557,856
Carrying amount of interest in joint venture	31,624,671	31,557,856
Revenue	150,610,333	62,122,500
Cost of sales	(92,199,873)	(36,914,762)
Profit for the year	185,469	11,804,133
Total comprehensive income for the year	170,474	11,804,133
Group's share of total comprehensive income	66,815	4,557,856
Summarised Statement of Cash Flows		
Cash flows from operating activities	217,331,264	23,448,070
Cash flows from investing activities	(368,174,302)	(1,804,836)
Cash flows from financing activities	150,000,000	–

The joint venture had no contingent liability or capital commitments as at 31 March 2019 and 2018.

15. OTHER NON-CURRENT FINANCIAL ASSETS

15.1 FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH OCI (EQUITY INSTRUMENTS)

	GROUP				COMPANY			
As at 31 March	2019 Number of shares	2018 Number of shares	2019 Market value LKR	2018 Market value LKR	2019 Number of shares	2018 Number of shares	2019 Market value LKR	2018 Market value LKR
Investment in quoted equity securities								
National Development Bank PLC	3,438,922	2,597,759	323,946,456	345,761,723	–	–	–	–
Total investment in equity securities	3,438,922	2,597,759	323,946,456	345,761,723	–	–	–	–

15.2 INVESTMENT IN QUOTED EQUITY SECURITIES

	GROUP		COMPANY	
As at 31 March	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Balance at the beginning of the year	345,761,723	349,972,373	–	–
Investments made during the year	69,628,652	904,543	–	–
Loss on equity instrument designated at FVOCI/AFS	(110,297,724)	(16,539,179)	–	–
Share allotment as scrip dividends	18,853,805	11,423,986	–	–
Balance at the end of the year	323,946,456	345,761,723	–	–

**Quoted equity securities have been reclassified from "Financial Assets – AFS" to "Financial Assets Designated at Fair Value through Other Comprehensive Income" w.e.f. 1 April 2018.*

16. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

16.1 FINANCIAL ASSETS

	GROUP		COMPANY	
As at 31 March	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Financial assets designated at fair value through OCI/AFS (equity instruments)				
Investment in quoted equity securities	323,946,456	345,761,723	–	–
Financial assets at amortised cost				
Loans granted to related parties	1,458,627,448	–	2,106,484,150	–
Trade and other receivables	724,619,771	–	2,177,668,852	–
Cash and short-term deposits	242,985,995	–	66,729,493	–
Loan and receivables				
Trade and other receivables	–	534,426,511	–	767,431,341
Cash and short-term deposits	–	1,297,339,711	–	613,715,160
Carrying value of financial assets	2,750,179,670	2,177,527,945	4,350,882,495	1,381,146,501
Fair value of financial assets	2,750,179,670	2,177,527,945	4,350,882,495	1,381,146,501

16.2 FINANCIAL LIABILITIES

	GROUP		COMPANY	
As at 31 March	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Financial liabilities at amortised cost				
Amount due on leasehold property	22,056,666	26,128,667	–	–
Interest-bearing loans and borrowings	12,247,448,545	10,486,102,668	10,742,261,659	8,731,465,120
Trade and other payables	1,590,944,584	883,153,440	359,171,428	179,857,609
Dividend payable	940,410,956	55,985,987	940,410,956	48,941,353
Carrying value of financial liabilities	14,800,860,751	11,451,370,762	12,041,844,043	8,960,264,082
Fair value of financial liabilities	14,800,860,751	11,451,370,762	12,041,844,043	8,960,264,082

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

16.3 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES NOT CARRIED AT FAIR VALUE

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

16.4 GROUP

	Carrying amount		Fair value (Level 2)	
	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Financial liabilities				
Loans and borrowings – Non-current	6,028,692,962	6,611,898,247	6,028,692,962	6,611,898,247

16.5 COMPANY

	Carrying amount		Fair value (Level 2)	
	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Financial liabilities				
Loans and borrowings – Non-current	4,409,034,179	3,149,739,843	4,409,034,179	3,149,739,843

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.

17. FAIR VALUE HIERARCHY

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

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

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

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

17.1 GROUP

	31 March 2019 LKR	Level 1 LKR	Level 2 LKR	Level 3 LKR
Assets measured at fair value				
Financial assets designated at fair value through OCI/AFS (equity instruments)	**323,946,456**	323,946,456	–	–
Investment property	**193,724,248**	–	–	193,724,248
Land and buildings	**12,722,396,013**	–	–	12,722,396,013

	31 March 2018 LKR	Level 1 LKR	Level 2 LKR	Level 3 LKR
Available-for-sale investments	345,761,723	345,761,723	–	–
Land and buildings	11,389,450,499	–	–	11,389,450,499

COMPANY

	31 March 2019 LKR	Level 1 LKR	Level 2 LKR	Level 3 LKR
Assets measured at fair value				
Land and buildings	**3,542,000,000**	–	–	3,542,000,000

	31 March 2018 LKR	Level 1 LKR	Level 2 LKR	Level 3 LKR
Land and buildings	3,128,999,987	–	–	3,128,999,987

18. INVENTORIES

	GROUP		COMPANY	
As at 31 March	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Chemical and test materials	**89,937,295**	110,593,776	**54,177,779**	76,295,425
Pharmaceuticals and surgical	**318,544,241**	350,734,605	**35,762,142**	41,647,009
Consumables	**47,353,323**	62,012,367	**6,647,039**	7,199,831
Provision for slow/non-moving stocks	**(3,315,850)**	–	**–**	–
	452,519,009	523,340,748	**96,586,960**	125,142,265

19. TRADE AND OTHER RECEIVABLES

19.1 TRADE AND OTHER RECEIVABLES

		GROUP		COMPANY	
As at 31 March	Note	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Trade debtors		600,609,071	484,335,543	66,136,238	114,567,141
Related parties	19.3	70,965,874	46,467,717	29,165,688	42,913,757
Less: Impairment of trade debtors		(41,393,869)	(24,626,805)	(1,880,237)	(3,706,846)
		630,181,076	506,176,455	93,421,689	153,774,052
Other debtors-related parties	19.4	61,339,678	2,896,624	2,074,352,968	600,507,734
Staff loans		25,643,273	25,353,432	9,894,195	13,149,555
Other receivables		7,455,744	–	–	–
		724,619,771	534,426,511	2,177,668,852	767,431,341

19.2 ADVANCES, DEPOSITS AND PREPAYMENTS

		GROUP		COMPANY	
As at 31 March	Note	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Advances, deposits and prepayments		1,187,133,750	408,747,577	201,564,902	127,465,324
Employee share trust fund	19.5	5,000,000	5,000,000	5,000,000	5,000,000
		1,192,133,750	413,747,577	206,564,902	132,465,324
		1,916,753,521	948,174,088	2,384,233,754	899,896,665

19.3 TRADE DEBTORS – RELATED PARTIES

		GROUP		COMPANY	
As at 31 March	Relationship	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Softlogic Life Insurance PLC	Affiliate	15,297,454	–	766,110	3,383,065
Digital Health (Pvt) Ltd.	Associate	14,813,483	24,967,222	7,148,700	5,317,165
Softlogic Retail (Pvt) Ltd.	Affiliate	–	21,500,495	–	–
Asiri AOI Cancer Center (Pvt) Ltd.	Joint venture	40,854,937	–	–	–
Central Hospital Ltd.	Subsidiary	–	–	10,056,497	16,299,473
Asiri Surgical Hospital PLC	Subsidiary	–	–	3,392,016	11,363,497
Asiri Diagnostics Services (Pvt) Ltd.	Subsidiary	–	–	3,516,060	1,701,447
Asiri Hospital Matara (Pvt) Ltd.	Subsidiary	–	–	1,298,740	4,849,110
Asiri Hospital Galle (Pvt) Ltd.	Subsidiary	–	–	2,960,521	–
Asiri Hospital Kandy (Pvt) Ltd.	Subsidiary	–	–	27,044	–
		70,965,874	46,467,717	29,165,688	42,913,757

19.4 OTHER DEBTORS – RELATED PARTIES

		GROUP		COMPANY	
As at 31 March	Relationship	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Asiri Hospital Matara (Pvt) Ltd.	Subsidiary	–	–	9,638,235	–
Central Hospital Ltd.	Subsidiary	–	–	670,530,535	128,722
Asiri Central Hospitals Ltd.	Subsidiary	–	–	97,562,721	–
Asiri Hospital Kandy (Pvt) Ltd.	Subsidiary	–	–	1,020,138,238	579,714,191
Asiri Surgical Hospital PLC	Subsidiary	–	–	241,030,196	20,198,561
Asiri Diagnostic Services (Pvt) Ltd.	Subsidiary	–	–	11,727,247	466,260
Softlogic Holdings PLC	Parent company	18,932,321	3,120	18,929,201	–
Softlogic Life Insurance PLC	Affiliate	20,651,859	–	–	–
Softlogic Restaurants (Pvt) Ltd.	Affiliate	3,865,367	2,206,004	–	–
Softlogic Finance PLC	Affiliate	80,390	218,000	–	–
Softlogic Retail (Pvt) Ltd.	Affiliate	774,205	409,050	–	–
Softlogic Supermarkets (Pvt) Ltd.	Affiliate	144,820	–	–	–
Digital Health (Pvt) Ltd.	Associate	15,246,662	–	–	–
ODEL PLC	Affiliate	139,302	60,450	–	–
Asiri Hospital Galle (Pvt) Ltd.	Subsidiary	–	–	3,291,843	–
Asiri AOI Cancer Center (Pvt) Ltd.	Joint venture	1,504,752	–	1,504,752	–
		61,339,678	2,896,624	2,074,352,968	600,507,734

19.5 EMPLOYEE SHARE TRUST FUND

The Asiri Holdings PLC Employee Share Trust Fund was established in the year 2000/01 with funds wholly provided by the Company. The Share Trust Fund realised its investments during the financial year 2017/18 in order to comply with the requirements of the Colombo Stock Exchange with regard to holding of shares in companies by trust companies. The proceeds from the sale of such shares which is the entitlement of the Company is recorded as other income during year 2017/18 (Note 3.2) pending the completion of administrative formalities to dissolve such fund.

	2019 LKR	2018 LKR
Opening balance	5,000,000	5,000,000
Closing balance	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.

19.6 AS AT 31 MARCH, THE AGE ANALYSIS OF TRADE RECEIVABLES ARE AS FOLLOWS:

19.6.1 GROUP

	Total	Neither past due or nor impaired	Past due but not impaired			Impaired
			31-60 days	61-90 days	91-365 days	>365 days
	LKR	LKR	LKR	LKR	LKR	LKR
2019						
Gross trade receivable balance	671,574,945	359,314,422	122,643,443	61,591,327	88,851,537	39,174,216
Less: Impairment	(41,393,869)	–	–	–	(2,320,415)	(39,073,454)
	630,181,076	359,314,422	122,643,443	61,591,327	86,531,122	100,762
2018						
Gross trade receivable balance	530,803,260	326,912,815	73,916,230	37,583,785	67,763,625	24,626,805
Less: Impairment	(24,626,805)	–	–	–	–	(24,626,805)
	506,176,455	326,912,815	73,916,230	37,583,785	67,763,625	–

19.6.2 COMPANY

	Total	Neither past due or nor impaired	Past due but not impaired			Impaired
			31-60 days	61-90 days	91-365 days	>365 days
	LKR	LKR	LKR	LKR	LKR	LKR
2019						
Gross trade receivable balance	95,301,926	58,003,271	21,338,533	7,251,751	6,828,134	1,880,237
Less: Impairment	(1,880,237)	–	–	–	–	(1,880,237)
	93,421,689	58,003,271	21,338,533	7,251,751	6,828,134	–
2018						
Gross trade receivable balance	157,480,898	119,586,564	15,178,243	6,486,911	12,522,334	3,706,846
Less: Impairment	(3,706,846)	–	–	–	–	(3,706,846)
	153,774,052	119,586,564	15,178,243	6,486,911	12,522,334	–

20. LOANS GRANTED TO RELATED PARTIES

		GROUP		COMPANY	
	Relationship	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Softlogic Holdings PLC	Parent company	1,301,537,264	–	376,621,822	–
Softlogic Retail (Pvt) Ltd.	Affiliate	157,090,184	–	–	–
Asiri Hospital Kandy (Pvt) Ltd.	Subsidiary	–	–	1,729,862,328	–
		1,458,627,448	–	2,106,484,150	–

The interest for the loans granted to related parties were charged based on AWPLR percentage.

21. STATED CAPITAL

	COMPANY/GROUP			
	2019		2018	
	Number	LKR	Number	LKR
Balance at the beginning of the year	1,137,533,596	4,748,108,334	1,137,533,596	4,748,108,334
Balance at the end of the year	**1,137,533,596**	**4,748,108,334**	1,137,533,596	4,748,108,334

22. REVALUATION RESERVE

	GROUP		COMPANY	
	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Balance at beginning of the year	2,376,640,086	2,311,856,820	1,250,180,448	1,264,442,182
Revaluation during the year net of deferred tax:				
– Revaluation surplus	665,850,609	984,357,072	312,228,022	458,919,029
– Deferred tax on revaluation surplus	(195,879,274)	(919,573,806)	(86,274,053)	(473,180,763)
Balance at end of the year	**2,846,611,421**	2,376,640,086	**1,476,134,417**	1,250,180,448

23. INTEREST-BEARING LOANS AND BORROWINGS

GROUP	Note	2019 Amount repayable within 1 year LKR	2019 Amount repayable after 1 year LKR	2019 Total LKR	2018 Amount repayable within 1 year LKR	2018 Amount repayable after 1 year LKR	2018 Total LKR
Bank loans	23.1	2,296,661,127	6,014,447,440	8,311,108,567	2,178,717,111	6,581,565,872	8,760,282,983
Bank overdraft	29.2	3,909,444,535	–	3,909,444,535	1,682,704,318	–	1,682,704,318
Finance lease	23.1.1	12,649,921	14,245,522	26,895,443	12,782,992	30,332,375	43,115,367
		6,218,755,583	6,028,692,962	12,247,448,545	3,874,204,421	6,611,898,247	10,486,102,668

23.1 BANK LOANS – GROUP

	As at 1 April 2018 LKR	Acquisition of a subsidiary (refer Note 13.1) LKR	Loans obtained LKR	Interest charge LKR	Repayments LKR	As at 31 March 2019 LKR
Commercial Bank of Ceylon PLC	4,816,267,911	–	232,295,788	610,082,268	(1,103,232,785)	4,555,413,182
Sampath Bank PLC	1,759,801,924	–	650,000,000	196,712,394	(491,568,525)	2,114,945,793
Bank of Ceylon	513,602,166	–	–	57,381,725	(179,141,729)	391,842,162
Nations Trust Bank PLC	67,552,100	–	–	7,832,990	(25,525,206)	49,859,884
Hatton National Bank PLC	548,525,513	43,220,000	200,000,000	74,587,293	(470,894,189)	395,438,617
Short-term loan – Nations Trust Bank PLC	751,615,890	–		41,615,584	(542,770,174)	250,461,300
Short-term loan – Hatton National Bank PLC	302,917,479	–	150,000,000	46,798,164	(46,806,370)	452,909,273
Short-term loan – Sampath Bank PLC	–	–	100,000,000	1,072,603	(834,247)	100,238,356
	8,760,282,983	43,220,000	1,332,295,788	1,036,083,021	(2,860,773,225)	8,311,108,567

23.1.1 FINANCE LEASE

	As at 1 April 2018 LKR	Repayments LKR	As at 31 March 2019 LKR
Commercial Bank of Ceylon PLC	42,206,832	(17,913,440)	**24,293,392**
Nations Trust Bank PLC	8,607,009	(2,858,868)	**5,748,141**
Gross liability	50,813,841	(20,772,308)	**30,041,533**
Finance charges allocated to future periods			
Commercial Bank of Ceylon PLC	(6,367,915)	3,794,833	**(2,573,082)**
Nations Trust Bank PLC	(1,330,560)	757,552	**(573,008)**
Net liability	43,115,366	(16,219,923)	**26,895,443**

23.2 LONG-TERM LOAN DETAILS

23.2.1 ASIRI SURGICAL HOSPITAL PLC

Details of the long-term loans	Approved facility LKR Mn.	Repayment terms	Security	Security amount LKR Mn.
Commercial Bank of Ceylon PLC	511.4	95 equal monthly instalments of LKR 5,328,000/- each and a final instalment of LKR 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 LKR 75 Mn. and Commercial Bank of Ceylon PLC interest LKR 125 Mn.)	125
			Corporate guarantee of Asiri Hospital Holdings PLC	148.4

23.2.2 ASIRI HOSPITAL MATARA (PVT) LTD.

Details of the long-term loans	Approved facility LKR Mn.	Repayment terms	Security	Security amount LKR Mn.
Nations Trust Bank PLC	96.50	60 equal monthly instalments of LKR 1,608,383/-	Assignment over Amex receivables, Loan agreement for 96.5 Mn.	96.5

23.2.3 CENTRAL HOSPITAL LTD.

Details of the long term loans	Approved facility LKR Mn.	Repayment terms	Security	Security amount LKR Mn.
Sampath Bank PLC	326	95 equal monthly instalment each worth is LKR 3,396,000/- and final instalment is LKR 3,380,000/-	Corporate guarantee from Asiri Hospital Holdings PLC for LKR 326 Mn.	326
Sampath Bank PLC	1,150	120 equal monthly instalments of LKR 9,600,000/- and a final instalment of LKR 7,600,000/- commencing from the month following the disbursement of the loan to be served monthly	Securitisation of all future credit/debit card receivables of the Company and assignment over credit/debit card receivables of the Company and future credit/debit card receivables.	1,150
Bank of Ceylon	960	94 equal monthly instalments of LKR 10,146,667/- and a final Instalment of LKR 6,268,816/- (Ten years including two years grace period)	Primary concurrent mortgage over freehold land and buildings at No. 114, Norris Canal Road, Colombo 10.	960
Hatton National Bank PLC	150	Need to settle on or before 30 April 2019	Clean facility	–

23.2.4 ASIRI HOSPITAL KANDY (PVT) LTD.

Details of the long term loans	Approved facility LKR Mn.	Repayment terms	Security	Security amount LKR Mn.
Commercial Bank of Ceylon PLC	630.6	89 equal monthly instalments of LKR 7,006,000/- each and a final instalment of LKR 7,066,000/- together with interest	Corporate guarantee of Asiri Hospital Holdings PLC	630.6
Commercial Bank of Ceylon PLC	2,120	95 equal monthly instalments of LKR 22,080,000/- each and a final instalment of LKR 22,400,000/- together with interest	Corporate guarantee of Asiri Hospital Holdings PLC	2,120

23.2.5 ASIRI HOSPITAL GALLE (PVT) LTD.

(Formally known as Hemas Southern Hospitals (Pvt) Limited)

Details of the long-term loans	Approved facility LKR Mn.	Repayment terms	Security	Security amount LKR Mn.
Sampath Bank PLC	200	The capital repayment of the loan commences after a grace period of 12 months from the date of first disbursement and is payable in 108 equal monthly instalments (1st 24 months LKR 1,000,000/-, 2nd 24 months LKR 1,800,000/-, 3rd 36 months LKR 2,000,000/-, 4th 23 months LKR 2,500,000/- and a final instalment of LKR 3,300,000/-).	Third party primary mortgage bond for LKR 200 Mn. over the premises at No. 59, Wackwella Road, Galle owned by the Asiri Hospital Galle (Pvt) Ltd.	200
Hatton National Bank PLC	100	60 monthly instalments commencing after 24 months of grace period from August 2013	Clean facility	–

23.3 COMPANY

	Note	2019 Amount repayable within 1 year LKR	2019 Amount repayable after 1 year LKR	2019 Total LKR	2018 Amount repayable within 1 year LKR	2018 Amount repayable after 1 year LKR	2018 Total LKR
Bank loans	23.3.1	**1,414,395,522**	**2,123,022,000**	**3,537,417,522**	1,817,770,508	2,428,892,000	4,246,662,508
Bank overdraft	29.2	**2,471,453,455**	**–**	**2,471,453,455**	1,637,890,139	–	1,637,890,139
Loans due to related parties	23.3.2	**2,437,542,850**	**2,274,919,809**	**4,712,462,659**	2,117,249,489	699,919,808	2,817,169,297
		6,323,391,827	**4,397,941,809**	**10,721,333,636**	5,572,910,136	3,128,811,808	8,701,721,944
Finance lease	23.3.3	**9,835,653**	**11,092,370**	**20,928,023**	8,815,141	20,928,035	29,743,176
		6,333,227,480	**4,409,034,179**	**10,742,261,659**	5,581,725,277	3,149,739,843	8,731,465,120

23.3.1 BANK LOANS

	As at 1 April 2018 LKR	Loans obtained LKR	Interest charge LKR	Repayments LKR	As at 31 March 2019 LKR
Commercial Bank of Ceylon PLC	1,978,345,699	–	217,349,229	(646,563,747)	**1,549,131,181**
Sampath Bank PLC	665,257,925	450,000,000	73,270,164	(212,174,296)	**976,353,793**
Hatton National Bank PLC	548,525,514	–	59,131,747	(247,088,643)	**360,568,618**
Short-term loan – Nations Trust Bank PLC	751,615,890	–	41,615,584	(542,770,174)	**250,461,300**
Short-term loan – Hatton National Bank PLC	302,917,479	–	39,098,877	(41,352,082)	**300,664,274**
Short-term loan – Sampath Bank PLC	–	100,000,000	1,072,603	(834,247)	**100,238,356**
	4,246,662,507	550,000,000	431,538,204	(1,690,783,189)	**3,537,417,522**

23.3.2 LOANS DUE TO RELATED PARTIES

	As at 1 April 2018 LKR	Temporary finance obtained LKR	Interest charge LKR	Repayments LKR	As at 31 March 2019 LKR
Asiri Surgical Hospital PLC	472,571,014	405,000,000	86,888,295	(45,896,285)	**918,563,024**
Asiri Diagnostics Services (Pvt) Ltd.	234,184,996	65,000,000	31,887,575	(31,311,599)	**299,760,972**
Asiri Central Hospitals Ltd.	2,110,413,287	155,000,000	255,748,596	(168,666,523)	**2,352,495,360**
Central Hospital Limited	–	925,000,000	52,673,630	(17,808,955)	**959,864,675**
Asiri Hospital Matara (Pvt) Ltd.	–	180,000,000	8,355,861	(6,577,233)	**181,778,628**
	2,817,169,297	1,730,000,000	435,553,957	(270,260,595)	**4,712,462,659**

23.3.3 FINANCE LEASE

	As at 1 April 2018 LKR	Obtained during the year LKR	Repayments LKR	As at 31 March 2019 LKR
Commercial Bank of Ceylon PLC	30,673,346	–	(10,224,449)	**20,448,897**
Nations Trust Bank PLC	4,407,392	–	(1,429,428)	**2,977,964**
Gross liability	35,080,738	–	(11,653,877)	**23,426,861**
Finance charges allocated to future periods				
Commercial Bank of Ceylon PLC	(4,598,955)	–	2,454,729	**(2,144,226)**
Nations Trust Bank PLC	(738,607)	–	383,995	**(354,612)**
Net liability	29,743,176	–	(8,815,153)	**20,928,023**

23.4 LONG-TERM LOAN DETAILS

Details of the long-term loans	Approved facility LKR Mn.	Repayment terms	Security	Security amount LKR Mn.
Sampath Bank PLC	363	60 equal monthly instalments of LKR 6,050,000/- commencing the month after disbursement	Corporate guarantee by Asiri Surgical Hospital PLC	363
Commercial Bank of Ceylon PLC	377.6	71 equal monthly instalments of LKR 5,107,000/- each and a final instalment of LKR 5,085,000/- together with interest	Primary concurrent mortgage bond No. 2365/1447 and 1559/357 totalling of LKR 160 Mn. over hospital property at No. 181, Kirula Road, Narahenpita owned by Asiri Hospital Holdings PLC covering Bank's interest to the extent of LKR 100 Mn. (Bank of Ceylon Interest – LKR 60 Mn.)	100
			Secondary mortgage bond No. 963 for LKR 275 Mn. over the above hospital property.	275
Commercial Bank of Ceylon PLC	536	95 equal monthly instalments of LKR 5,584,000/- each and a final instalment of LKR 5,520,000/- together with interest	Corporate guarantee of Asiri Surgical Hospital for LKR 550 Mn.	550
Commercial Bank of Ceylon PLC	2,401.9	95 equal monthly instalments of LKR 25,025,000/- and a final instalment of LKR 24,591,000/- together with interest	Primary mortgage bond No. 3919 over 74,454,026 shares of Central Hospital Limited for LKR 2,225 Mn.	2,225
Sampath Bank PLC	670	119 equal monthly instalments of LKR 5,600,000/- and a final instalment of LKR 3,600,000/- commencing from the month following the disbursment of the loan to be served monthly with interest.	Securitisation of all future credit/debit card receivable of the Company. Loan agreement for LKR 670 Mn. Assignment over credit/debit card receivable of the Company and future debit/credit card receivable.	670
Hatton National Bank PLC	750	48 equal monthly instalments of LKR 15,625,000/- together with interest	Clean facility	–
Sampath Bank PLC	450	107 equal monthly instalments of LKR 4,200,000/- and a final instalment of LKR 600,000/- together with interest, after a capital grace period of 12 months commencing from the date of disbursment and served monthly with interest.	Third party primary mortgage bond for LKR 450 Mn. over the premises at No. 59, Wackwella Road, Galle owned by the Asiri Hospital Galle (Pvt) Ltd. Loan agreement for LKR 450 Mn. Deposit over share certificate of Asiri Hospital Galle (Pvt) Ltd together with Irrevocable Power of Attorney	450

24. AMOUNTS DUE ON LEASEHOLD PROPERTY

		GROUP		COMPANY	
As at 31 March	Note	**2019 LKR**	2018 LKR	**2019 LKR**	2018 LKR
Payable to Board of Investment of Sri Lanka	24.1	**22,056,666**	26,128,667	**–**	–
		22,056,666	26,128,667	**–**	–

24.1 GROUP

As at 31 March	2019 Amount repayable within 1 year LKR	2019 Amount repayable within 2-5 years LKR	2019 Amount repayable after 5 years LKR	2019 Total LKR	2018 Total LKR
Payable to the Board of Investment of Sri Lanka					
Gross liability on leasehold land	4,275,600	17,102,400	1,781,499	23,159,499	27,435,100
Less: finance charges allocated to future periods	(203,600)	(814,400)	(84,833)	(1,102,833)	(1,306,433)
Net liability on leasehold land	4,072,000	16,288,000	1,696,666	22,056,666	26,128,667

24.2 TERMS OF REPAYMENT – BOARD OF INVESTMENT OF SRI LANKA (BOI)

24.2.1 An annual sum equivalent to 4% of the total market value of leasehold land (LKR 101,800,000/-) as at the date of the lease agreement, over a period of 25 years commencing from the financial year 2000/01.

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

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

25. DEFERRED TAX ASSETS AND LIABILITIES

25.1 GROUP

As at 31 March	Note	2019 LKR	2018 LKR
Net deferred tax liability			
At the beginning of the year		1,312,292,329	164,344,016
Acquisition of a subsidiary	13.1	59,689,029	–
Charge recognised in statement of profit or loss	6	64,465,477	178,547,932
Charge recognised in statement of other comprehensive income	6	207,938,916	969,400,381
At the end of the year		1,644,385,751	1,312,292,329

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

As at 31 March	2019 LKR	2018 LKR
Revaluation of land and buildings	1,439,748,060	1,192,011,610
Accelerated depreciation for tax purpose	505,071,374	408,193,264
Employee benefit liabilities	(117,572,749)	(113,165,410)
Losses available for off-set against future taxable income	(180,662,514)	(174,747,135)
Impairment of trade receivables	(2,198,420)	–
	1,644,385,751	1,312,292,329

25.2 COMPANY

As at 31 March	Note	2019 LKR	2018 LKR
Net deferred tax liability			
At the beginning of the year		631,658,329	71,122,763
Reversal recognised in Statement of Profit or Loss	6	24,021,524	92,070,333
Reversal recognised in Statement of Other Comprehensive Income	6	92,993,337	468,465,233
At the end of the year		748,673,190	631,658,329

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

As at 31 March	2019 LKR	2018 LKR
Revaluation of land and buildings	574,935,719	488,661,666
Accelerated depreciation for tax purpose	223,814,066	194,373,587
Employee benefit liabilities	(50,076,595)	(51,376,924)
	748,673,190	631,658,329

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

26. POST-EMPLOYMENT BENEFIT LIABILITY

26.1 RETIREMENT BENEFIT OBLIGATIONS – GRATUITY

		GROUP		COMPANY	
As at 31 March	Note	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Defined benefit obligation at the beginning of the year		465,672,352	400,972,781	183,489,016	157,581,884
Acquisition of a subsidiary	13.1	11,859,215	–	–	–
Employees transferred in/(out)		(393,191)	–	3,559,788	–
Interest on retirement benefit liability		47,376,177	50,398,757	18,704,880	19,918,350
Current service cost		46,803,298	47,291,309	15,932,344	16,477,192
Actuarial (gain)/loss for the year		(38,169,658)	8,708,294	(23,997,443)	16,841,181
Benefit paid during the year		(48,697,362)	(41,698,789)	(18,843,603)	(27,329,591)
Defined benefit obligation at the end of the year		484,450,831	465,672,352	178,844,982	183,489,016
Charge for the period					
Interest charge for the year		47,376,177	50,398,757	18,704,880	19,918,350
Current service cost		46,803,298	47,291,309	15,932,344	16,477,192
Actuarial (gain)/loss for the year		(38,169,658)	8,708,294	(23,997,443)	16,841,181
		56,009,817	106,398,360	10,639,781	53,236,723

26.2 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., Asiri Hospital Matara (Pvt) Ltd. and Asiri Hospital Galle (Pvt) Ltd., of the defined benefit plan gratuity as at 31 March 2019. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used are as follows:

PRINCIPAL ACTUARIAL ASSUMPTIONS

The principal financial assumptions underlying the valuation are as follows:

	GROUP	
	2019	2018
Discount rate (%)	**10.93 – 11.03 p.a.**	10 p.a.
Salary increase rate (%)	**7.5 p.a.**	7.5 p.a.
Staff turnover rate (%)	**Up to 50 years – 55 years 12 – 28**	Up to 50 years – 55 years 12 – 28

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

The Company will continue as a going concern.

26.3 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	
Discount rate as at 31 March	**2019 LKR**	2018 LKR
Effect on retirement benefit obligation due to 1% increase in discount rate	**(4,511,623)**	(4,843,442)
Effect on retirement benefit obligation due to 1% decrease in discount rate	**4,803,122**	5,163,343

	COMPANY	
Salary escalation rate as at 31 March	**2019 LKR**	2018 LKR
Effect on retirement benefit obligation due to 1% increase in salary escalation rate	**5,739,470**	6,078,544
Effect on retirement benefit obligation due to 1% decrease in salary escalation rate	**(5,478,707)**	(5,796,346)

26.4 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 Its subsidiaries including Asiri Surgical Hospital PLC, Asiri Hospital Matara (Pvt) Ltd., Central Hospital Ltd., Asiri Diagnostics Services (Pvt) Ltd., and Asiri Hospital Galle (Pvt) Ltd., is as follows:

	GROUP	
Discount rate as at 31 March	2019 LKR	2018 LKR
Effect on retirement benefit obligation due to 1% increase in discount rate	(12,835,309)	(12,482,668)
Effect on retirement benefit obligation due to 1% decrease in discount rate	13,627,959	13,248,968

	GROUP	
Salary escalation rate as at 31 March	2019 LKR	2018 LKR
Effect on retirement benefit obligation due to 1% increase in salary escalation rate	16,169,997	15,564,511
Effect on retirement benefit obligation due to 1% decrease in salary escalation rate	(15,430,941)	(14,859,135)

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

	GROUP		COMPANY	
	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Within the next 12 months	156,846,397	152,227,650	68,692,845	65,174,954
Between 1 to 2 years	144,859,670	137,274,188	45,651,409	48,843,193
Between 3 to 5 years	116,134,791	114,000,874	39,690,804	42,871,699
Between 6 to 10 years	53,930,042	52,240,809	20,535,805	22,233,104
Beyond 10 years	12,679,931	9,928,831	4,274,119	4,366,066
Total expected payments	484,450,831	465,672,352	178,844,982	183,489,016

27. TRADE AND OTHER PAYABLES

27.1 TRADE AND OTHER CREDITORS

		GROUP		COMPANY	
As at 31 March	Note	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Trade payables		766,776,888	547,318,084	139,504,941	87,036,134
Trade payable – related parties	27.3	42,498,252	22,064,457	2,037,671	4,075,494
		809,275,140	569,382,541	141,542,612	91,111,628

27.2 OTHER PAYABLES

		GROUP		COMPANY	
As at 31 March	Note	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Sundry creditors including accrued expenses		761,191,227	313,770,899	89,784,261	60,718,367
Other payable related parties	27.4	–	–	126,579,472	28,027,614
Contract liabilities	27.5	20,478,218	–	1,265,085	–
		781,669,445	313,770,899	217,628,818	88,745,981
		1,590,944,585	883,153,440	359,171,430	179,857,609

27.3 TRADE PAYABLE – RELATED PARTIES

		GROUP		COMPANY	
As at 31 March	Relationship	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Asiri AOI Cancer Centre (Pvt) Ltd.	Joint venture	9,910,966	2,281,861	–	–
Digital Health (Pvt) Ltd.	Associate	454,127	539,873	–	–
Softlogic Holdings PLC	Parent Company	1,863,939	–	–	–
Softlogic BPO Services (Pvt) Ltd.	Affiliate	583,760	6,429,553	–	1,816,244
Softlogic Communications (Pvt) Ltd.	Affiliate	44,361	150,610	–	100,973
Softlogic Corporate Services (Pvt) Ltd.	Affiliate	792,149	1,746,668	17,602	17,602
Softlogic Finance PLC	Affiliate	5,850,000	594,446	–	–
Softlogic Mobile Distribution (Pvt) Ltd.	Affiliate	262,944	262,944	–	–
Softlogic Computers (Pvt) Ltd.	Affiliate	10,336,746	2,630,590	556,746	1,228,978
Softlogic Information Technologies (Pvt) Ltd.	Affiliate	2,060,843	5,142,287	1,105,753	909,246
Softlogic Retail (Pvt) Ltd.	Affiliate	10,105,433	2,130,313	355,119	–
Future Automobiles (Pvt) Ltd.	Affiliate	2,451	2,451	2,451	2,451
Softlogic Automobiles (Pvt) Ltd.	Affiliate	188,200	143,456	–	–
Nextage (Pvt) Ltd.	Affiliate	42,333	9,405	–	–
		42,498,252	22,064,457	2,037,671	4,075,494

27.4 OTHER PAYABLE – RELATED PARTIES

		GROUP		COMPANY	
As at 31 March	Relationship	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Asiri Surgical Hospital PLC	Subsidiary	–	–	59,100,685	9,933,292
Asiri Diagnostics Services (Pvt) Ltd.	Subsidiary	–	–	28,173,965	11,338,836
Central Hospital Ltd.	Subsidiary	–	–	35,972,350	5,188,823
Asiri Hospital Matara (Pvt) Ltd.	Subsidiary	–	–	681,626	558,163
Asiri Laboratories (Pvt) Ltd.	Subsidiary	–	–	1,000,000	1,000,000
Asiri Central Hospitals Ltd.	Subsidiary	–	–	–	8,500
Asiri Hospital Galle (Pvt) Ltd.	Subsidiary	–	–	1,650,846	–
		–	–	126,579,472	28,027,614

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

27.5 CONTRACT LIABILITIES

As at 31 March	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Advance received from patients	20,478,218	–	1,265,085	–
	20,478,218	–	1,265,085	–

28. INCOME TAX PAYABLE

		GROUP		COMPANY	
As at 31 March	Note	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Balance at beginning of the year		309,488,920	95,370,344	181,879,745	11,087,504
Provision for income tax during the year	6	509,507,104	484,398,112	141,956,916	208,393,449
(Over)/under provision	6	(158,853,997)	36,621,387	(158,656,321)	(49,809)
Payments made during the year		(275,812,389)	(306,900,924)	(61,840,159)	(37,551,399)
Balance at the end of the year		384,329,638	309,488,920	103,340,181	181,879,745

29. CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT

29.1 FAVOURABLE CASH AND CASH EQUIVALENTS BALANCE

	GROUP		COMPANY	
As at 31 March	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Cash in hand and at banks	242,985,995	435,268,342	66,729,493	49,506,598
Short-term deposits – reverse repurchase agreements	–	862,071,369	–	564,208,562
	242,985,995	1,297,339,711	66,729,493	613,715,160

29.2 UNFAVOURABLE CASH AND CASH EQUIVALENTS BALANCE

		GROUP		COMPANY	
As at 31 March	Note	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Bank overdraft	23	(3,909,444,535)	(1,682,704,318)	(2,471,453,455)	(1,637,890,139)
Total cash and cash equivalents for the purpose of the cash flow statement		(3,666,458,540)	(385,364,607)	(2,404,723,962)	(1,024,174,979)

30. COMMITMENTS AND CONTINGENCIES

30.1 CAPITAL EXPENDITURE AND OTHER COMMITMENTS

30.1.1 CAPITAL EXPENDITURE COMMITMENTS

There were no material commitments outstanding as at 31 March 2019 for future capital expenditure except for the below:

Year ended 31 March	2019 LKR	2018 LKR
Capital expenditure commitments	1,367,546,678	1,783,994,737
	1,367,546,678	1,783,994,737

30.2 CONTINGENT LIABILITIES

(A) LEGAL CLAIMS

Pending litigations against Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC and Central Hospital Ltd., with a maximum liability of LKR 41 Mn., LKR 105 Mn. and 100 Mn. respectively exist as at the reporting date. (2018 – Asiri Hospital Holdings PLC – LKR 41 Mn., Asiri Surgical Hospital PLC – LKR 100 Mn, Central Hospital Ltd. – LKR 100 Mn.)

In addition:

1. H C (Civil) 417/2015 – Mr Krishnan Thangaraj Vs Asiri Central Hospitals Ltd., Oraz International Property Developers and Construction (Pvt) Ltd., and H G Shalika Perera relating to a permanent injunction restraining the payment of any commission on the sale of the land and premises bearing Assessment No. 37, Horton Place, Colombo 07 to P P M Edwards. An Enjoining Order was issued restraining above at the first instance.
2. D C L/12652 – Mrs Shriyalatha Ranatunga Vs Asiri Hospital Matara (Pvt) Ltd., dispute between the parties regarding the west boundary of the land. Answer was filed by the Counsel for the Defendant.
3. LT/M/26/53/2016 – Mrs Lalitha Gamaethige Vs Asiri Hospital Matara (Pvt) Ltd. The Applicant had filed an application in the Labour Tribunal of Matara alleging the wrongful termination of her services by the Company. When this matter was taken up on aforesaid date, the evidence of the Labour Officer was completed.

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	
As at 31 March	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Sampath Bank PLC	899,000,000	899,000,000	436,000,000	436,000,000
Hatton National Bank PLC	430,000,000	580,000,000	250,000,000	250,000,000
Commercial Bank of Ceylon PLC	3,449,000,000	3,449,000,000	2,899,000,000	2,899,000,000
Bank of Ceylon	200,000,000	200,000,000	200,000,000	200,000,000
	4,978,000,000	5,128,000,000	3,785,000,000	3,785,000,000

30.3 CONTINGENT INCOME TAXES

A dispute has arisen with the Department of Inland Revenue with regard to the applicability of the income tax exemption in terms of the agreement entered between Asiri Surgical Hospital PLC and the Board of Investment of Sri Lanka (BOI) in 2000. Since there is litigation in the Court of Appeal in CA (Writ) 386/2016 with regard to this matter, in accordance with Paragraph 92 of LKAS 37, we are unable to provide further information on this and associated risks, in order not to impair the outcome and/or prejudice the Company's position in this matter. The aforesaid matter is coming up for argument on 31 October 2019 at the Court of Appeal.

31. ASSETS PLEDGED

The following assets have been pledged as security for liabilities:

		GROUP		COMPANY	
		Carrying amount pledged		Carrying amount pledged	
Nature of assets	Nature of liability	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Investment	Primary mortgage Bond for loans and borrowings	7,115,692,216	7,115,692,216	7,115,692,216	7,115,692,216
Total movable and immovable properties	Primary/secondary mortgage bond for loans and borrowings	8,289,250,001	7,800,400,000	2,699,250,000	2,390,000,000
Inventories and trade debtors	Hypothendication bond for bank overdraft	704,786,367	538,556,888	–	–
		16,109,728,584	15,454,649,104	9,814,942,216	9,505,692,216

32. 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.

33. RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

33.1 TRANSACTIONS WITH RELATED ENTITIES

	GROUP		COMPANY	
As at 31 March	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Subsidiaries				
Opening balance 1 April	–	–	(2,207,736,934)	(2,491,024,541)
Repayment of temporary finance obtained and fund transfers	–	–	(67,135,000)	(396,984,985)
Interest charged	–		368,556,628	286,716,919
Sale/(purchase) of goods/services	–	–	934,277,853	51,360,111
Channelling fee collected by related party/ (company on behalf of the related party)	–	–	(85,437,703)	4,847,268
Expenses incurred by the Company on behalf of related party	–	–	23,465,247	337,348,294
Closing balance 31 March	–	–	(1,034,009,909)	(2,207,736,934)
Associate/joint venture				
Opening balance 1 April	18,678,758	–	5,317,165	–
Repayment of temporary finance obtained and fund transfers	(295,397,067)	–	(109,841,732)	–
Sale/(purchase) of goods/services	364,875,924	18,678,758	(3,118,245)	5,317,165
Channelling fee collected by related party	114,794,113	–	114,794,113	–
Expenses incurred by the Company on behalf of related party	85,716,642	–	1,502,152	–
Settlements	(226,613,632)	–	–	–
Closing balance 31 March	62,054,738	18,678,758	8,653,453	5,317,165
Parent entity				
Opening balance 1 April	8,621,124	(262,118)	(359,054)	–
Repayment of temporary finance obtained and fund transfers	–	40,337,264	–	–
Temporary finance granted	1,259,100,000	–	375,000,000	–
Interest charged	42,437,264	–	1,621,822	
Sale/(purchase) of goods/services	(35,379,593)	(29,637,778)	–	1,457,190
Settlements	24,538,598	–	–	–
Expenses incurred by the Company on behalf of related party	19,288,255	(1,816,244)	19,288,255	(1,816,244)
Closing balance 31 March	1,318,605,648	8,621,124	395,551,023	(359,054)

As at 31 March	GROUP 2019 LKR	GROUP 2018 LKR	COMPANY 2019 LKR	COMPANY 2018 LKR
Affiliate companies				
Opening balance 1 April	–	–	–	–
Temporary finance granted	150,000,000	–	–	–
Interest charged	7,090,184	–	–	–
Sale/(purchase) of goods/services	(37,110,255)	–	(78,537,632)	–
Settlements	68,128,257	–	77,266,070	–
Expenses incurred by the Company on behalf of related party/(related party on behalf of the Company)	(20,333,824)	–	–	–
	167,774,362	–	(1,271,562)	–

	Note	GROUP 2019 LKR	GROUP 2018 LKR	COMPANY 2019 LKR	COMPANY 2018 LKR
Balance as at 31 March		1,548,434,748	27,299,882	(631,076,996)	(2,208,095,988)
Included under trade receivables	19.3	70,965,874	46,467,717	29,165,688	40,668,684
Included under other receivables	19.4	61,339,678	2,896,624	2,074,352,968	600,507,734
Included under loans granted to related parties	20	1,458,627,448	–	2,106,484,150	–
Included under interest-bearing loans and borrowings	23.3	–	–	(4,712,462,659)	(2,817,169,295)
Included under trade payables	27.3	(42,498,252)	(22,064,459)	(2,037,671)	(4,075,495)
Included under other payables	27.4	–	–	(126,579,472)	(28,027,615)
		1,548,434,748	27,299,882	(631,076,996)	(2,208,095,988)

33.2 Management fees paid to Softlogic Holdings PLC amounted to LKR 26,153,049/- in the current financial year. (2018 – LKR 15,024,492/-)

33.3 The Company carried out transactions in the ordinary course of its business on an arm's length basis with parties who are defined as related parties in Sri Lanka Accounting Standard LKAS 24 – Related Party Disclosure.

33.4 NON-RECURRENT RELATED PARTY TRANSACTIONS

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

Name of the related party	Relationship	Nature of the transactions	Value of related party transactions entered into during the financial year	Value of related party transactions as a % of equity and as a % of total assets	Terms and conditions of the related party transactions
Asiri Surgical Hospital PLC	Subsidiary	Loans obtained	405,000,000	"5% of Equity 2% of Total Assets"	Arm's length transaction for which the interest is payable based on AWPLR %.
Asiri Diagnostics Services (Pvt) Ltd.	Subsidiary	Loans obtained	65,000,000	"1% of Equity 0.4% of Total Assets"	Arm's length transaction for which the interest is payable based on AWPLR %.
Asiri Central Hospitals Ltd.	Subsidiary	Loans obtained	155,000,000	"2% of Equity 0.9% of Total Assets"	Arm's length transaction for which the interest is payable based on AWPLR %.
Central Hospital Ltd.	Subsidiary	Loans obtained	925,000,000	"12% of Equity 5.3% of Total Assets"	Arm's length transaction for which the interest is payable based on AWPLR %.
Asiri Hospital Matara (Pvt) Ltd.	Subsidiary	Loans obtained	180,000,000	"2% of Equity 1% of Total Assets"	Arm's length transaction for which the interest is payable based on AWPLR %.
			1,730,000,000		

The total loans obtained from related parties amounting to LKR 1,730,000,000 which is 23% of equity and 10% of total assets.

33.5 RECURRENT RELATED PARTY TRANSACTIONS

There were no recurrent related party transactions which in aggregate value exceeds 10% of the revenue of the Company as per 31 March 2018 Audited Financial Statements, which required additional disclosures in the 2018/19 Annual Report under Colombo Stock Exchange Listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13 (c) of the Securities and Exchange Commission Act.

33.5 COMPENSATION OF KEY MANAGEMENT PERSONNEL*

	GROUP		COMPANY	
	2019 LKR	2018 LKR	**2019 LKR**	2018 LKR
(a) Short-term employee benefits	**62,623,904**	43,475,500	**51,305,000**	37,055,500
	62,623,904	43,475,500	**51,305,000**	37,055,500

Key Management Personnel include Board of Directors of Asiri Hospital Holdings PLC and its subsidiary companies.

(b) The Directors of the Company hold 381,088 shares of Asiri Hospital Holdings PLC as at 31 March 2019 (2018 – 381,088).

(c) As at 31 March 2019, Softlogic Holdings PLC and Softlogic Life Insurance PLC hold 593,390,965 (2018 – 586,858,799) shares of the Company.

(d) Transactions with Entities that are Controlled or Jointly Controlled by Key Management Personnel:

		GROUP		COMPANY	
		Goods and services (obtained)/rendered		Goods and services (obtained)/rendered	
Name of the related party	Details of transactions	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Softlogic Computers (Pvt) Ltd.	Repair and purchase of computers and accessories	**(48,079,854)**	(11,647,147)	**(6,530,657)**	(6,928,852)
Softlogic Holdings PLC	Technical fees, hiring charges and repairs, auditorium rental fee	**(66,593,843)**	(21,416,742)	**(26,153,049)**	(26,809,530)
Softlogic Information Technologies (Pvt) Ltd.	Software maintenance charges and purchase of fixed assets	**(73,370,212)**	(49,049,652)	**(31,717,099)**	(22,564,147)
Softlogic Automobiles (Pvt) Ltd.	Motor vehicle repair charges, purchase of ambulance	**(6,260,637)**	(43,526,325)	**(691,402)**	(11,055,413)
Softlogic Communications (Pvt) Ltd.	Purchase of mobile phones	**(2,054,347)**	(1,581,469)	**(836,012)**	(798,340)
Softlogic Corporate Services (Pvt) Ltd.	Secretarial services	**(9,861,802)**	(4,673,132)	**(2,600,483)**	(2,359,845)
Softlogic Retail (Pvt) Ltd.	Repair and purchase of furniture and stationary, electronic equipments	**(81,836,076)**	120,443,027	**(24,339,214)**	(18,823,388)
Future Automobiles (Pvt) Ltd.	Purchase of motor vehicles, motor vehicle repair charges	**(15,168,491)**	(10,571,582)	**(1,569,997)**	(7,484,440)
Softlogic BPO Services (Pvt) Ltd.	System maintenance charges	**(95,026,847)**	(79,046,764)	**(27,136,838)**	(24,028,227)
Softlogic Brands (Pvt) Ltd.	Purchase of furniture	**(334,920)**	(125,673)	**–**	(125,673)
Softlogic Finance PLC	Purchase of motor vehicles, medicare services, auditorium rental fee	**(6,129,772)**	(7,771,170)	**(869,402)**	–
Softlogic Mobile Distribution (Pvt) Ltd.	Purchase of mobile phones and repairs	**–**	(101,780)	**–**	(101,780)
Softlogic Life Insurance PLC	Patient medical insurance cover, insurance policies for employees	**199,847,655**	93,475,433	**(4,778,843)**	29,033,212
Softlogic Restaurants (Pvt) Ltd.	Rent income	**7,113,492**	8,021,216	**–**	–
Softlogic Destination Management (Pvt) Ltd.	Air ticketing services	**(745,100)**	(99,800)	**–**	–
Digital Health (Pvt) Ltd.	Maintenance and data connection charges	**(7,775,777)**	(3,116,393)	**(1,762,373)**	(1,173,000)
Nextage (Pvt) Ltd.	Commission paid on advertising	**(1,044,750)**	(243,039)	**(394,939)**	–
Softlogic International (Pvt) Ltd.	Asset purchases	**–**	(228,154)	**–**	(228,154)
Softlogic City Hotels (Pvt) Ltd.	Hotel charges	**–**	(331,105)	**–**	(331,105)
Softlogic Communication Services (Pvt) Ltd.	Repair charges	**–**	(171,945)	**–**	(171,945)
		(207,321,281)	(11,762,196)	**(129,380,308)**	(93,950,626)

33.6 OFF BALANCE SHEET ITEMS

COMPANY

(a) Guarantees made by Asiri Hospital Holdings PLC, has been given in Note 30.2 (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 LKR 436 Mn., LKR 250 Mn., LKR 2,899 Mn. and LKR 200 Mn. respectively.

(b) Refer Note 31 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 30.2 (B) to these Financial Statements.

Asiri Hospital Holdings PLC and its subsidiaries has granted Corporate Guarantees to Sampath Bank PLC, Hatton National Bank PLC, Commercial Bank of Ceylon PLC, Bank of Ceylon for the individual loans and permanent overdraft facilities to secure the banking facilities obtained by the subsidiaries for the value of LKR 899 Mn., LKR 430 Mn, LKR 3,449 Mn. and LKR 200 Mn. respectively.

(b) Refer Note 31 to these Financial Statements for assets pledged by Asiri Hospital Holdings PLC and its subsidiaries in order to obtain the loans.

33.7 OTHER TRANSACTIONS

COMPANY

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

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

34. 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 Group's/Company's risk management process.

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

CREDIT RISK

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

		GROUP		COMPANY	
	Note	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Financial assets at amortised cost					
Loans granted to related parties	20	1,458,627,448	–	2,106,484,150	–
Trade and other receivables	19.1	724,619,771	–	2,177,668,852	–
Cash and short-term deposits	29.1	242,985,995	–	66,729,493	–
Loan and receivables					
Trade and other receivables	19.1	–	534,426,511	–	767,431,341
Cash and short-term deposits	29.1	–	1,297,339,711	–	613,715,160
Total credit risk exposure		2,426,233,214	1,831,766,222	4,350,882,495	1,381,146,501
Financial assets designated at fair value through OCI/AFS (equity instruments)					
Investment in quoted equity securities	15	323,946,456	345,761,723	–	–
Total equity risk exposure		323,946,456	345,761,723	–	–
Total		2,750,179,670	2,177,527,945	4,350,882,495	1,381,146,501

INTEREST RATE RISK

Interest rate risk is the Group's/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.

EXPOSURE TO INTEREST RATE RISK

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

	GROUP		COMPANY	
As at 31 March	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Variable rate instruments				
Financial liabilities	(12,220,553,102)	(10,442,987,301)	(10,721,333,636)	(8,701,721,944)
	(12,220,553,102)	(10,442,987,301)	(10,721,333,636)	(8,701,721,944)

INTEREST RATE SENSITIVITY

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

		GROUP	COMPANY
	Increase in basis points	Effect on profit Before tax LKR	Effect on profit Before tax LKR
2019	**+125**	**(98,990,830)**	**(44,217,719)**
	-125	**98,990,830**	**44,217,719**
2018	+125	(109,503,537)	(53,083,281)
	-125	109,503,537	53,083,281

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

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 Group/Company also complies with Sri Lanka Accounting Standards.

FOREIGN EXCHANGE RISK

Foreign Exchange Risk is the Group's/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 Group/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.

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

		GROUP		COMPANY	
	Note	**2019 LKR**	2018 LKR	**2019 LKR**	2018 LKR
Other non-current financial assets					
Financial assets designated at fair value through OCI (equity instruments)	15	**323,946,456**	345,761,723	**–**	–
		323,946,456	345,761,723	**–**	–

SENSITIVITY ANALYSIS

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

		GROUP		COMPANY	
	Change in equity %	Effect on fair value reserve of financial assets at FVOCI/AFS LKR	Effect on equity LKR	Effect on fair value reserve of financial assets at FVOCI/AFS LKR	Effect on equity LKR
2019					
Quoted equity investments listed on the Colombo Stock Exchange	+10	32,394,646	32,394,646	–	–
	–10	(32,394,646)	(32,394,646)	–	–
2018					
Quoted equity investments listed on the Colombo Stock Exchange	+10	34,576,172	34,576,172	–	–
	–10	(34,576,172)	(34,576,172)	–	–

LIQUIDITY RISK

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

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

	GROUP 2019			COMPANY 2019	
As at 31 March	Interest-bearing loans and borrowings LKR	Trade and other payables LKR	Amount due on leasehold property LKR	Interest-bearing loans and borrowings LKR	Trade and other payables LKR
0-12 months	1,534,529,611	1,590,944,585	4,072,000	772,889,244	359,171,430
1-5 years	3,101,595,089	–	16,288,000	1,985,393,971	–
>5 years	3,315,764,080	–	1,696,666	499,766,080	–
Total	7,951,888,780	1,590,944,585	22,056,666	3,258,049,295	359,171,430

	GROUP 2018			COMPANY 2018	
As at 31 March	Interest-bearing loans and borrowings LKR	Trade and other payables LKR	Amount due on leasehold property LKR	Interest-bearing loans and borrowings LKR	Trade and other payables LKR
0-12 months	2,013,979,746	883,153,440	4,072,000	1,817,770,508	179,857,610
1-5 years	7,538,865,339	–	16,288,000	2,246,092,000	–
>5 years	1,421,836,030	–	5,768,667	182,800,000	–
Total	10,974,681,115	883,153,440	26,128,667	4,246,662,508	179,857,610

Supplementary Information

Shareholder Information

Ordinary shares of the Company are listed in the Colombo Stock Exchange of Sri Lanka. The Audited Financial Statements of the Company for the year ended 31 March 2019 and copies of this Annual Report have been submitted to the Colombo Stock Exchange.

DISTRIBUTION OF SHAREHOLDING

There were 5,330 registered shareholders as at 31March 2019.

	31 March 2019			31 March 2018		
Number of shares held	Number of shareholders	Holding	Holding %	Number of shareholders	Holding	Holding %
1 – 1,000	2,555	757,665	0.07	2,470	751,773	0.07
1,001 – 10,000	1,697	6,914,897	0.61	1,747	7,062,214	0.62
10,001 – 100,000	846	28,936,195	2.54	859	29,451,740	2.59
100,001 – 1,000,000	204	50,557,378	4.44	206	51,591,515	4.54
Over 1,000,000	28	1,050,367,461	92.34	25	1,048,676,354	92.19
Total	5,330	1,137,533,596	100.00	5,307	1,137,533,596	100

COMPOSITION OF SHAREHOLDERS

	31 March 2019			31 March 2018		
Category	Number of shareholders	Holding	Holding %	Number of shareholders	Holding	Holding %
Individual	5,167	121,159,980	10.65	5,156	122,571,366	11
Institutional	163	1,016,373,616	89.35	151	1,014,962,230	89
Total	5,330	1,137,533,596	100.00	5,307	1,137,533,596	100
Resident	5,287	722,235,240	63.49	5,266	710,291,688	62
Non-resident	43	415,298,356	36.51	41	427,241,908	38
Total	5,330	1,137,533,596	100.00	5,307	1,137,533,596	100

TWENTY MAJOR SHAREHOLDERS

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

	As at 31 March 19	Percentage	As at 31 March 18	Percentage
Softlogic Holdings PLC	504,957,858	44.39	504,957,858	44.39
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-OWN A/C	–	–	49,936,394	4.39
BNYM SA/NV RE-LF Ruffer Investment Funds: LF Ruffer Pacific and Emerging Markets Fund	40,148,930	3.53	36,148,930	3.18
SEB AB-Tundra Sustainable Frontier Fund	30,000,000	2.64	–	–
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	16,452,405	1.45
Mr Chaminda Dilantha Weerasinghe (Deceased)	9,375,000	0.82	9,375,000	0.82

	As at 31 March 19	Percentage	As at 31 March 18	Percentage
Morgan Stanley and Co. INTL PLC-OWN A/C	8,136,394	0.72	–	–
Softlogic Life Insurance PLC A/C No. 04 (Non-participating Fund)	8,000,000	0.70	–	–
Mr P P Subasinghe	7,266,809	0.64	7,266,809	0.64
Softlogic Life Insurance PLC A/C No. 05 (Non-participating Fund)	5,956,877	0.52	–	–
Union Bank of Colombo PLC/Softlogic Holdings PLC	5,655,789	0.50	5,655,789	0.50
Softlogic Life Insurance PLC A/C No. 02 (Non-participating Fund)	–	–	5,500,000	0.48
Deutsche Bank AG – National Equity Fund	4,000,000	0.35	–	–
Pictet and CIE (Europe) S.A.S/A Ruffer SICAV – Ruffer Global Smaller	–	–	4,000,000	0.35
CBHK S/A Platinum Broking Company Limited	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
Mr H K J Dharmadasa	2,908,650	0.26	2,788,920	0.25
Mr A H Weerasuriya	2,700,000	0.24	2,700,000	0.24
Mr Mohamed Faizer Hashim	2,060,660	0.18	2,055,360	0.18
Miss Theja Thushari Weerasinghe	–	–	1,682,700	0.15
	1,041,622,107	91.57	1,042,522,900	91.65
Shares held by the balance shareholdings	95,911,489	8.43	95,010,696	8.35
Total issued shares	1,137,533,596	100.00	1,137,533,596	100.00
Public shareholdings	214,035,113	18.82	222,035,381	19.52
Total number of public shareholders	5,319		5,295	

SHARE TRADING

Market price (LKR)	2018/19	2017/18
Highest (19 July 2018)	27.00	29.00
Lowest (28 March 2019)	19.50	23.00
As at year-end (29 March 2019)	20.20	27.50
Number of trades	1,698	2,211
Number of shares traded	49,588,093	12,594,870
Value of the shares traded (LKR)	1,097,236,747	318,782,936
Market capitalisation (LKR)	22,978,178,639	31,282,173,890
Earnings per share (LKR)	1.48	1.53
Dividend per share (LKR)	0.80	0.60
Net assets per share (LKR)	7.63	6.59
P/E Ratio	13.65	17.97

The Float-adjusted market capitalisation as at 31 March 2019 is LKR 4,324,492,201.06 and the Company is in compliance with option 4 of the Listing Rules 7.13.1 (a) which requires 10% minimum public holding percentage and 500 minimum public shareholders.

Five Year Summary

Year ended 31 March	2019 LKR '000	2018 LKR '000	2017 LKR '000	2016 LKR '000	2015 LKR '000
Statement of Profit or Loss					
Revenue	13,476,097	12,025,178	10,396,219	9,952,385	8,593,473
Cost of sales	(7,140,008)	(6,476,262)	(5,683,140)	(5,391,656)	(4,641,170)
Gross operating profit	6,336,089	5,548,916	4,713,079	4,560,729	3,952,303
Other laboratory income	79,003	89,716	97,661	89,308	60,847
Administration and distribution expenses	(3,403,040)	(3,052,839)	(2,446,357)	(2,591,220)	(2,288,248)
Profit from operations	3,012,052	2,585,793	2,041,712	2,058,817	1,724,902
Other income	158,064	821,163	80,820	83,074	73,682
Fair value adjustment of the investment property	–	–	–	–	513,364
Exchange gain/(loss)	–	–	–	–	(47,321)
Share of profit/(loss) of associate/ joint venture (net of income tax)	73	(3,609)	(21,833)	–	–
Profit before interest and tax	3,170,189	3,403,347	2,100,699	2,141,891	2,264,627
Finance income	73,911	65,791	31,376	155,945	42,769
Finance costs	(877,065)	(869,506)	(834,867)	(715,050)	(564,008)
Profit before tax	2,367,035	2,599,632	1,297,208	1,582,787	1,743,388
Income tax expense	(575,311)	(699,567)	(177,206)	(193,818)	(160,735)
Profit for the year	1,791,724	1,900,064	1,120,002	1,388,969	1,582,653
Non-controlling interests	(109,171)	(161,545)	(91,984)	(206,590)	(165,919)
Profit after non-controlling interests and tax	1,682,553	1,738,519	1,028,019	1,182,378	1,416,734
Statement of Financial Position					
Property, plant and equipment	21,552,376	18,035,916	15,341,387	13,358,513	11,856,403
Investment property	193,724	–	–	–	2,698,000
Investment in associate/joint venture	31,625	31,558	8,167	30,000	–
Intangible assets	609,654	548,707	548,707	548,707	548,707
Other non-current financial assets	323,946	345,762	349,972	407,624	598,882
Deferred tax assets	–	–	107,562	–	–
Inventories	452,519	523,341	515,311	444,058	381,062
Trade and other receivables	724,620	534,427	475,412	396,854	373,759
Other current assets	1,192,134	413,748	422,236	560,962	361,714
Loans granted to related parties	1,458,627	–	–	116,845	149,564
Cash and bank balances	242,986	1,297,340	1,072,828	903,991	1,246,618
Total assets	26,782,211	21,730,797	18,841,583	16,767,555	18,214,709

Year ended 31 March	2019 LKR '000	2018 LKR '000	2017 LKR '000	2016 LKR '000	2015 LKR '000
Stated capital	**4,748,108**	4,748,108	4,748,108	4,748,108	3,902,400
Revaluation reserve	**2,846,611**	2,376,640	2,311,857	1,685,824	1,593,240
Fair value reserve of financial assets at FVOCI	**(7,676)**	79,448	92,513	159,304	296,713
Reserve on consolidation	**(862,299)**	(862,299)	(840,432)	(832,200)	(2,345,962)
Retained earnings	**1,951,119**	1,149,357	100,010	170,703	2,575,322
Non-controlling interests	**792,320**	700,717	946,375	951,522	1,182,652
Total equity	**9,468,183**	8,191,971	7,358,431	6,883,261	7,204,365
Amount due on leasehold property	**17,985**	22,057	26,129	30,201	34,273
Interest-bearing long-term loans and borrowings	**6,028,693**	6,611,898	6,930,175	6,189,792	7,032,828
Deferred tax	**1,644,386**	1,312,292	271,906	223,066	223,957
Post employment liability	**484,451**	465,672	400,973	351,282	344,721
Trade creditors	**809,275**	569,383	439,886	457,754	372,769
Other payables	**2,106,410**	679,248	1,014,984	848,575	1,650,525
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 and bank overdraft	**6,218,756**	3,874,204	2,395,027	1,749,551	1,347,199
Total equity and liabilities	**26,782,211**	21,730,797	18,841,583	16,767,555	18,214,709
Net cash from operating activities	**904,245,828**	2,580,345	1,528,120	1,735,908	3,276,993
Net cash flows used in investing activities	**(3,651,123,605)**	(1,879,670)	(2,099,832)	(178,812)	1,589,527
PBIT/Turnover (%)	**24**	22	21	23	27
GP margin (%)	**47**	46	45	46	46
Return on equity (%)	**20**	23	15	20	22
Return on assets (%)	**7**	9	6	8	9
Dividend pay out (%)	**54.05**	39.26	105.12	182.70	38.76
Debts to equity	**0.96**	1.28	1.27	1.15	1.16
Interest cover	**3.70**	2.99	2.55	3.26	3.85
Quick asset ratio	**0.40**	0.44	0.51	0.64	0.63
Dividend per share	**0.80**	0.60	0.95	1.94	0.50
Net assets value per share	**7.63**	6.59	5.64	5.21	5.48
Earnings per share	**1.48**	1.53	0.90	1.06	1.29

Notice of Meeting

NOTICE IS HEREBY GIVEN that the 39th Annual General Meeting of Asiri Hospital Holdings PLC will be held at the Auditorium of Central Hospital Ltd. (4th Floor), No. 114, Norris Canal Road, Colombo 10 on Friday the 20th day of September 2019 at 3.20pm for the following purposes:

(1) To receive and consider the Annual Report of the Board of Directors and Financial Statements of the Company and of the Group for the year ended 31 March 2019 together with the Report of the Auditors thereon.

(2) To ratify the Interim Dividend of LKR 0.80 per share paid on 2 April 2019 as the Final Dividend for the year ended 31 March 2019.

(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 V Bali who retires by rotation in terms of Article 24 (6) of the Articles of Association, as a Director of the Company.

(5) To re-elect Mr R A Ebell who retires in terms of Article 24 (2) of the Articles of Association, as a Director of the Company.

(6) To pass the ordinary resolution set out below to re-appoint Mr G L H Premaratne who is 71 years of age, as a Director of the Company.

"IT IS HEREBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr G L H Premaratne who is 71 years of age and that he be and is hereby reappointed a Director of the Company in terms of Section 211 of the Companies Act No. 07 of 2007".

(7) 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.

(8) To authorise the Directors to determine and make donations for the year ending 31 March 2020 and up to the date of the next Annual General Meeting.

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

Secretaries

25 June 2019
Colombo

Note:

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

A Form of Proxy is enclosed in this Report.

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

Form of Proxy

*I/We .... of

.... being a* member/members of

ASIRI HOSPITAL HOLDINGS PLC, do hereby 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 R A Ebell	of Colombo or failing him
Mr V Bali	of India or failing him
Mr A N Thadani	of India

as *my/our Proxy to represent *me/us and to speak and vote for *me/us on *my/our behalf at the 39th Annual General Meeting of the Company to be held at the Auditorium of Central Hospital Ltd. (4th Floor), No. 114, Norris Canal Road, Colombo 10 at 3.20pm on the 20th day of September 2019 and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

	For	Against
(1) To receive and consider the Annual Report of the Board of Directors and Financial Statements of the Company and of the Group for the year ended 31 March 2019 together with the Report of the Auditors thereon.		
(2) To approve the interim dividend of LKR 0.80 per share paid on 2 April 2019 as the final dividend for the year ended 31 March 2019.		
(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 V Bali who retires by rotation in terms of Article 24 (6) of the Articles of Association, as a Director of the Company.		
(5) To re-elect Mr R A Ebell who retires in terms of Article 24 (2) of the Articles of Association, as a Director of the Company.		
(6) To pass the ordinary resolution set out below to re-appoint Mr G L H Premaratne who is 71 years of age, as a Director of the Company. "IT IS HEREBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr G L H Premaratne who is 71 years of age and that he be and is hereby reappointed a Director of the Company in terms of Section 211 of the Companies Act No. 07 of 2007".		
(7) To re-appoint retiring Auditors Messrs Ernst & Young and to authorise the Directors to fix their remuneration.		
(8) To authorise the Directors to determine and make donations for the year ending 31 March 2020 and up to the date of the next Annual General Meeting.		

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

....
*Signature/s

Note:

(1) *Please delete the inappropriate words.

(2) Instructions as to completion are noted on the reverse hereof.

(3) The shareholders/proxyholders are requested to bring their National Identity Card or Passport when attending the meeting.

INSTRUCTIONS AS TO COMPLETION

(1) Kindly perfect the Form of Proxy after filling in legibly your full name and address and sign in the space provided. Please fill in the date of signature.

(2) A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy who need not be a member, to attend and vote instead of him. Please indicate with an "X" in the boxes provided how your Proxy is to vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.

(3) In the case of a Corporate Member, the Form of Proxy must be completed under its common seal, which should be affixed in the manner prescribed by the Articles of Association.

(4) If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should also accompany the completed Form of Proxy, in the manner prescribed by the Articles of Association.

(5) The completed Form of Proxy should be deposited at the Registered Office of the Company, No. 181, Kirula Road, Colombo 05, not less than forty-eight (48) hours before the time appointed for the holding of the meeting.

Please provide the following details:

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

Corporate Information

NAME OF THE COMPANY
Asiri Hospital Holdings PLC

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

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

COMPANY REGISTRATION NUMBER
PQ 204

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

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

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

BOARD OF DIRECTORS
Mr A K Pathirage –
Chairman/Managing Director

Dr K M P Karunaratne –
Group Chief Executive Officer

Dr S Selliah – Deputy Chairman

Mr S A B Rajapaksa

Mr G L H Premaratne

Mr V Bali

Mr A N Thadani

Mr R A Ebell

AUDIT COMMITTEE
Mr R A Ebell – Chairman
Independent Non-Executive Director

COMMITTEE MEMBERS
Mr G L H Premaratne
Independent Non-Executive Director

Mr S A B Rajapaksa
Independent Non-Executive Director

FREQUENCY OF MEETINGS
Committee meets quarterly

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

COMMITTEE MEMBERS
Dr S Selliah
Independent Non-Executive Director

FREQUENCY OF MEETINGS
Committee meets once a year

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE
Mr S A B Rajapaksa – Chairman
Independent Non-Executive Director

COMMITTEE MEMBERS
Mr G L H Premaratne
Independent Non-Executive Director

Mr R A Ebell
Independent Non-Executive Director

FREQUENCY OF MEETINGS
Committee meets at least once a quarter

SUBSIDIARY COMPANIES
Central Hospital Ltd.
No. 114, Norris Canal Road, Colombo 10.

Asiri Central Hospitals Ltd.
No. 114, Norris Canal Road, Colombo 10.

Asiri Surgical Hospital PLC
No. 21, Kirimandala Mawatha, Colombo 5.

Asiri Diagnostics Services (Pvt) Ltd.
No. 181, Kirula Road, Colombo 05.

Asiri Hospital Kandy (Pvt) Ltd.
No. 21, Kirimandala Mawatha
Colombo 05.

Asiri Hospital Matara (Pvt) Ltd.
No. 26, Esplanade Road,
Uyanwatte, Matara.

Asiri Laboratories (Pvt) Ltd.
No. 181, Kirula Road, Colombo 05.

Asiri Hospital Galle (Pvt) Ltd.
No. 10, Wackwella Road, Galle.

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

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

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

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

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

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