

ASiRi
HOSPITAL HOLDINGS PLC

**BRINGING
SMILES
TO LIVES**

Annual Report 2012

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Vision Statement

To be a leading speciality hospital in South Asia, providing personalized healthcare solutions

Mission Statement

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

Values

- Professional care to all the patients with dignity
- Caring with a human touch
- Innovation and forward focus



Hope...

Life begins with hope. It paves the way to achieve our aspirations and build a better future. We believe in fulfilling that hope.

Financial Highlights

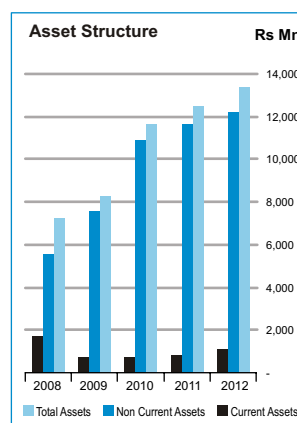
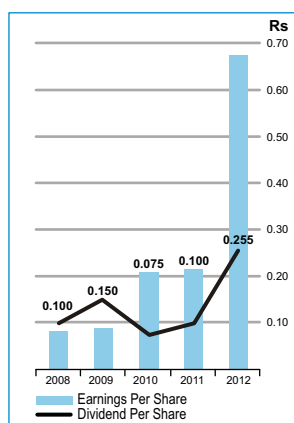
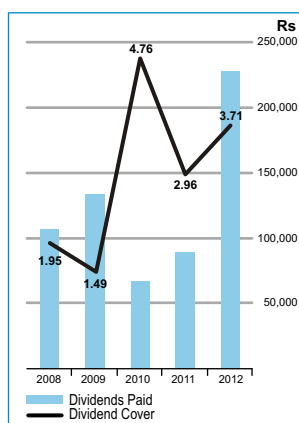
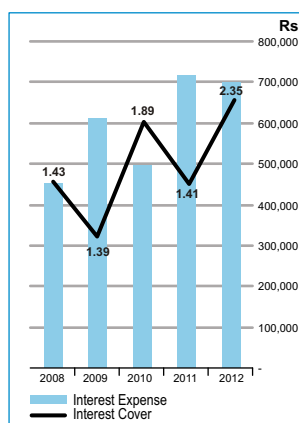
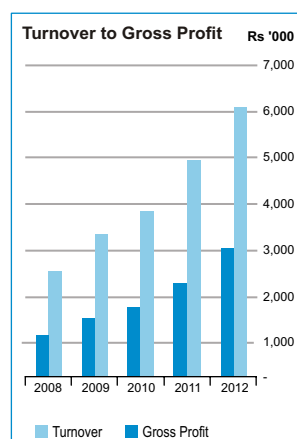
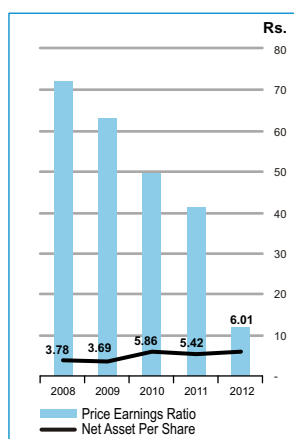
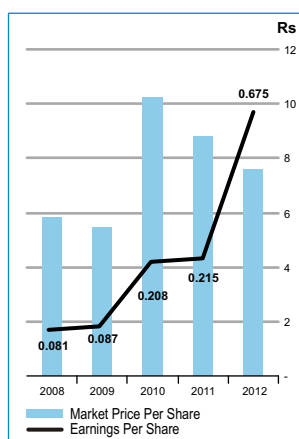
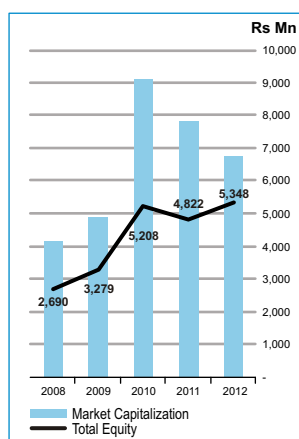
Year Ended 31st March

		2012 Rs. '000	2011 Rs. '000	% Change
Operating Results				
Revenue	Rs '000	6,124,581	4,917,092	25
Profit before Interest and Tax	Rs '000	1,639,079	1,002,698	63
Profit after Tax	Rs '000	841,766	263,135	220
Gross Profit Attributable to Equity Holders of the Parent	Rs '000	600,229	190,796	215
Balance Sheet Highlights				
Total Assets	Rs '000	13,248,251	12,449,425	6
Total Equity	Rs '000	5,348,221	4,822,125	11
Debt to Equity	%	129.6	137.7	-6
Shareholder Information				
Return on Total Equity	%	15.74	5.46	10
Earnings per Share	Rs	0.675	0.215	214
Net Asset per Share	Rs	6.01	5.42	11
Price Earnings Ratio (PE)	Times	11.26	40.93	-72
Market Price as at 31st March	Rs	7.60	8.80	-14

Financial Highlights

Year Ended 31st March

Rs. '000		2012	2011	2010	2009	2008
Operating Results						
Turnover	Rs '000	6,124,581	4,917,092	3,889,031	3,338,907	2,544,626
Gross Profit	Rs '000	3,034,319	2,241,293	1,763,315	1,529,182	1,185,587
Profit before Interest and Tax	Rs '000	1,639,079	1,002,697	935,486	847,011	651,172
Interest Expense	Rs '000	697,843	710,526	495,578	610,504	455,876
Profit after Tax	Rs '000	841,766	263,135	317,298	198,130	138,819
Profit Attributable to Equity Holders of the Parent	Rs '000	600,229	190,796	184,458	77,745	57,525
Balance Sheet Highlights						
Non Current Assets	Rs '000	12,169,832	11,575,898	10,805,456	7,496,953	5,484,696
Current Assets	Rs '000	1,078,419	873,527	743,613	719,520	1,706,162
Total Assets	Rs '000	13,248,251	12,449,425	11,549,069	8,216,473	7,190,858
Total Equity	Rs '000	5,348,221	4,822,125	5,207,664	3,278,570	2,689,724
Total Debt	Rs '000	6,933,720	6,638,053	5,515,025	4,348,038	4,010,997
Debt to Equity	%	129.65	137.66	105.90	132.62	149.12
Shareholder Information						
Return on Equity	%	15.74	5.46	6.09	6.04	5.16
Earnings per Share	Rs	0.675	0.215	0.208	0.087	0.081
Dividend per Share	Rs	0.255	0.100	0.075	0.150	0.100
Net Asset per Share	Rs	6.01	5.42	5.86	3.69	3.78
Market Price Per Share	Rs	7.60	8.80	10.25	5.50	5.83
Price Earnings Ratio	Times	11.26	40.93	49.30	62.91	72.04
Number of Issued Shares	'000	889,263	889,263	889,263	889,263	711,410
Market Capitalization	Rs '000	6,758,399	7,825,514	9,114,946	4,890,947	4,143,963
Interest Cover	Times	2.35	1.41	1.89	1.39	1.43
Dividend Cover	Times	3.71	2.96	4.76	1.49	1.95



Corporate Information

NAME OF THE COMPANY

Asiri Hospital Holdings PLC

REGISTERED OFFICE

181, Kirula Road, Colombo 5, Sri Lanka.

OFFICE & ADMINISTRATIVE COMPLEX

Asiri Surgical Hospital PLC,
21, Kirimandala Mawatha, Colombo 5,
Sri Lanka. T.P 4524400
E-mail: info@asiri.lk

COMPANY REGISTRATION NUMBER

PQ 204
Previous Number : N (PVS)6920

LEGAL FORM

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

Re-registered on 30th September 2008 under the Companies Act No.7 of 2007.

STOCK EXCHANGE LISTING

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

SUBSIDIARY COMPANIES

Asiri Surgical Hospital PLC
21 -25, Kirimandala Mawatha, Colombo 5

Asiri Central Hospitals PLC
37, Horton Place, Colombo 7

Central Hospital Limited
(Formerly known as Central Hospital (Pvt) Ltd.)
114, Norris Canal Road, Colombo 10

Asiri Diagnostics Services (Pvt) Ltd.
21/1, Keppetipola Mawatha, Kandy

Asiri Hospital Kandy (Pvt) Ltd.
(Formerly known as Digasiri Medical Services (Pvt) Ltd)
21, Kirimandala Mawatha, Colombo 5

Asiri Hospital Matara (Pvt) Ltd.
191, Anagarika Dharmapala Mawatha, Matara

Matara Medi House (Pvt) Ltd.
#15, Dharmarathna Mawatha, Uyanwatta, Matara

DIRECTORS

Dr. D. S. Rajapaksa (Chairman)
Dr. S. Selliah (Deputy Chairman)
Mr. A. K. Pathirage (Managing Director)
Dr. M. Karunaratne (Chief Operating Officer)
Mrs. D. Wimalasundera (Director Administration)
Mrs. S.D. Nimalasuriya (Resigned w.e.f. 31st May 2011)
Mr. P. P. Subasinghe
Mr. G. L. H. Premaratne
Mr. S. A. B. Rajapaksa
Mr. T. M. Wijesinghe

AUDITORS

Messrs Ernst & Young
(Chartered Accountants)
201, De Saram Place,
Colombo 10.

SECRETARIES

Messrs Softlogic Corporate Services (Pvt) Ltd.
#14, De Fonseka Place
Colombo 5.

*Asiri Hospital Matara (Pvt) Ltd. and Matara Medi House (Pvt) Ltd. have amalgamated into one entity as Asiri Hospital Matara (Pvt) Ltd. with effect from 22nd June 2012.



Happiness...

Happiness means a smile that lights the world.
It means experiencing the joy of life.
We help ensure it through good health.

Chairman's Review

It is my pleasure to present the Annual Report and Audited Accounts of Asiri Hospital Holdings PLC for the year 2012. Once again, the group's performance has exceeded expectations. Indeed, we have further consolidated our position as the largest private healthcare provider in the country.

During the year, we upgraded our laboratory services and took other initiatives that will contribute to our profitability and enhance our reputation.

A noteworthy performance by the Group

During the year under review, the Asiri Hospital Group achieved a significant growth in profitability. The net profit for the financial year was Rs. 841.77 million, an increase of 220% over the previous year's figure of Rs.263.13 million. The gross profit rose by 35.3%, from Rs. 2.24 billion to Rs. 3.03 billion.

The group's revenue during the year amounted to Rs. 6.12 billion, an increase of 24.4% over the previous year's figure of Rs.4.92 billion.

Asiri Hospital Holdings also achieved a notable growth in profits and revenue. The company recorded a net profit of Rs. 396.86 million, an increase of 45% over the previous year's figure of Rs. 273.46 million. The gross profit rose by 13.8%, from Rs. 777.56 million to Rs. 884.52 million.

The company's revenue during the year amounted to Rs. 1.89 billion, an increase of 13.2% over the previous year's figure of Rs. 1.67 billion.

The Asiri Surgical Hospital also recorded excellent financial figures, with cardiac operations contributing immensely to its performance. Its net profit grew by 89.7%, from Rs.267.23 million to Rs.506.92 million. The gross profit rose by 23.9%, from Rs. 778.44 million to Rs.964.52 million. Revenue increased by 18%, from Rs.1.67 billion to Rs. 1.97 billion.

It must also be mentioned that Asiri Hospital Holdings increased its stake in Asiri Surgical Hospital, from 44.51% to 46.91%, with the purchase of 12,684,100 shares.

Earnings per share of Asiri Hospital Holdings climbed from 21.5 cents to 67.5 cents. Two interim dividends - amounting to 25.5 cents per share - were offered to shareholders during the financial year.

In order to obtain flexible repayment terms on our financing structure, we obtained a long term foreign currency loan of US Dollars 20 million payable in 10 years with a two year grace period for the three hospitals - Asiri Hospital, Asiri Surgical Hospital and Central Hospital. We have covered the foreign exchange exposure relating to US Dollars 10 million, whilst the remaining exposure of US Dollars 10 million remains unhedged. The unhedged component of the loan has adversely impacted our results for the final quarter of the financial year. Due to the recent sharp depreciation of the local currency, Asiri Hospital and the Asiri Group incurred a foreign exchange loss of Rs. 30.9 million and Rs. 231.4 million respectively as of FY 31st March 2012. We however do not see this as a recurring feature and anticipate the USD/LKR depreciation over time to be less than the cost of the hedge. We will continue to monitor this exposure and take necessary action if the outlook were to change significantly.

Expanding Services

We have invested heavily in our laboratory services for the benefit of customers. Today, we have the most advanced diagnostic laboratory services in the country, and use the latest diagnostic tools.

We will continue to invest heavily in the latest technology and expertise. This will consolidate our position as the healthcare provider with the best facilities in the country. We believe that these initiatives will attract the segment of Sri Lankans who habitually go overseas for medical treatment. Indeed, we are poised to redefine the healthcare industry in Sri Lanka.

Asiri Laboratory Services is the leading medical laboratory in the country, operating a network of satellite laboratories and sample collection centres spread throughout the island. I'm proud to state that during the year, it set up 100 new sample referral centres.



Chairman's Review

Contd...

The company recently acquired a chemistry analyzer and a haematology analyzer, and installed a Siemens Centre analyzer. These are the best and fastest analyzers of their kind in the island. Facilities to carry out new tests such as those for Vitamin D, protein-immuno fixation and allergies were also introduced as a continuous improvement to the laboratory services.

Among our ambitious plans is the establishment of the Asiri Kandy Hospital. Construction is expected to commence soon.

We also have plans to open fully-fledged state-of-the-art laboratory facilities in Batticaloa and Anuradhapura in the near future. Construction on a new laboratory building in Narahenpita is also expected to commence soon.

It is also pertinent to mention that during the year, we were awarded international quality certification for our laboratory services. We received the Certificate of Accreditation in clinical biochemistry, chemical pathology, haematology and clinical pathology.

At present, the facilities and expertise at Asiri Hospitals covers a very wide range of medical disciplines. However, we will continue to enter new areas where we see potential. In line with this, we have plans to establish a fertility centre as well.

A vision for the future

Our aim is to offer patient treatment and care on par with the best in the world. We have pioneered the introduction of some important medical facilities in Sri Lanka. We will consolidate our leadership position with innovative initiatives. In doing so, we will establish new milestones in the country's healthcare industry.

In conclusion, I must thank the dynamic Board of Directors for supporting our initiatives during the year. They have steered the group towards a bright future by ensuring that we remain true to our vision. I must also express my gratitude to the Asiri team, all of whom have contributed much to our success.

On behalf of the entire Board and the team at Asiri, I must thank our valued shareholders for their support and cooperation. I also wish to thank our loyal customers who have continuously placed their trust in us. We have all stood together in taking the group from success to success, and I foresee great times ahead.

(Sgd.)

Dr. D. S. Rajapaksa
Chairman

Board of Directors



Seated from Left to Right

Mr. G. L. H. Premaratne, Dr. S. Selliah, Dr. D. S. Rajapaksa

Standing from Left to Right:

Mr. S. A. B. Rajapaksa, Mr. Thilan Manjith Wijesinghe, Mrs. D. Wimalasundera,
Mr. Ashok K. Pathirage, Dr. Manjula Karunaratne

Not in the Picture

Mr. P. P. Subasinghe

Directors Profile

Dr. D. S. Rajapaksa
MS, FRCOG (UK)
Chairman

Dr. Rajapaksa, a Fellow of the Royal College of Obstetricians and Gynaecologists, is currently a consultant in private practice. He was one of the founder directors of Asiri Surgical Hospital PLC and is also a member of the Asiri Central Hospitals Board. Dr. Rajapaksa has over 16 years experience as a Company Director and is also the Chairman of DSI Samson Group of Companies. He serves on the Remuneration Committees and Audit Committees of all three companies. He is also a member of Central Hospital Limited.

Dr. S. Selliah
MBBS, M.Phil
Deputy Chairman

Dr. Sivakumar Selliah is the Deputy Chairman of Asiri Hospital Holdings PLC, and Deputy Chairman of Asiri Surgical Hospital PLC. He holds a MBBS Degree and a Master's Degree (M.Phil). He has over 20 years of experience in various fields.

Dr. Selliah is also the Deputy Chairman of Lanka Walltiles PLC and Lanka Floortiles PLC. He is a Director of Horana Plantation PLC, Softlogic Holdings PLC, Expolanka Holdings PLC, Swisstek (Ceylon) PLC, Swisstek Aluminium Pvt Ltd., and Unidil Packaging Ltd.

He is also the Deputy Chairman of Central Hospital Limited and the Chairman of Cleanco Lanka Pvt. Ltd.

Dr. Selliah serves on the Remuneration Committees of Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC, Lanka Walltiles PLC, Lanka Floortiles PLC and Expolanka Holdings PLC. He is currently a member of the Audit Committee of Lanka Floor Tiles PLC, Softlogic Holdings PLC, Expolanka Holdings PLC and Swisstek (Ceylon) PLC.

Mr. Ashok K. Pathirage
Managing Director

Mr. Ashok K. Pathirage was appointed to the Board as the Managing Director in July 2006, and is the Chairman / Managing Director of Asiri Surgical Hospital PLC, Asiri Central Hospital PLC, Central Hospital Limited and Asiri Hospital Kandy (Pvt) Limited.

Mr. Pathirage co-founded Softlogic in 1991 and has served the Softlogic Group as the Managing Director from the inception. He was appointed as the Chairman of the Group in 2000. He is also the Chairman of Softlogic Capital PLC, Softlogic Finance PLC and Asian Alliance Insurance PLC besides being the Chairman of many other Group Companies that operate in the Leisure, Retail, Automobile and ICT industries.

He also serves as the Deputy Chairman of the National Development Bank PLC Board and the Chairman of the Capital Development and Investment Company PLC Board.

He started his career at a leading blue chip company in Sri Lanka and has over 25 years of experience at senior managerial capacity in the information technology Industry and in the business world.

Dr. Manjula Karunaratne
MBBS, M.Sc (Trinity, Dublin), MSOrth Med.(Eng)
Director (Medical) / Chief Operating Officer

Dr. Manjula Karunaratne was appointed to the Board of Asiri Hospital Holdings PLC and Asiri Surgical Hospital PLC in 2006. He previously also held the post of Medical Director of Asiri Hospital Holdings PLC.

A Specialist in Sports / Orthopaedic Medicine, with over 20 years professional experience, he is responsible for the overall medical policy of the Group. He also serves on the Boards of Asiri Central Hospitals PLC, Asiri Hospital Matara (Pvt) Ltd., Matara Medi House (Pvt) Ltd., Asiri Diagnostic Services (Pvt) Ltd., and Central Hospital Limited.

Mrs. D. Wimalasundera
Director - Administration

Mrs. Wimalasundera, a senior Board member, has been functioning as an Executive Director for over 20 years. She is a Director of Asiri Surgical Hospital PLC, Asiri Central Hospitals PLC, Asiri Diagnostic Services (Pvt) Ltd., Asiri Hospital Matara (Pvt) Ltd., Matara Medi House (Pvt) Ltd. and Central Hospital Limited.

Mr. G. L. H. Premaratne
Director

Mr. Premaratne was appointed to the Board in March 2008 after 40 years of banking experience with Commercial Bank. He is specialized 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 held the position of Chairman of Sri Lanka Bankers Association. He also serves on the Board of Asiri Surgical Hospital PLC and Central Hospital Limited.

He functions as the Chairman of the Remuneration Committee and is also a member of the Audit Committee of all three hospitals.

Mr. S. A. B. Rajapaksa
MBA, FCA, FCMA, MCIM
Director

Mr. Samantha Rajapaksa counts more than 25 years of both local and international experience in the finance, venture capital, information technology, change management and communication sectors. He was appointed to the Board in March 2008 and also serves on the Board of Asiri Surgical Hospital PLC. He functions as the Chairman of the Audit Committee of Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC and Asiri Central Hospitals PLC. He is currently the Group Managing Director of Associated Motorways (Pvt) Ltd. Mr. Rajapaksa is a Fellow of the Institute of Chartered Accountants of Sri Lanka and of the Chartered Institute of Management Accountants of UK. He is also a Member of the Chartered Institute of Marketing - UK and holds an MBA from the Postgraduate Institute of Management of the University of Sri Jayawardenapura.

Mr. Thilan Manjith Wijesinghe
Director

Mr. Thilan Wijesinghe joined the Board of Directors of Asiri Hospital on 17th March 2010. He graduated with honours from State University of New York and Cornell University, USA, with three BSc Degrees in Business Administration, Industrial Engineering and Economics.

Mr. Wijesinghe pursued entrepreneurial interests by co-founding Asia Capital, which became Sri Lanka's largest investment bank in terms of market capitalization. He then became the youngest ever and longest serving Chairman of the Board of Investment. Mr. Wijesinghe also co-founded the Sri Lanka Institute of Information Technology (SLIIT), Sri Lanka's largest IT University with over 4,500 students, where he serves to date as a Director. He has also served as Co-CEO/Head of Strategy in Asian Hotels Corporation, Group Managing Director of Forbes & Walker Ltd. and subsequently Overseas Reality Ceylon PLC. He is currently Chairman of TW Corp (Pvt) Ltd., Sapphirus Corporation Ltd., SweFrame Ltd. and Director of several companies including Anything.lk, Ceylon Tea Trails, MJF Leisure, Michelangelo Footwear and Rank Holdings.

Mr. P. P. Subasinghe
Director

Mr. Subasinghe has been on the Board of Asiri Hospital Holdings PLC for nearly 22 years. He is a leading figure in the gem industry and has interests in real estate. He is also a Director of Asiri Diagnostic Services (Pvt) Ltd.

Consultant Medical Team



Seated from left to right:

Dr. S D Athukorala - Consultant Clinical Bacteriologist

Dr. Maya Atapattu - Consultant Mycologist

Standing from left to right:

Dr. Menik Goonewardhena - Consultant Neonatologist

Dr. Manoj Gupta - Consultant Nuclear Medicine Physician

Dr. Chrishantha Mendis - Consultant Anaesthesiologist

Dr. Dinesh de Silva - Consultant Eye Surgeon

Dr. Lushantha Padmasiri - Consultant Anaesthesiologist

Dr. Lakmali Paranehewa - Consultant Interventional Radiologist



Seated from left to right:

Dr. Manjula Karunaratne - Group Director Medical Services
 Dr. Darshani Amarasinghe - Consultant Anaesthesiologist

Standing from left to right:

Dr. Gamini Jayaweera - Consultant Transfusion Medicine
 Dr. Gayani Senanayake - Consultant Anaesthesiologist
 Dr. Narme Wickramasinghe - Consultant Occupational Physician
 Dr. Anil Perera - Consultant / Head Dept. of Anaesthesiology
 Dr. Natasha Peiris - Resident Physician
 Dr. Saman Perera - Consultant Radiologist



Seated from left to right:

Dr. Gulpa Subasinghe - Consultant Radiologist
 Prof. L R Amarasekara - Consultant Histopathologist

Standing from left to right:

Dr. Vajira Dissanayake - Consultant Medical Geneticist
 Dr. Shantha Hettiarachchi - Consultant Radiologist
 Dr. Y K M Lahie - Consultant Cardiac Surgeon
 Dr. Stella Fernando - Consultant Anaesthesiologist
 Dr. Vivek Gupta - Senior Consultant Cardiothoracic Surgeon
 Dr. Rangika Goonaratne - Consultant Eye Surgeon

Senior Management Team



1. Mr. Kosala Dissanayake - Group Director Finance
2. Mr. N.P. John - Director Laboratory Services
3. Dr. (Mrs.) Shiranie Goonawardena - Medical Director
4. Mr. Nalin Pasqual - General Manager, Asiri Hospital Matara
5. Mr. K.S.L. Hewage - Group Pharmacy Manager
6. Ms. Ashoka Perera - Chief Nursing Officer
7. Mr. Samitha Premaratne - Group IT Manager
8. Dr. (Mrs.) L. Fernando - Chief Medical Officer
9. Mr. Salinda De Silva - Finance Manager
10. Mr. Kasun Rupasinghe - Group Internal Auditor

← Consultant Medical Team



- 11. Mr. L.J.P. Silva - Group Maintenance Manager
- 12. Mr. Dasarath Hettiararchchi - Marketing Manager
- 13. Mr. Upul Wijekoon - Group Head Food and Beverage
- 14. Mr. Samantha Vidanaarachchi - Front Office Manager
- 15. Mrs. Hasanthi De Saram Karandagaspiya - Group Head Human Resources and Human Resource Development
- 16. Mrs. V.P. Wanasinghe - Principal Nurses Training School
- 17. Mr. Jerom Christiansz - Housekeeping Manager
- 18. Mrs. K.V.D. Hemanthi - Group Purchasing and Shipping Manager
- 19. Mr. Kamal Wijetillaka - Group Marketing Manager Laboratory Services

Risk Management

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

Service Quality and Reputation Risk

The Company has systems to ensure the provision of quality service to its patients so that they are satisfied and retained. In today's world, a sound reputation has become an organization's most valuable asset. "Asiri" has developed into a leading household brand name. The Company has recognized the need to protect itself from loss of reputation and against sanctions arising from non-compliance with laws, regulations and ethical standards.

Though adequate insurance cover is available, losses could arise due to patients who resort to legal action for professional negligence.

Clinical Risk

Hospitals retain a significant amount of risk – whether they intend to or not – and clinical risk is usually their largest and most volatile area of exposure. There is no foolproof way to identify risks but our continuum of care concept might assist in thinking systematically about the areas where clinical risk may occur. The Company has taken the following steps to mitigate such risks.

- Disclosure of Adverse Patient Outcomes
- Defensible Documentation
- Emergency Medical Treatment
- Guidelines for the Preparation of an Incident Report
- Informed Consent
- Prevention of Malpractice

Operational Risk

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

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

Credit Risk

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

The Company evaluates credit worthiness of companies before granting credit facilities to corporate clients in order to minimize the non-collection of bills.

Interest Rate Risk

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

Compliance with Laws and Regulations

Legal risks are those risks resulting from legal consequences of transactions, with inadequate documentation, legal or regulatory issues and other factors that may result in contracts with counter parties becoming unenforceable causing unexpected financial losses.

In addition to complying with the Colombo Stock Exchange, Securities and Exchange Commission and Companies Act disclosure requirements, the Company also complies with Sri Lanka Accounting Standards.

Foreign Exchange Risk

Foreign Exchange Risk is the Company's exposure to adverse movement in foreign currency against the Lankan Rupee. The Company has obtained a foreign currency loan from International Finance Corporation (IFC). Obtained facilities from Commercial banks to hedge against a major part of the loan.

Technological Obsolescence

The health industry is a sector where frequent innovations are made. The non-availability of state-of-the-art technology can have an impact on the company's performance. The Company makes regular investments in cutting-edge technology and staff are trained for optional application of existing technology.

Investment Risk

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

Information Security and Loss of Data

The Company operates in a fast growing technological environment. Loss of important data or inability to access systems due to technical failures is another risk that we need to be mindful of. Regular maintenance of equipment, daily backups, offsite storage and round-the-clock IT support are some of the strategies adopted to mitigate such risk. The hospital maintains confidential data of its patients. In order to comply with this requirement we have a state-of-the-art world class disaster recovery solution installed in our hospital. Employees are made aware of the importance of the security of such information and therefore the Company has introduced a password policy in this regard.

Corporate Governance

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

The Board manages the Company on behalf of the shareholders and is responsible to the shareholders for creating and delivering sustainable shareholder value through the management of the group's business. The Directors exercise their good-faith business judgment with respect to the best interest of the Company.

Board of Directors

The Board comprises of three Executive Directors and six Non-Executive Directors. Their profiles appear on page 11 of the Annual Report. The Board of Executive Directors generally has a responsibility for making and implementing operational decisions and running the Group's business. The Non-Executive Directors support the skills and experience of the Executive Directors, contributing to the formulation of policy and decision-making through their knowledge and experience of other business sectors.

Board Meetings and Attendance

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

Over the past year the Board held five meetings and the attendance is given below.

Dr D S Rajapaksa	I	(Chairman)	4/5
Dr S Selliah	I	(Deputy Chairman)	5/5
Mr A K Pathirage	ED	(Managing Director)	5/5
Dr M Karunaratne	ED		5/5
Mrs D Wimalasundera	ED		5/5
Mrs S D Nimalasuriya	ED	(Resigned w.e.f. 31st May 2011)	2/2
Mr P P Subasinghe	NED		5/5
Mr G L H Premaratne	I		5/5
Mr S A B Rajapaksa	NED		5/5
Mr T M Wijesinghe	I		4/5

Key

ED - Executive Director

I - Independent Non-Executive Director

NED - Non-Executive Director

The Chairman and Managing Director

The roles of the Chairman and the Managing Director are separate. The Chairman's main responsibility is to lead and manage the Board to ensure that it operates effectively and discharges its legal and regulatory responsibilities. The Board has delegated the responsibility of the day-to-day management of the Company to the Managing Director, who is responsible for the recommending of strategy to the Board, leading the Executive Directors and for making and implementing operational decisions.

Appraisal of the Managing Director

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

Time Commitment

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

Appointment to the Board

New appointments to the Board are based on collective decisions of the Board. In making new appointments, the Board considers the composition of the Board in order to assess whether they have the right mix of skills and experience to be better prepared for the managing of the Company. The Board aims to appoint Independent Non-Executive Directors who have the skills and experience needed for a comprehensive understanding of the Group's activities.

Re-election of Directors

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

Independence of the Directors

Mr. T M Wijesinghe, Dr. S Selliah, Dr. D S Rajapaksa and Mr. G L H Premaratne function as Independent Directors of the Company.

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

Dr. S Selliah, Dr. D S Rajapaksa and Mr. G L H Premaratne are Directors of Asiri Surgical Hospital PLC and Dr. D S Rajapaksa and Mr. G L H Premaratne are also Directors of Asiri Central Hospitals PLC in which the majority of other Directors of Asiri Hospital Holdings PLC are employed as Directors.

Dr. D S Rajapaksa who was appointed to the Board on 27th June 1995, has been serving on the Board for more than 9 years.

The Board having evaluated all the factors concluded that their independence has not been impaired due to them serving on the Board for more than 9 years and serving on the Boards of other companies in which the majority of other Directors of Asiri Hospital Holdings PLC are employed and/or Directors.

Access to Independent Professional Advice

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

Remuneration of the Directors

The remuneration of the Directors is determined by the Board and disclosed on page 61 of the Annual Report.

Corporate Governance

Company Secretary

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

Board Committees

Certain responsibilities of the Board are delegated to Board Committees to assist the Board in carrying out its functions. The two principal Board Committees are:-

Audit Committee

Mr. S A B Rajapaksa - Chairman
Dr. D S Rajapaksa
Dr. S Selliah (stepped down w.e.f. 1st February 2012)
Mr. G L H Premaratne

The Audit Committee meets at least four times a year with the Finance Director and the external auditors to review, inter alia, the Group's annual and interim financial statements, internal audit, compliance reports and the effectiveness of the Group's system of internal control. Periodically, it also approves and reviews the appointment and retirement of external Auditors, as well as their relationship with the Group.

Remuneration Committee

Mr. G L H Premaratne - Chairman
Dr. D S Rajapaksa
Dr. S Selliah

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

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

The Group's remuneration policy is based on the following principles.

- 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

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

Responsibilities

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

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

Investor relations

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

Corporate Governance

Compliance with the Corporate Governance Rules of the Colombo Stock Exchange

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

Section	Criteria	Has the Company met the Criteria
7.10.1	Non-Executive Directors	Complied with. Out of 9 Directors 6 are Non-Executive Directors.
7.10.2	Independent Directors	Complied with. There are four Independent Directors on the Board. Please refer page 17
7.10.3	Disclosures relating to Directors	Mr. T M Wijesinghe meets all the criteria set out in Rule 7.10.4 for determining the independence of Directors. Dr. S Selliah & Mr. G L H Premaratne meet all the criteria except one. Dr. D S Rajapaksa meets all the criteria except two. Please refer Page No. 17
7.10.5	Remuneration Committee	Complied with. Comprises of three Independent Non-Executive Directors. The names of the members of the Committee are given on page 18 of the Annual Report.
7.10.6	Audit Committee	Complied with. Comprises of three Non-Executive Directors including two Independent Directors. The report of the Committee is given on page 30. The Group Finance Director attends all the meetings.

Ethics Committee

The Ethics Committee of the Asiri Group of Hospitals was constituted to serve as an advisory body on matters relating to conduct of research and clinical trials within the Asiri Group of Hospitals. The Committee is entrusted with the task of accepting proposals for research, conducting scientific and ethical reviews of such proposals, granting or refusing ethics clearances and monitoring of the same. The Committee has so far reviewed experimental therapy and clinical trial protocols submitted to it by clinicians at Asiri. These include protocols on experimental stem cell therapy for Parkinson disease, spinal cord transaction and a phase II trial for rheumatoid arthritis using an anti TNF alpha antibody. The Committee is constituted and operates according to International Committee on Harmonization of Good Clinical Practice Guidelines (ICH-GCP) and is a member of the Forum for Ethics Review Committees in Sri Lanka.

Members:

Prof. Rohan W Jayasekara, (Chairperson)

Professor of Anatomy / The Dean, Faculty of Medicine,
University of Colombo

Dr. Malik Fernando

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

Mr. Arittha Wickramanayake

Attorney-at-Law / Precedent Partner, Nithya Partners

Dr. Siva Selliah

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

Dr. Fred Perera

Consultant Neurosurgeon

Prof. Kemal I Deen

Professor of Surgery, Department of Surgery, Faculty of Medicine,
University of Kelaniya (Ragama)

Mrs. Varuni Amunugama Fernando

Attorney-at-Law. / Co-founder and Jt. Managing Director of Triad
Pvt Ltd. and their Group of subsidiary companies

Dr. Indrani Amarasinghe

Consultant Oncologist

(Sgd.)

Prof. Rohan Jayasekara

Chairperson – Ethics Committee
30th July 2012

Remuneration Committee Report

The Remuneration Committee is a sub-committee of the Board constituted under the Company's corporate governance policies for the purpose of recommending the remuneration of Senior Management. The members of the Committee comprise of 3 Independent Non-Executive Directors. The names of the Committee members are stated in the Corporate Governance Report on page 18.

The Directors' emoluments are disclosed on page 61.

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

(Sgd.)

G.L.H. Premaratne

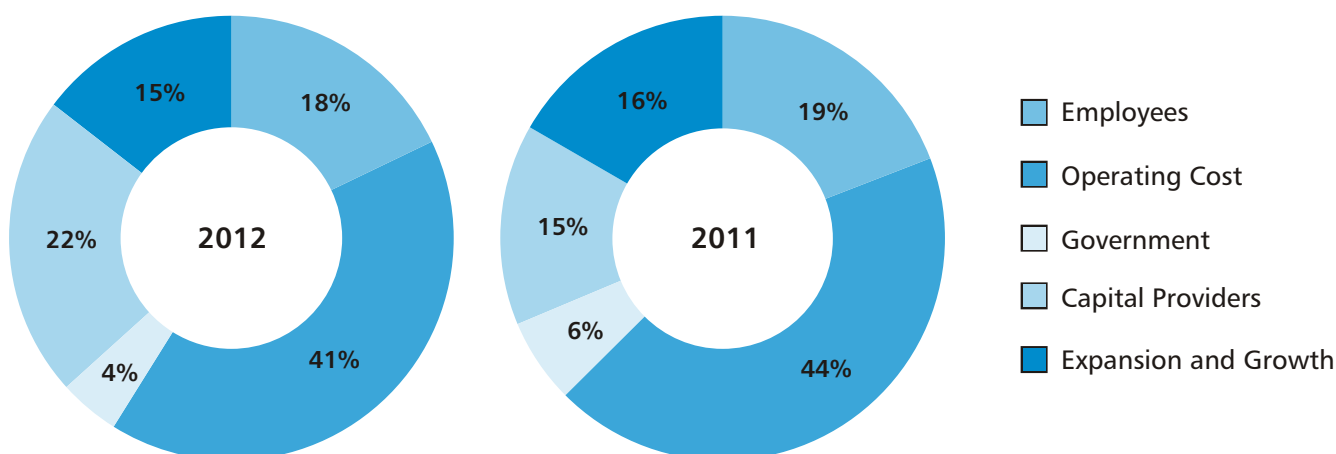
Chairman – Remuneration Committee

Distribution of Economic Value Added

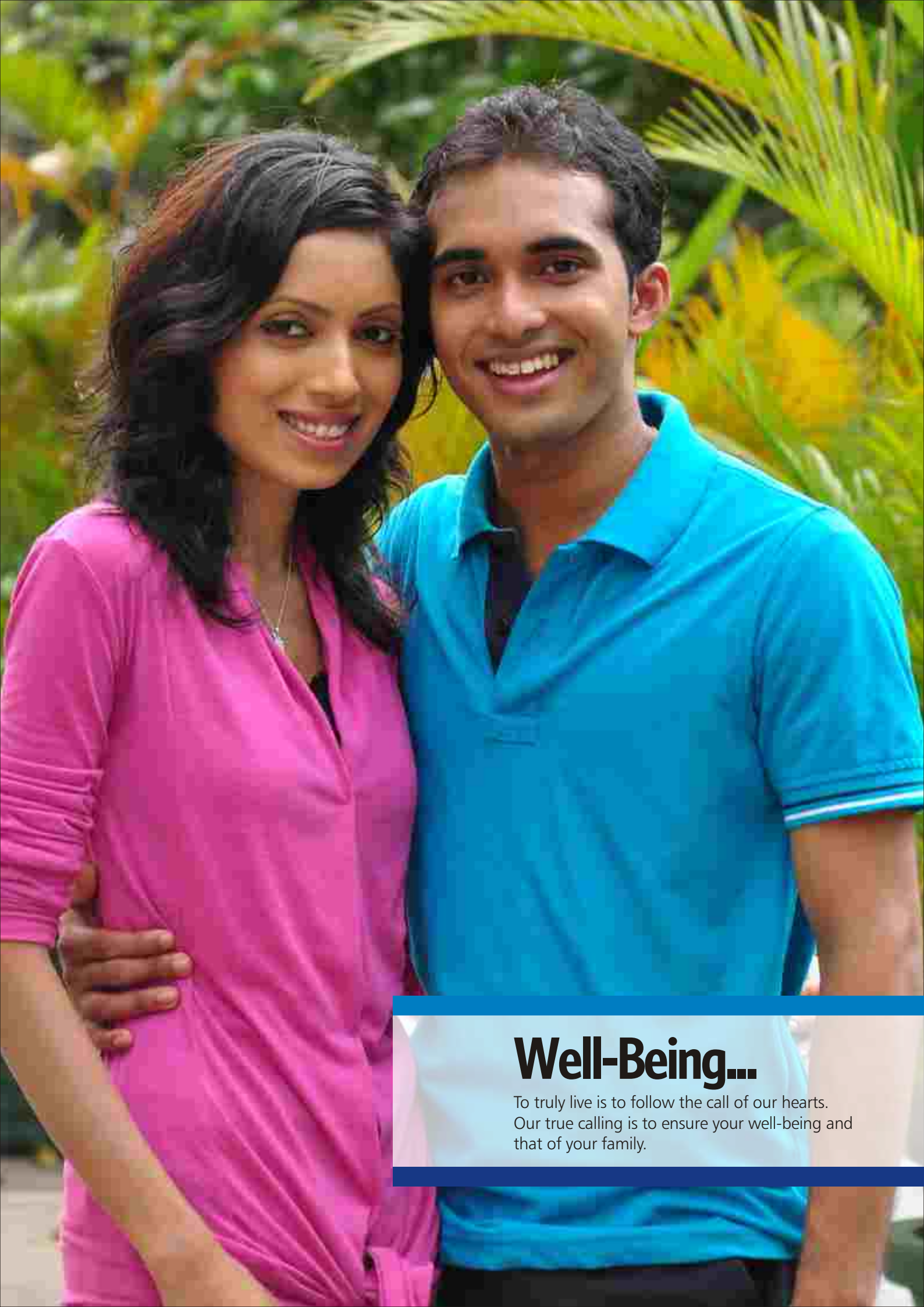
The creation of wealth is the main purpose of existence of any commercial organization.

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

Through its operation during the financial year 2011/12, the Company created a total wealth of Rs.2.09 billion, which was a 19% increase over the previous year.



	31-Mar-2012 Rs. '000	%	31-Mar-2011 Rs. '000	%
Direct Economic Value Generated				
Turnover	1,890,390	90.2%	1,666,452	94.7%
Finance Income	7,563	0.4%	7,115	0.4%
Other Income	197,985	9.4%	86,300	4.9%
	2,095,938	100.0%	1,759,867	100.0%
Employees				
Employee wages & Benefits	376,083	17.9%	338,458	19.2%
Economic Value Distributed				
Operating Cost	852,514	40.7%	762,587	43.3%
Government				
Tax Expense	93,965	4.5%	104,000	5.9%
Capital Providers				
To Lenders as Interest	204,043	9.7%	176,584	10.0%
To Shareholders as Dividends	226,762	10.8%	88,926	5.1%
Currency Fluctuation	30,924	1.5%	-	-
Expansion and Growth				
Depreciation	121,749	5.8%	104,769	6.0%
Retained Earnings	170,102	8.1%	184,543	10.5%
Provision For Fluctuation of Shares	19,796	1.0%	-	-
	2,095,938	100.0%	1,759,867	100.0%



Well-Being...

To truly live is to follow the call of our hearts.
Our true calling is to ensure your well-being and
that of your family.

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 31st March 2012.

Principal Activities and Nature

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

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

Review of Operations

A review of the operations of the Group and its performance during the year is contained in the Chairman's Review on pages 8 to 9 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

The financial statements of the Company and the Group are given on pages 33 to 64.

Auditor's Report

The Auditor's Report on the financial statements is given on page 32.

Accounting Policies

The accounting policies adopted in the preparation of the financial statements are given on pages 37 to 43. There was no change in the accounting policies adopted.

Internal Control

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

Directorate

The following Directors held office during the year under review.

Dr. D S Rajapaksa (Chairman)
Dr. S Selliah (Deputy Chairman)
Mr. A K Pathirage (Managing Director)
Dr. M Karunaratne
Mrs. D Wimalasundera
Mrs. S D Nimalasuria (Resigned w.e.f. 31st May 2011)
Mr. P P Subasinghe
Mr. G L H Premaratne
Mr. S A B Rajapaksa
Mr. T M Wijesinghe

In terms of Article 24(6) of the Articles of Association of the Company, Dr. S Selliah and Dr. M Karunaratne retire by rotation and being eligible offer themselves for re-election.

Directors' Shareholding

Directors' interest in shares of the Company as at 31st March 2012 were as follows.

Name of Director	No. of shares
Dr. D S Rajapaksa	2,238,420
Dr. S Selliah	-
Mr. A K Pathirage	368,120
Dr. M Karunaratne	5,101,850
Mrs. D Wimalasundera	9,748,130*
Mrs. S D Nimalasuria (Resigned w.e.f. 31.05.2011)	7,180
Mr. P P Subasinghe	11,594,280
Mr. G L H Premaratne	-
Mr. S A B Rajapaksa	-
Mr. T M Wijesinghe	-
Mr. D M Rajapaksa (Alternate Director)	5,053,970
Mr. J Subasinghe	137,580

* including joint shareholdings

Interest Register

The Interest Register is maintained by the Company as per the Companies Act No. 7 of 2007. All Directors have disclosed their interests pursuant to Section 192(2) of the said Act.

Directors' Interests in Contracts and Proposed Contracts with the Company

Directors' interests in contracts, both direct and indirect are referred to in note 30 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 2011/2012 are given in note 23 to the financial statements on page 61.

Donations

The donations made by the Company during the year amounted to Rs. 3,124,000/- (2010/2011 - Rs. 301,175).

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 do not have any relationship (other than that of an auditor) with the Company. The Auditors also do not have any interest in the Company or in the subsidiary companies.

Dividends

The Directors recommend to the shareholders that the interim dividend of Rs. 0.13 (cents 13) per share paid on 27th February 2012 be considered as the final dividend for the year ended 31st March 2012.

Annual Report of the Board of Directors

Capital Expenditure

The capital expenditure of the Group and the Company during the year amounted to Rs. 451 Mn and Rs. 96 Mn respectively (2010/2011 – Group Rs. 947 Mn & Company – Rs. 69 Mn), details of which are given in note 3 to the financial statements.

Property, Plant & Equipment

The movement in property, plant and equipment during the year under review is set out in note 3 to the financial statements.

Stated Capital

The stated capital of the Company as at 31st March 2012 was Rs. 1,636,244,012/-. There was no change in the stated capital of the Company during the year under review.

Reserves

The total reserves of the Group and the Company as at 31st March 2012 amounted to Rs. 5,348 Mn and Rs. 2,877 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 page 66 in the Annual Report. There were 5,296 registered shareholders as at 31st March 2012.

Share Information

Information on share trading is given on page 67 of the Annual Report.

Post Balance Sheet Event

No circumstances have arisen and no material events have occurred since the Balance Sheet date, which would require adjustments to, or disclosure in the accounts other than those disclosed in the financial statements and this Report.

Statutory Payments

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

Going Concern

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

Annual General Meeting

The Thirty Second Annual General Meeting of the Company will be held at Hotel Janaki, Fife Road, Colombo 5 on Thursday the 13th day of September 2012 at 12.15 p.m. The Notice of the 32nd Annual General Meeting is on page 70 of the Annual Report.

For and on behalf of the Board

(Sgd.)
DIRECTOR

(Sgd.)
DIRECTOR

(Sgd.)
SECRETARIES
SOFTLOGIC CORPORATE
SERVICES (PVT) LTD

30th July 2012
Colombo

Statement of Directors' Responsibility

The responsibility of the Directors, in relation to the financial statements of the Company differs from the responsibilities of the Auditors, which are set out in the Report of the Auditors on page 32.

The Companies Act No. 7 of 2007 stipulates that the Directors are responsible for preparing the Annual Report and the financial statements. Company law requires the Directors to prepare financial statements for each financial year, giving a true and fair view of the state of affairs of the Company and of the Group at the end of the financial year, and of the profit or loss of the Company and the Group for the financial year, which comply with the requirements of the Companies Act.

In preparing those financial statements set out on pages 33 to 64, the Directors are required to:

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

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

The Directors are responsible for keeping proper accounting records, which disclose reasonable accuracy, at any time, the financial position of the Company and the Group and to enable them to ensure the financial statements comply with the Companies Act No. 7 of 2007.

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

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

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

Compliance Report

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

For and on behalf of the Board

(Sgd.)
SOFTLOGIC CORPORATE SERVICES (PVT) LTD
SECRETARIES

Colombo
30th July 2012

CSR Activities



Cash donation to CCC Foundation of Sri Lanka for the construction of a transit home at National Cancer Hospital, Maharagama

Donation of main nurse's station at Medical Ward 9, Kalubowila Teaching Hospital



Corporate Social Responsibility

Asiri Group of Hospital remains committed to help raise the living standards of the community we live in. Our staff and management have contributed generously to many worthy causes during the years, and also volunteered their services to uplift the lives of those less fortunate.

We finished another successful year of offering health facilities to the less privileged people in our community.

Health Camps

Our staff volunteered their time and professional expertise to conduct free health camps for people living in Kandy, Matara, Kalutara, Jaffna and Trincomalee. These medical clinics were done with the collaboration of social service organizations in those areas. We have treated over 5,000 patients during these camps covering all ethnic communities of Sri Lanka.

Facilities for Cancer Patients

Around 1,000 patients seek daily treatment at the Maharagama Cancer Hospital, the only state-run specialized cancer facility in Sri Lanka. Many of those who seek treatment come from less affluent families from across Sri Lanka.

To give them some relief in their hour of need, Asiri Group of Hospitals has been offering free testing facilities since 2006. These patients are referred to us by the Maharagama Cancer Hospital. We conduct laboratory tests/MRI, CT scans/X ray and other tests free of charge.

Cancer Transit Home

Some of our major contributions towards community welfare development during the year include a cash donation of Rs. 5 million from the group to the CCC Foundation of Sri Lanka through the National Health Development Fund for the construction of a transit home at the National Cancer Hospital, Maharagama.

The funds will be used to build the first stage of the 140-bed Cancer Care Transit Home, to house scores of patients who only need the treatment but do not have to be warded at the hospital to receive treatment. Most of these out-patients travel from remote parts of Sri Lanka and cannot afford to rent out private lodgings.

CSR Activities



The Consultant Cardiac Surgeon of Asiri Heart Centre examining a patient at the free health camp held in Jaffna.

Asiri free health camp conducted in Jaffna with the collaboration of the Sri Lanka Army



Some 1,000 patients seek daily treatment at the Maharagama Hospital; only around 850 enjoy the comfort of a bed, while the rest literally camp on the floor. Currently there are around 500 people who attend daily outpatient clinics.

The CCC House, which stands for Courage, Compassion and Commitment, is a Rs. 170 million project that will also accommodate 30 carers. The donation from Asiri will be used to build a ward, which will be named accordingly.

Since 2008, we have been an active member of the Lanka Business Coalition on HIV/AIDS, which works to raise awareness through programmes across the country.

The project, expected to be completed in 2012, will offer comfortable facilities to over 170 less privileged patients who are already suffering from cancer.

The transit home aims to attract patients undergoing radiotherapy and day chemotherapy.

Medical Supplies

We continue to donate drugs and pharmaceutical items to noteworthy projects like the medical camp organized by the Narahenpita police station, the medical camp for school children and the economically challenged re-settled community in Vidutaltivu, Mannar.

Other Projects

Our philanthropic work was extended to rebuild the male and female psychiatric units of the Anuradhapura Teaching Hospital.

Our Group of hospitals has donated assets to the Third International Vipassana Meditation Centre at Maneruwa, Palagala.

"Bringing smiles to our people"

We are committed to serve our valuable clients and patients with the highest standards of service quality. The ultimate objective of the 'Patient First' Policy cannot be achieved without the dedication and contribution of our most important asset – 'People'.

In order to attract, develop, motivate, retain, recognize and compensate our staff and to provide them with a safe working environment, we have embarked on several HR initiatives across the Group that cater to the needs of our employees. This will greatly assist them in providing the highest standards of service quality in a sustainable manner.

Building Capacity

The Training and Development function was revamped, focusing on a comprehensive Training Need Analysis (TNA) covering organizational, unit and individual requirements. Training sessions on soft skills, job training and development for career advancement were undertaken according to the TNA, with a combination of outsourced trainers of repute and trained internal resources. There was emphasis on customer service, quality and service delivery that are essential at all levels to deliver service at the highest levels.

Performance Culture Through Accountability

The performance management cycle was streamlined in three main areas: objective setting, annual evaluation and feedback. Corporate objectives set by the management team have been cascaded to unit and individual goals. Going forward we will introduce reward and recognition schemes to recognize high performers and help develop them. The remuneration scales were closely scrutinized and re-structured to create uniformity and align annual increments to performance.

This year the management team got together to re-visit our Vision, Mission, and Values in the context of the current healthcare market to determine our future focus.

Quality Focus Through People Engagement

Meeting Quality Standards of ISO 9001:2008 Quality Management System has validated our HR processes and has ensured that the organizational objectives are met systematically and ethically. Further we are moving into Total Quality Management with the implementation of 5 S system and further develop Kaizen and quality circles next year. This was initiated during "Asiri Quality Week" that was hosted in the month of November where all employees engaged in different quality initiatives, sessions conducted by quality champions and competitions conducted to recognize talent and rewarding them. Understanding the need to deliver at international standards, Asiri Surgical Hospital has also embarked on several quality standard initiatives including ISO 22000 and OHSAS.

Home Away from Home

We have understood the needs of our staff, especially those who come from different parts of the island. Therefore, we continuously strive to come up with innovative solutions to delight and protect our staff and make them feel at home by introducing staff welfare activities, counselling facilities, get-togethers, compensation and reward strategies, and subsidized accommodation. These initiatives have also been exclusively tailor-made for our student nurses to create a homely environment for them while developing them for future professional careers.

We strongly believe that we can create the competitive edge through *right values and a dedicated and knowledgeable workforce*. The Human Resources division will continuously work with *commitment, camaraderie and creativity* to build and maintain our HR processes on par with global best practices.

Audit Committee Report

The Audit Committee appointed by the Board of Directors comprises of three Non-Executive Directors including two Independent Directors. The Names of the Committee members are stated in the Corporate Governance Report on Page 18.

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

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

The Audit Committee also reviewed and approved the annual and interim financial statements prior to final approval by the Board and also assessed major business and control risks of the Company.

The Audit Committee recommends to the Board of Directors that M/S Ernst & Young be re-appointed as the auditors of the Company for the financial year ending 31st March 2013, subject to the approval of the shareholders at the Annual General Meeting.

(Sgd.)
Samantha Rajapaksa
Chairman – Audit Committee
30th July 2012



Care...

Few things give meaning to life as caring and sharing with others. It leads us to the peak of humanity. We are driven by the spirit of caring.

Independent Auditor's Report

To The Shareholders of Asiri Hospital Holdings PLC



Chartered Accountants

201 De Saram Place
P.O. Box 101
Colombo 10
Sri Lanka

Tel : (0) 11 2463500
Fax Gen : (0) 11 2697369
Tax : (0) 115578180
eysl@lk.ey.com

Report on the Financial Statements

We have audited the accompanying Financial Statements of Asiri Hospital Holdings PLC ("Company"), the Consolidated Financial Statements of the Company and its Subsidiaries which comprise the balance sheets as at 31 March 2012, and the income statements, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes. The Financial Statements of the Company and the Consolidated Financial Statements of the Company and its Subsidiaries as at 31 March 2011 and for the year then ended were audited by another Auditor whose report dated 12 May 2011 expressed an unqualified opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

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

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall Financial Statement presentation.

We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31 March 2012 and the Financial Statements give a true and fair view of the Company's state of affairs as at 31 March 2012 and its profit and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

In our opinion, the Consolidated Financial Statements give a true and fair view of the state of affairs as at 31 March 2012 and the profit and cash flows for the year then ended, in accordance with Sri Lanka Accounting Standards, of the Company and its Subsidiaries dealt with thereby, so far as concerns the shareholders of the Company.

Report on Other Legal and Regulatory Requirements

In our opinion, these Financial Statements also comply with the requirements of Sections 151(2) and 153(2) to 153(7) of the Companies Act No. 07 of 2007.

(Sgd.)

July 30, 2012
Colombo.

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

Balance Sheet

As at 31 March 2012

	Note	GROUP		COMPANY	
		2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
ASSETS					
Non-current Assets					
Property, Plant and Equipment	3	8,863,591,664	10,726,433,380	1,115,367,306	1,139,114,290
Leasehold Property	4	189,906,021	130,681,709	-	-
Investment Property	5	2,039,636,500	-	-	-
Goodwill	6	564,610,315	564,610,315	-	-
Deferred Tax Assets	15	216,211,486	152,630,844	13,514,488	27,477,774
Investment in Subsidiaries	7.1	-	-	3,669,483,939	3,525,217,353
Investment in Equity Securities	7.2	295,875,851	1,541,497	295,719,100	1,384,747
		<u>12,169,831,837</u>	<u>11,575,897,745</u>	<u>5,094,084,833</u>	<u>4,693,194,164</u>
Current Assets					
Inventories	8	297,522,714	286,648,295	97,879,719	98,442,385
Trade and Other Receivables	9	632,338,070	494,246,036	564,018,389	428,487,600
Investments in Short Term Marketable Securities	7.3	28,687,500	47,500,000	28,687,500	47,500,000
Loans Granted to Related Parties	10	-	-	31,080,000	158,400,000
Income Tax paid in Advance		-	749,082	-	-
Cash and Cash Equivalent	19.1	119,871,093	44,383,579	60,130,088	11,698,942
		<u>1,078,419,377</u>	<u>873,526,992</u>	<u>781,795,696</u>	<u>744,528,927</u>
Total Assets		<u>13,248,251,214</u>	<u>12,449,424,737</u>	<u>5,875,880,529</u>	<u>5,437,723,091</u>
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	11	1,636,244,012	1,636,244,012	1,636,244,012	1,636,244,012
Capital Reserves	12	427,991,747	358,403,318	358,403,318	358,403,318
Retained Earnings		1,080,825,828	735,906,591	882,007,913	716,587,808
Shareholders' Fund		<u>3,145,061,587</u>	<u>2,730,553,921</u>	<u>2,876,655,243</u>	<u>2,711,235,138</u>
Minority Interest		2,203,159,179	2,091,571,492	-	-
Total Equity		<u>5,348,220,766</u>	<u>4,822,125,413</u>	<u>2,876,655,243</u>	<u>2,711,235,138</u>
Non-current Liabilities					
Interest Bearing Loans and Borrowings	13	5,001,344,215	1,895,395,759	1,554,677,944	605,490,972
Amount due on Leasehold Property	14	46,488,666	50,560,667	-	-
Deferred Tax Liabilities	15	172,434,837	127,505,844	61,508,022	99,782,578
Retirement Benefit Liability	16	196,477,091	170,369,983	112,620,740	97,946,233
		<u>5,416,744,809</u>	<u>2,243,832,253</u>	<u>1,728,806,706</u>	<u>803,219,783</u>
Current Liabilities					
Trade and Other Payables	17	541,345,104	593,946,406	555,178,268	207,740,408
Dividend Payable		26,712,194	25,845,680	25,536,134	24,670,558
Interest Bearing Loans and Borrowings	13	1,881,815,028	4,686,983,367	662,692,136	1,632,701,223
Amount due on Leasehold Property	14.1	4,072,000	5,113,277	-	-
Income Tax Payable	18	29,341,313	71,578,341	27,012,042	58,155,981
		<u>2,483,285,639</u>	<u>5,383,467,071</u>	<u>1,270,418,580</u>	<u>1,923,268,170</u>
Total Equity and Liabilities		<u>13,248,251,214</u>	<u>12,449,424,737</u>	<u>5,875,880,529</u>	<u>5,437,723,091</u>

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

(Sgd.)
Kosala M. Dissanayake
Director Finance

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

(Sgd.)
Ashok Pathirage
Managing Director

(Sgd.)
Mrs. D. Wimalasundera
Director

The Accounting Policies and Notes on pages 37 through 64 form an integral part of these Financial Statements.

July 30, 2012
Colombo

Income Statement

Year Ended 31st March 2012

	Note	GROUP		COMPANY	
		2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Revenue		6,124,581,099	4,917,091,929	1,890,390,056	1,666,452,120
Cost of Services		(3,090,262,068)	(2,675,798,791)	(1,005,874,799)	(888,888,688)
Gross Profit		3,034,319,031	2,241,293,138	884,515,257	777,563,432
Other Income and Gains	20	104,111,192	75,557,605	197,985,444	86,299,933
Administrative Expenses		(1,454,064,718)	(1,312,442,207)	(355,697,041)	(307,214,037)
Selling and Distribution Costs		(19,292,140)	(20,141,038)	(8,569,954)	(9,710,735)
Finance Cost	21.1	(697,842,610)	(710,525,685)	(204,043,437)	(176,584,113)
Finance Income	21.2	-	18,429,763	7,562,856	7,114,553
Net Exchange Loss	22	(231,374,440)	-	(30,923,664)	-
Changes in Fair Value of Investment Property	5.2	205,380,500	-	-	-
Profit Before Tax		941,236,815	292,171,576	490,829,461	377,469,033
Income Tax Expense	24	(99,471,139)	(29,037,059)	(93,965,498)	(104,000,189)
Profit for the Year		841,765,676	263,134,517	396,863,963	273,468,844
Attributable to:					
Equity Holders of the Parent Company		600,228,593	190,795,562		
Minority Interest		241,537,083	72,338,955		
		<u>841,765,676</u>	<u>263,134,517</u>		
Earnings Per Share - Basic	25	0.675	0.215	0.446	0.308
Dividend Per Share - Ordinary Shares	26	0.255	0.100	0.255	0.100

The Accounting Policies and Notes on pages 37 through 64 form an integral part of these Financial Statements.

Statement of Changes in Equity

Year Ended 31st March 2012

GROUP	Note	Stated Capital Rs.	Revaluation Reserves Rs.	Retained Earnings Rs.	Minority Interest Rs.	Total Rs.
As at 1 April 2010		1,636,244,012	358,403,318	635,279,334	2,577,737,537	5,207,664,201
Profit for the Year		-	-	190,795,562	72,338,955	263,134,517
Acquisitions, Disposal and Changes in Holdings		-	-	(1,242,000)	(518,525,000)	(519,767,000)
Interim Dividend Paid	26	-	-	(88,926,305)	-	(88,926,305)
Subsidiaries Dividend to Minority Shareholders		-	-	-	(39,980,000)	(39,980,000)
As at 31 March 2011		1,636,244,012	358,403,318	735,906,591	2,091,571,492	4,822,125,413
Profit for the Year		-	-	600,228,593	241,537,083	841,765,676
Temporary Reduction on Long Term Investments	7.2	-	-	(4,681,780)	-	(4,681,780)
Surplus on Revaluation During the Year	5.1	-	96,650,596	-	39,627,568	136,278,164
Deferred Tax Impact on Revaluation of the Building	15.2	-	(27,062,167)	-	(11,095,719)	(38,157,886)
Acquisitions, Disposal and Changes in Holdings	7.1	-	-	(23,865,498)	(80,400,814)	(104,266,312)
Interim Dividend Paid	26	-	-	(226,762,078)	-	(226,762,078)
Subsidiaries Dividend to Minority Shareholders		-	-	-	(78,080,431)	(78,080,431)
As at 31 March 2012		<u>1,636,244,012</u>	<u>427,991,747</u>	<u>1,080,825,828</u>	<u>2,203,159,179</u>	<u>5,348,220,766</u>

COMPANY	Note	Stated Capital Rs.	Revaluation Reserves Rs.	Retained Earnings Rs.	Total Rs.
As at 01 April 2010		1,636,244,012	358,403,318	532,045,269	2,526,692,599
Profit for the Year		-	-	273,468,844	273,468,844
Interim Dividend Paid	26	-	-	(88,926,305)	(88,926,305)
As at 31 March 2011		1,636,244,012	358,403,318	716,587,808	2,711,235,138
Profit for the Year		-	-	396,863,963	396,863,963
Temporary Reduction on Long Term Investments	7.2	-	-	(4,681,780)	(4,681,780)
Interim Dividend Paid	26	-	-	(226,762,078)	(226,762,078)
As at 31 March 2012		<u>1,636,244,012</u>	<u>358,403,318</u>	<u>882,007,913</u>	<u>2,876,655,243</u>

The Accounting Policies and Notes on pages 37 through 64 form an integral part of these Financial Statements.

Cash Flow Statement

Year Ended 31st March 2012

	GROUP		COMPANY	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Cash Flows From Operating Activities				
Profit Before Income Tax Expense	941,236,815	292,171,576	490,829,461	377,469,033
Adjustments for				
Depreciation 23	604,690,853	560,635,534	120,220,597	104,769,017
Amortization of Leasehold Assets	5,775,688	5,775,608	-	-
(Profit)/Loss on Sale of Property, Plant and Equipment 20, 23	(378,181)	(23,894,057)	-	-
Provision for Fair Value of Short-Term Investments 23	19,796,367	2,026,510	19,796,367	2,026,133
Provision for Bad Debts 23	4,789,438	1,549,953	410,615	7,330
Provision for Retirement Gratuity 16	35,281,660	60,212,479	19,304,330	32,503,612
Finance Expense 21.1	697,842,610	710,525,685	204,043,437	176,584,113
Impairment Loss	-	4,138,462	-	-
Income from Investments 20 / 21.2	(25,785,658)	(18,429,763)	(153,629,737)	(49,509,592)
Unrealised Exchange Loss 22	357,452,354	-	113,003,664	-
Changes in Fair Value of Investment Property 5.2	(205,380,500)	-	-	-
Operating Profit Before Working Capital Changes	2,435,321,446	1,594,711,987	813,978,734	643,849,646
Changes in Working Capital				
(Increase)/Decrease in Inventories	(10,874,419)	(43,018,868)	562,666	(11,041,121)
(Increase)/Decrease in Trade and Other Receivables	(102,007,898)	(133,984,041)	(115,188,671)	(64,771,210)
Increase/(Decrease) Amounts Due from Related Parties	-	-	127,320,000	(287,491,728)
Increase/(Decrease) in Trade and Other Payables	(52,601,302)	185,678,456	347,437,859	74,732,331
Cash Generated From Operations	2,269,837,827	1,603,387,534	1,174,110,588	355,277,918
ESC/Income Tax Paid	(198,517,702)	(181,702,951)	(149,420,707)	(153,035,189)
Finance Costs Paid	(697,842,610)	(710,525,685)	(204,043,437)	(176,401,698)
Defined Benefit Plan Costs Paid	(9,174,552)	(7,788,672)	(4,629,823)	(5,018,157)
Net Cash From Operating Activities	1,364,302,963	703,370,226	816,016,621	20,822,874
Cash Flows From/(Used in) Investing Activities				
Acquisition of Property, Plant and Equipment	(432,678,732)	(848,762,000)	(96,473,613)	(68,656,594)
Advance Paid for Land	(65,000,000)	-	-	-
Investment in Quoted Securities	(299,016,133)	(50,510,000)	(299,016,133)	(50,510,000)
Capital Work-in-Progress	(10,180,771)	(95,787,618)	-	-
Investment in Subsidiaries	(104,266,312)	(65,997,359)	(144,266,586)	(821,366,654)
Proceeds from Disposal of Property, Plant and Equipment	2,306,711	89,914,436	-	-
Interest Received	-	18,429,763	7,562,856	7,114,553
Dividend Received	25,785,658	-	146,066,881	42,395,039
Net Cash Flows Used in Investing Activities	(883,049,579)	(952,712,778)	(386,126,595)	(891,023,656)
Cash Flows from/(Used in) Financing Activities				
Dividends Paid	(225,895,564)	(95,704,840)	(225,896,502)	(95,704,840)
Dividends Paid to Minority by Subsidiaries	(78,080,431)	(39,979,840)	-	-
Proceeds from Term Loans	2,685,520,199	2,839,567,000	733,378,716	1,425,000,000
Repayment of Term Loans	(2,868,800,223)	(2,702,937,000)	(822,879,006)	(465,906,586)
Repayment of Lease Obligations	(5,188,010)	(25,237,401)	(614,877)	(1,065,535)
Interest Free Loan	-	1,000,000	-	-
Repayment of Amount due on Leasehold Property	(5,113,278)	(5,113,000)	-	-
Net Cash Flows from/(Used in) Financing Activities	(497,557,307)	(28,405,081)	(316,011,669)	862,323,039
Net Increase/(Decrease) in Cash and Cash Equivalents	(16,303,923)	(277,747,633)	113,878,357	(7,877,743)
Cash and Cash Equivalents at the Beginning of the Year	(776,180,633)	(498,433,000)	(497,016,398)	(489,138,655)
Cash and Cash Equivalents at the End of the Year 19	(792,484,556)	(776,180,633)	(383,138,040)	(497,016,398)

The Accounting Policies and Notes on pages 37 through 64 form an integral part of these Financial Statements.

Notes to the Financial Statements

Year Ended 31st March 2012

1. CORPORATE INFORMATION

1.1 General

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

1.2 Principal Activities and Nature of Operations

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

The principal activities of the Subsidiaries are disclosed in Note 2.1.3 to the Financial Statements.

1.3 Parent Enterprise and Ultimate Parent Enterprise

The Company's parent undertaking is Softlogic Holdings PLC.

1.4 Date of Authorization for Issue

The Financial Statements of Asiri Hospital Holdings PLC and its Subsidiaries for the year ended 31 March 2012 was authorized for issue in accordance with a resolution of the Board of Directors dated 30th July 2012.

2. GENERAL ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The Consolidated Financial Statements have been prepared on an accrual basis and under the historical cost convention unless stated otherwise. The Financial Statements are presented in Sri Lankan Rupees.

2.1.1 Statement of Compliance

The Consolidated Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standards (SLAS) laid down by the Institute of Chartered Accountants of Sri Lanka, and also in compliance with the requirements of the Companies Act No. 7 of 2007.

2.1.2 Change in Accounting Policies and Comparative Information

The accounting policies have been consistently applied by the Company, and are consistent with those used in the previous year.

The previous year's figures and phrases have been rearranged wherever necessary to conform to the current year's presentation.

2.1.3 Basis of Consolidation

The Consolidated Financial Statements comprise the Financial Statements of the Company and its Subsidiaries as at 31 March 2012. The Financial Statements of the Subsidiaries are prepared in compliance with the Group's accounting policies unless stated otherwise.

All intra group balances, income and expenses and unrealized gains and losses and dividends resulting from intra group transactions are eliminated in full.

Subsidiaries are fully consolidated from the date of acquisition or incorporation, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

The Financial Statements of the Subsidiaries are prepared for the same reporting period as the parent Company, which is 12 months ending 31 March, using consistent accounting policies.

Subsidiaries

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

The Financial Statements of the following Subsidiary Companies are included in the Consolidated Financial Statements.

Company	Effective Holding	Principal Activities
Asiri Central Hospitals PLC	70.92%	The principal activity of the Company was providing medical services. With the cessation of the business operations, the Company now operates as an investment company.
Asiri Hospital Matara (Pvt) Ltd.	100%	The principal activities of the Company were to operate a hospital and provide healthcare services.
Matara Medi House (Pvt) Ltd.	100%	The principal activities of the Company were to operate a hospital and provide healthcare services.
Asiri Diagnostic Services (Pvt) Ltd.	66.54%	The principal activities of the Company were to carry out Diagnostic Laboratory services.
Asiri Hospital Kandy (Pvt) Ltd.	100%	The principal activities of the Company are to provide healthcare services. However, the company has not yet commenced its operations.

The following companies, with equity control less than 50%, have been consolidated as Subsidiaries based on the power to govern the financial and operating policies of those entities.

Company	Effective Holding	Principal Activities
Asiri Surgical Hospital PLC	46.91%	The principal activities of the Company were to operate a two tier hospital, provide healthcare services and managing and holding of investments in the healthcare industry.
Central Hospital Ltd.	38.9%	The principal activities of the Company were to operate a hospital and provide healthcare services.

Notes to the Financial Statements

Year Ended 31st March 2012

The total profits and losses for the year of the Company and of its Subsidiaries included in consolidation and all assets and liabilities of the Company and of its Subsidiaries included in consolidation are shown in the consolidated income statement and balance sheet respectively.

Minority interest which represents the portion of profit or loss and net assets not held by the group, are shown as a component of profit for the year in the income statement and as a component of equity in the consolidated balance sheet, separately from parent's shareholders' equity.

The consolidated cash flow statement includes the cash flows of the Company and its Subsidiaries.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expense and the disclosure of contingent liabilities at the reporting date. The key judgments, estimates and associated assumptions are assessed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following key judgments, estimates and assumptions addresses amongst others that require subjective and complex judgment.

a) Inventories

Group reviews the existence and usability of inventories based on a perpetual inventory count. Provisions are made when Management determines obsolete stock and/or assesses a reduction in recoverable value.

b) Allowance for Doubtful Debts

Group reviews at each balance sheet date all receivables to assess whether an allowance should be recorded in the income statement. Management uses judgment in estimating such allowance considering the duration of outstanding and any other factors management is aware of that indicates uncertainty in recoverability.

c) Impairment of Assets

The Group assesses whether there are any indicators of impairment of its non financial assets and long term investment in subsidiaries at each reporting date. Such assessment is made as described under accounting policy No. 2.3.11 to these Financial Statements. In this regard, the fair value measurement included the Group's ability to benefit from synergies and value of other tangible/ intangible assets that arise from its holding.

d) Depreciation of Property, Plant and Equipment

Provision for Depreciation is calculated on a straight line basis over the useful life of the assets. The useful life of an asset is defined in terms of the asset's expected utility to the entity. Therefore, the useful life of an asset may be shorter than its economic life. The estimation of the useful life of the asset is a matter of judgment based on the experience of the entity with similar assets. Estimation made over the useful life of the assets are disclosed under Note 3.1.6 to these Financial Statements.

e) Defined Benefit Plans

The cost of defined benefit plans – Gratuity is determined using Actuarial Valuations/ Projected Unit Credit Method - which is based on the gratuity formula in Appendix E of SLAS 16 – Employee Benefits.

The actuarial valuation/ projected unit credit method involves making assumptions about discount rates, future salary increases, employee turnover, mortality rates and going concern of the Company. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date. Assumptions made for the current financial period are disclosed under Note 16.2 to these Financial Statements.

f) Deferred Tax Asset

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

g) Revaluation of Property , Plant & Equipment and Investment Properties

The group measures Land and Building classified under property , plant and equipment at revalued amounts with changes in fair value being recognized in the statement of equity. In addition, it carries its investment properties at fair value, with changes in fair value being recognized in the income statement. The group engages independent valuation specialists to determine fair value of investment properties and certain identified land and building as at 31 March 2012, by using the market value based technique.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.3.1 Foreign Currency Translation

The Financial Statements are presented in Sri Lanka Rupees, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.3.2 Taxation

a) Income Tax

Current income tax assets and liabilities for the current and prior periods 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 by the balance sheet date.

The provision for Income Tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act.

Notes to the Financial Statements

Year Ended 31st March 2012

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 No.4 of 1978, 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 commencing from 31 March 2004. This exemption expires on 31 March 2014.

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

Asiri Central Hospitals PLC

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

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

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

Central Hospital Ltd.

Pursuant to the agreement dated 9 November 2007 and supplementary agreement dated 14 February 2009 entered into with the Board of Investment under section 17 of the Board of Investment Law No.4 of 1978, the Inland Revenue Act relating to the imposition, payment and recovery of income tax shall not apply to the business operating a hospital and providing healthcare services, for a period of 8 years commencing from the year the Company makes profits or any year of assessment not later than two years from the date on which the company commences commercial operations, whichever is earlier. Accordingly, the exemption is for a period of eight years commencing from financial year ending 31st March 2013. This exemption will expire on 31st 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 Matara (Pvt) Ltd.

Pursuant to the agreement dated 25 May 2007 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 31 March 2008. This exemption will expire on 31 March 2016.

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

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

- Asiri Hospital Holdings PLC
- Matara Medi House (Pvt) Ltd.
- Asiri Diagnostic Services (Pvt) Ltd.
- Asiri Hospital Kandy (Pvt) Ltd.

b) Economic Service Charge

As per the provisions of the Economic Service Charge Act No.13 of 2006 and subsequent amendments thereto, Economic Service Charge (ESC) is payable on relevant turnover. The rate of ESC relating to the revenue referred to in the BOI agreement where the corresponding profit is exempt from income tax is 0.25% and the rate relating to other income is 1%. ESC paid is deductible from the Company's income tax liability. Any unclaimed amount can be carried forward and set off against the income tax payable for a further four years.

c) Value Added Tax (VAT)

As per item XII of Part II (b) of first schedule to the Value Added Tax Act No. 14 of 2002 and subsequent amendments thereto the supply of health care services provided by the Group is exempt whilst other revenue would be liable at the prevailing rate.

d) Deferred Taxation

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet 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 income tax asset to be utilised.

Notes to the Financial Statements

Year Ended 31st March 2012

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to 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 balance sheet date.

Deferred Tax has not been recognised in the Financial Statements of the following Companies, as those Companies are under the BOI exemption period as indicated in Note 2.3.2 (a).
- Asiri Surgical Hospital PLC
- Asiri Hospital Matara (Pvt) Ltd.

Deferred Tax has been recognized in the Financial Statements of Central Hospital Ltd. as the tax exemption period has not commenced. Upon commencement of the tax exemption period, the impact on deferred tax will be reassessed and accounted for accordingly.

2.3.3 Borrowing Cost

Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of that asset.

2.3.4 Inventories

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

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

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

2.3.5 Trade and Other Receivables

Trade receivables are stated at the amounts they are estimated to realise net of allowances for bad and doubtful receivables.

Other receivables and dues from Related Parties are recognised at cost less allowances for bad and doubtful receivables.

2.3.6 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 cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

2.3.7 Property, Plant and Equipment

All items of property, plant and equipment, except for the land is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met.

Depreciation is calculated on a straight line basis over the useful life of the assets.

When each 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.

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

Free hold Land is measured at fair value.

Valuations are performed every 3-5 years (or frequently enough) to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is credited to the revaluation reserve included in the equity section of the balance sheet, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except that a deficit directly offsetting a previous surplus on the same asset is directly offset against the surplus in the asset revaluation reserve.

2.3.8 Investment Properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Notes to the Financial Statements

Year Ended 31st March 2012

2.3.9 Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception 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 the 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 charged and reflected in the income statement.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term. The depreciation policy for depreciable leased assets is consistent with that for depreciable asset that are owned as described in Note 2.3.7

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

2.3.10 Investments

Initial Recognition:

Cost of investment includes purchase cost and acquisition charges such as brokerages, fees, duties and bank regulatory fees. The Company distinguishes and presents current and non current investment in the balance sheet.

Measurement:

a) Current Investment

Current investments are carried at the lower of cost and market value, determined on the basis of aggregate portfolio.

Unrealized losses arising from reduction to market value and reversals of such reduction required to state current investments at lower of cost and market value are included in income statement.

b) Long Term Investments

Long term marketable equity securities are stated at lower of cost and market value determined on a portfolio basis.

Carrying amounts are reduced to recognize a decline other than temporary, determined for each investment individually. These reductions for other than temporary declines in carrying amounts are charged to income statement.

Temporary reductions and reversal of such reductions are included in equity.

2.3.11 Impairment of Assets

The Group assesses at each reporting date whether there is an indication that non financial assets and investments in subsidiaries may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2.3.12 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.3.13 Retirement Benefit Obligations

a) Defined Benefit Plan – Gratuity

Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC

The Companies measure the present value of the promised retirement benefits for 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 required by Sri Lanka Accounting Standard 16, Employee Benefits (Revised 2006). Accordingly, the employee benefit liability is based on the actuarial valuation carried out by Messrs Actuarial and Management Consultants (Pvt) Ltd., Actuaries.

Central Hospital Limited, Asiri Hospital Matara (Pvt) Ltd., Matara Medi House (Pvt) Ltd., Asiri Diagnostic Services (Pvt) Ltd.

The Companies measure the present value of the promised retirement benefits for gratuity, which is a defined benefit plan at the end of every financial year using the Projected Unit Credit Method (PUC) prescribed in Appendix E of SLAS 16 (Revised).

As per the payment of Gratuity Act No. 12 of 1983, this liability only arises upon completion of 5 years of continued service. The gratuity liability is not externally funded. The item is stated under Retirement Benefit Liability in the balance sheet.

No provision is made in the accounts of following companies for gratuity as no employees are recruited under these companies.

- Asiri Central Hospitals PLC
- Asiri Hospital Kandy (Pvt) Ltd.

Notes to the Financial Statements

Year Ended 31st March 2012

b) Defined Contribution Plan- Employees Provident Fund & Employees Trust Fund

Employees are eligible for Employees' Provident Fund and Employees' Trust Fund Contributions in line with respective statutes and regulations. The Group contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

2.3.14 Income Statement

2.3.14.1 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes. The following specific criteria are used for the purpose of recognition of revenue.

a) Rendering of Services

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

b) Interest

Interest income is recognized as the interest accrued unless recoverability is in doubt.

c) Others

Other income is recognized on an accrual basis.

2.3.14.2 Gains and losses from foreign exchange forward contracts

Foreign exchange forward contracts are fair valued at each reporting date. Unrealised gains and losses arising from changes in fair value are included in the income statement in the period in which they arise.

2.4 SRI LANKA ACCOUNTING STANDARDS EFFECTIVE FROM 01 JANUARY 2012

The Group will be adopting the new Sri Lanka Accounting Standards (new SLAS) comprising LKAS and SLFRS applicable for financial periods commencing from 01 March 2012 as issued by the Institute of Chartered Accountants of Sri Lanka. The Group has commenced reviewing its accounting policies and financial reporting in readiness for the transition. As the Group has a 31 March year end, priority has been given to considering the preparation of an opening balance sheet in accordance with the new SLASs as at 01 April 2011. This will form the basis of accounting for the new SLASs in the future, and is required when the Group prepares its first new SLAS compliant Financial Statements for the year ending 31 March 2013. Set out below are the key areas where accounting policies will change and may have an impact on the Financial Statements of the Group. The Group is in the process of quantifying the impact on the Financial Statements arising from such changes in accounting policies.

(a) *SLFRS 1 – First Time Adoption of Sri Lanka Accounting Standards* requires the Group to prepare and present opening new SLFRS Financial Statements at the date of transition to new SLAS. The Group shall use the same accounting policies in its opening new SLAS Financial Statements and throughout all comparable periods presented in its first new SLAS Financial Statements.

(b) *LKAS 1 – Presentation of Financial Statements* requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non owner changes in equity are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). This standard also requires the Group to disclose information that enables users of its Financial Statements to evaluate the entity's objectives, policies and processes for managing capital.

(c) *LKAS 16 – Property Plant and Equipment* requires a company to initially measure an item of property plant and equipment at cost, using the cash price equivalent at the recognition date. If payment is deferred beyond normal credit terms, the difference between the cash price equivalent and the total payment is recognized as interest over the period, unless such interest is capitalized in accordance with LKAS 23 Borrowing Costs.

This standard requires depreciation of assets over their useful lives, where the residual value of assets is deducted to arrive at the depreciable value. It also requires that significant components of an asset be evaluated separately for depreciation.

(d) *LKAS 32 – Financial Instruments: Presentation, LKAS 39 – Financial Instruments: Recognition and Measurement and SLFRS 7 – Disclosures* will result in changes to the current method of recognizing financial assets, financial liabilities and equity instruments. These standards will require measurement of financial assets and financial liabilities at fair value at initial measurement. The subsequent measurement of financial assets classified as fair value through profit and loss and available for sale will be at fair value, with the gains and losses routed through the statements of comprehensive income and other comprehensive income respectively.

Financial assets classified as held to maturity and loans and receivables will be measured subsequently at amortized cost. These assets will need to be assessed for any objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') coupled with a reliable estimate of the loss event (or events) impact on the estimated future cash flows of the financial asset or group of financial assets. As such the current method of assessing for impairment will have to be changed to meet the requirements of these new standards.

Financial liabilities will be either classified as fair value through profit or loss or at amortized cost. At present, the Group does not identify, categorise and measure financial assets and liabilities as per the requirements of the standard and also does not recognise certain derivative instruments on the balance sheet.

Notes to the Financial Statements

Year Ended 31st March 2012

(e) *SLFRS 3 – Business combinations* will require the company to apply this standard to transactions and other events that meet the new definition of a business i.e. an integrated set of assets (inputs) and activities(processes) which are capable of being conducted and managed to provide a return, as opposed to a mere asset acquisition. Under the new acquisition method of accounting, in addition to recognizing and measuring in its Financial Statements the identifiable assets acquired and liabilities assumed the standard also requires recognition and measurement of any non-controlling interest in the acquiree and re-measuring to fair value any previously held interests which could have an impact on the recognition of goodwill. Subsequent to the acquisition of control any acquisitions or disposals of non-controlling interest without loss of control will be accounted for as equity transactions and cannot be recognized as profit/loss on disposal of investments in the statement of financial performance.

(f) *LKAS 12 – Income Tax* requires deferred tax to be provided in respect of temporary differences which will arise as a result of adjustments made to comply with the new SLAS.

(g) *LKAS 18 – Revenue* requires the Company to measure revenue at fair value of the consideration received or receivable. It also specifies recognition criteria for revenue, and the Group needs to apply such recognition criteria to the separately identifiable components of a single transaction in order to reflect the substance of the transaction.

The Institute of Chartered Accountants of Sri Lanka has resolved an amendment to Sri Lanka Accounting Standard 10, whereby the provision contained in paragraphs 30 and 31 of SLAS 10 – Accounting Policies, Changes in Accounting Estimates and Errors, would not be applicable for financial statements prepared in respect of financial periods commencing before 1 January 2012 and hence the impact of this transition is not required to be disclosed in these Financial Statements.

Notes to the Financial Statements

Year Ended 31st March 2012

3. PROPERTY, PLANT AND EQUIPMENT

3.1 GROUP

3.1.1 Gross Carrying Amount

At Cost or Valuation

	Balance As at 01.04.2011 Rs.	Additions/ Transfers Rs.	Revaluation	Disposals/ Transfers Rs.	Balance As at 31.03.2012 Rs.
Land and Buildings	7,972,833,798	88,651,783	136,278,164	(1,917,679,434)	6,280,084,311
Plant and Machinery	3,208,970	-	-	-	3,208,970
Medical Equipment	2,758,068,498	283,483,845	-	-	3,041,552,343
Furniture and Fittings	1,025,557,750	15,582,875	-	(6,804)	1,041,133,821
Office Equipment	87,430,941	7,478,932	-	-	94,909,873
Sundry Equipment	35,201,011	162,436	-	-	35,363,447
Kitchen Equipment	23,389,217	3,718,851	-	-	27,108,068
Televisions and Cassette Recorders	2,892,434	455,920	-	-	3,348,354
Tools and Equipment	58,796,982	277,642	-	-	59,074,624
Push Cycle	20,844	-	-	-	20,844
Generator	42,146,574	-	-	-	42,146,574
Water Pump	382,694	-	-	-	382,694
Motor Vehicles	51,359,179	22,374,270	-	556,556	74,290,005
Computers	203,546,375	12,385,114	-	(10,455)	215,921,034
Air Conditioners	135,046,451	5,362,884	-	-	140,409,335
House Keeping Equipment	15,990,004	467,510	-	-	16,457,514
Laundry Equipment	8,387,030	-	-	-	8,387,030
Linen, Mattress and General Accessories	11,969,386	336,963	-	-	12,306,349
Elevators	32,527,203	-	-	-	32,527,203
	<u>12,468,755,341</u>	<u>440,739,025</u>	<u>136,278,164</u>	<u>(1,917,140,137)</u>	<u>11,128,632,393</u>

In the Course of Construction

Buildings Work-in-Progress	9,041,198	4,965,931	-	(8,060,293)	5,946,836
Buildings Work-in-Progress on Leasehold Land	2,020,000	5,214,840	-	-	7,234,840
	<u>11,061,198</u>	<u>10,180,771</u>	<u>-</u>	<u>(8,060,293)</u>	<u>13,181,676</u>

Assets on Finance Leases

Motor Vehicles	8,089,715	-	-	(2,511,987)	5,577,728
Medical Equipment	14,568,460	-	-	-	14,568,460
Sundry Equipment	2,587,500	-	-	-	2,587,500
	<u>25,245,675</u>	<u>-</u>	<u>-</u>	<u>(2,511,987)</u>	<u>22,733,688</u>

Total Value of Depreciable Assets

	<u>12,505,062,214</u>	<u>450,919,796</u>	<u>136,278,164</u>	<u>(1,927,712,417)</u>	<u>11,164,547,757</u>
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3.1.2 Accumulated Depreciation and Impairment

	Balance As at 01.04.2011 Rs.	Charge for the period Rs.	Revaluation	Disposals/ Transfers Rs.	Balance As at 31.03.2012 Rs.
Buildings	262,361,904	101,708,508	-	(82,363,594)	281,706,818
Plant and Machinery	3,208,970	-	-	-	3,208,970
Medical Equipment	963,502,476	286,787,391	-	-	1,250,289,867
Furniture and Fittings	246,459,329	105,204,751	-	-	351,664,080
Office Equipment	54,339,388	16,268,142	-	-	70,607,530
Sundry Equipment	24,515,747	1,355,184	-	-	25,870,931
Kitchen Equipment	11,594,009	2,586,215	-	-	14,180,224
Televisions and Cassette Recorders	1,655,902	289,244	-	-	1,945,146
Tools and Equipment	29,900,691	5,902,116	-	-	35,802,807
Push Cycle	8,932	2,134	-	-	11,066
Generator	16,976,067	4,214,658	-	-	21,190,725
Water Pump	293,309	13,919	-	-	307,228
Motor Vehicles	28,386,277	11,580,037	-	1,528,125	41,494,439
Computers	44,512,044	40,643,154	-	-	85,155,198
Air Conditioners	56,552,789	13,682,055	-	-	70,234,844
House Keeping Equipment	3,466,406	1,621,712	-	-	5,088,118
Laundry Equipment	5,828,521	838,703	-	-	6,667,224
Linen, Mattress and General Accessories	5,213,341	6,098,957	-	-	11,312,298
Elevators	13,851,181	3,252,721	-	-	17,103,902
	<u>1,772,627,283</u>	<u>602,049,601</u>	<u>-</u>	<u>(80,835,469)</u>	<u>2,293,841,415</u>

Assets on Finance Leases

Motor Vehicles	3,509,604	923,505	-	(1,528,125)	2,904,984
Medical Equipment	1,746,180	1,458,288	-	-	3,204,468
Sundry Equipment	745,767	259,459	-	-	1,005,226
	<u>6,001,551</u>	<u>2,641,252</u>	<u>-</u>	<u>(1,528,125)</u>	<u>7,114,678</u>

Total Value of Depreciable Assets

	<u>1,778,628,834</u>	<u>604,690,853</u>	<u>-</u>	<u>(82,363,594)</u>	<u>2,300,956,093</u>
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Notes to the Financial Statements

Year Ended 31st March 2012

3.1.3 Gross Carrying Amounts

	2012 Rs.	2011 Rs.
Land and Buildings	5,998,377,493	7,710,471,894
Plant and Machinery	-	-
Medical Equipment	1,791,262,476	1,794,566,022
Furniture and Fittings	689,469,741	779,098,421
Office Equipment	24,302,343	33,091,553
Sundry Equipment	9,492,516	10,685,264
Kitchen Equipment	12,927,844	11,795,208
Televisions and Cassette Recorders	1,403,208	1,236,532
Tools and Equipment	23,271,817	28,896,291
Push Cycle	9,778	11,912
Generator	20,955,849	25,170,507
Water Pump	75,466	89,385
Motor Vehicles	32,795,566	22,972,902
Computers	130,765,836	159,034,331
Air Conditioners	70,174,491	78,493,662
House Keeping Equipment	11,369,396	12,523,598
Laundry Equipment	1,719,806	2,558,509
Linen, Mattress and General Accessories	994,051	6,756,045
Elevators	15,423,301	18,676,022
	<u>8,834,790,978</u>	<u>10,696,128,058</u>
In the Course of Construction		
Buildings Work-in-Progress	5,946,836	9,041,198
Buildings Work-in-Progress on Leasehold Land	7,234,840	2,020,000
	<u>13,181,676</u>	<u>11,061,198</u>
Assets on Finance Leases		
Motor Vehicles	2,672,744	4,580,111
Medical Equipment	11,363,992	12,822,280
Sundry Equipment	1,582,274	1,841,733
	<u>15,619,010</u>	<u>19,244,124</u>
Total Value of Depreciable Assets	<u>8,863,591,664</u>	<u>10,726,433,380</u>

3.1.4 During the year, the Group Acquired property, plant and equipment to the aggregate value of Rs. 450,919,796/- (2011 - Rs. 946,570,266/-). Cash payments amounting to Rs. 442,859,503/- (2011 - Rs. 944,550,266/-) were made during the year for purchase of property, plant and equipment.

3.1.5 Group property, plant and equipments with a carrying value of Rs. 4,722,239,163/- (2011 - Rs. 4,318,546,472/-) have been pledged as security for term loans obtained, details of which are disclosed in Note 28.

3.1.6 Depreciation

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

	2012	2011
Buildings	Over 50 Years	Over 50 Years
Medical Equipment	Over 10 Years	Over 10 Years
Furniture and Fittings	Over 10 Years	Over 10 Years
Office Equipment	Over 5 Years	Over 5 Years
Sundry Equipments	Over 10 Years	Over 10 Years
Kitchen Equipment	Over 10 Years	Over 10 Years
Televisions and Cassette Recorders	Over 10 Years	Over 10 Years
Tools and Equipments	Over 10 Years	Over 10 Years
Generator	Over 10 Years	Over 10 Years
Water Pump	Over 10 Years	Over 10 Years
Motor Vehicles	Over 5 Years	Over 5 Years
Computers	Over 5 Years	Over 5 Years
Air Conditioners	Over 10 Years	Over 10 Years
Housekeeping Equipment	Over 10 Years	Over 10 Years
Laundry Equipment	Over 10 Years	Over 10 Years
Fixtures and Fittings	Over 10 Years	Over 10 Years
Linen, Mattress and General Accessories	Over 2 Years	Over 2 Years
Elevators	Over 10 Years	Over 10 Years

Notes to the Financial Statements

Year Ended 31st March 2012

3.1.7 a) The fair value of land situated No 181, Kirula Road, Colombo 05 of Asiri Hospital Holdings PLC was determined by means of a revaluation during the financial year 2008/2009 by Messrs. P. B. Kalugalagedara (FIV, MSIZ, IRRV, FRICS) an independent valuer in reference to market based evidence. The results of such revaluation were incorporated in these Financial Statements from its effective date which is 31 March 2009. The surplus arising from the revaluation net of deferred taxes, was transferred to a revaluation reserve.

b) The land of Asiri Central Hospital PLC, situated at No 37, Horton place, Colombo 7 was revalued during the financial year 2010 by Messrs. P.B Kalugalagedara & Associates - Chartered Valuation Surveyors. The land was valued at their open market values and the results of such revaluation were incorporated in the Financial Statements as at 31 December 2010. The surplus arising from the revaluation was transferred to the revaluation reserve.

The land together with buildings were classified from owner occupied property to an investment property with effect from 1 April 2011.

The Building of Asiri Central Hospital PLC situated at the above land was also revalued during the financial year 2010 by Messrs. P.B Kalugalagedara & Associates - Chartered Valuation Surveyors. At the time of transferring the building from owner occupied property to investment property, the Directors decided to incorporate the results of such revaluation in the financial statements as of 01 April 2011 and the surplus arising from such revaluation net of deferred tax, is transferred to revaluation reserve.

c) The fair value of land situated at No. 15, Dharmapala Mawatha, Uyanwatta, Matara of Matara Medi House (Pvt) Ltd. Was determined by means of a revaluation during the financial year 2009/2010 by Messrs. P.B. Kalugalagedara & Associates an independent valuer in reference to market based evidence. The results of such revaluation were incorporated in the Financial Statements from its effective date which is 31 March 2010. The surplus arising from the revaluation net of deferred taxes, was transferred to the revaluation reserve.

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

Class of Asset	Cost Rs.	Cumulative Depreciation If assets were carried at cost Rs.	Net Carrying Amount 2012 Rs.	Net Carrying Amount 2011 Rs.
Freehold Land	662,104,379	-	662,104,379	662,104,379
Building	5,066,495,730	366,562,873	4,699,932,857	4,767,286,911
	<u>5,728,600,109</u>	<u>366,562,873</u>	<u>5,362,037,236</u>	<u>5,429,391,290</u>

3. Property, Plant and Equipment

3.2 Company

3.2.1 Gross Carrying Amounts

COMPANY

At Cost or valuation

	Balance As at 01.04.2011 Rs.	Additions/ Transfers Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2012 Rs.
Land	401,000,000	51,163,800	-	452,163,800
Buildings	399,687,977	-	-	399,687,977
Medical Equipment	843,597,548	21,952,625	-	865,550,173
Furniture and Fittings	45,730,738	1,571,531	-	47,302,269
Office Equipment	15,807,673	682,941	-	16,490,614
Sundry Equipment	22,296,240	-	-	22,296,240
Kitchen Equipment	7,919,426	1,590,394	-	9,509,820
Televisions and Cassette Recorders	2,114,414	455,920	-	2,570,334
Tools and Equipment	14,131,702	-	-	14,131,702
Push Cycle	21,344	-	-	21,344
Generator	14,541,449	-	-	14,541,449
Water Pump	243,501	-	-	243,501
Motor Vehicles	22,029,175	15,897,040	2,511,987	40,438,202
Computers	25,972,649	2,844,421	-	28,817,070
Air Conditioners	36,822,909	309,760	-	37,132,669
House Keeping Equipment	12,783,437	5,181	-	12,788,618
	<u>1,864,700,182</u>	<u>96,473,613</u>	<u>2,511,987</u>	<u>1,963,685,782</u>
Assets on Finance Leases				
Motor Vehicles	2,511,987	-	(2,511,987)	-
	<u>2,511,987</u>	<u>-</u>	<u>(2,511,987)</u>	<u>-</u>
Total Value of Depreciable Assets	<u>1,867,212,169</u>	<u>96,473,613</u>	<u>-</u>	<u>1,963,685,782</u>

Notes to the Financial Statements

Year Ended 31st March 2012

3.2.2 Depreciation

Buildings
Medical Equipment
Furniture and Fittings
Office Equipment
Sundry Equipment
Kitchen Equipment
Televisions and Cassette Recorders
Tools and Equipment
Push Cycle
Generator
Water Pump
Motor Vehicles
Computers
Air Conditioners
House Keeping Equipment

	Balance As at 01.04.2011 Rs.	Charge for the period Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2012 Rs.
Buildings	16,596,308	8,326,833	-	24,923,141
Medical Equipment	577,324,579	85,298,779	-	662,623,358
Furniture and Fittings	29,083,780	5,106,362	-	34,190,142
Office Equipment	13,097,730	1,428,462	-	14,526,192
Sundry Equipment	21,773,075	56,087	-	21,829,162
Kitchen Equipment	4,095,880	889,097	-	4,984,977
Televisions and Cassette Recorders	1,383,636	211,442	-	1,595,078
Tools and Equipment	4,863,994	1,413,170	-	6,277,164
Push Cycle	8,932	2,134	-	11,066
Generator	8,571,552	1,454,145	-	10,025,697
Water Pump	243,501	-	-	243,501
Motor Vehicles	17,537,364	6,340,580	1,528,125	25,406,069
Computers	15,327,990	4,718,767	-	20,046,757
Air Conditioners	14,727,190	3,696,189	-	18,423,379
House Keeping Equipment	1,934,243	1,278,550	-	3,212,793
	<u>726,569,754</u>	<u>120,220,597</u>	<u>1,528,125</u>	<u>848,318,476</u>
Assets on Finance Leases				
Motor Vehicles	1,528,125	-	(1,528,125)	-
	<u>1,528,125</u>	<u>-</u>	<u>(1,528,125)</u>	<u>-</u>
Total Depreciation	<u>728,097,879</u>	<u>120,220,597</u>	<u>-</u>	<u>848,318,476</u>

3.2.3 Net Book Values

Land
Buildings
Medical Equipment
Furniture and Fittings
Office Equipment
Sundry Equipment
Kitchen Equipment
Televisions and Cassette Recorders
Tools and Equipment
Push Cycle
Generator
Water Pump
Motor Vehicles
Computers
Air Conditioners
House Keeping Equipment

	2012 Rs.	2011 Rs.
Land	452,163,800	401,000,000
Buildings	374,764,836	383,091,669
Medical Equipment	202,926,815	266,272,969
Furniture and Fittings	13,112,127	16,646,958
Office Equipment	1,964,422	2,709,943
Sundry Equipment	467,078	523,165
Kitchen Equipment	4,524,843	3,823,546
Televisions and Cassette Recorders	975,256	730,778
Tools and Equipment	7,854,538	9,267,708
Push Cycle	10,278	12,412
Generator	4,515,752	5,969,897
Water Pump	-	-
Motor Vehicles	15,032,133	4,491,811
Computers	8,770,313	10,644,659
Air Conditioners	18,709,290	22,095,719
House Keeping Equipment	9,575,825	10,849,194
	<u>1,115,367,306</u>	<u>1,138,130,428</u>
Assets on Finance Leases		
Motor Vehicles	-	983,862
Total Carrying Amount of Property, Plant and Equipment	<u>1,115,367,306</u>	<u>1,139,114,290</u>

3.2.4 During the year, the Company acquired property, plant and equipment to the aggregate value of Rs. 96,473,613/- (2011-Rs.68,656,594/-). Cash payments amounting to Rs.96,473,613/- (2011-Rs.68,656,594/-) were made during the year for purchase of property, plant and equipment.

3.2.5 The fair value of land situated at No 181, Kirula Road, Colombo 05 of Asiri Hospital Holdings PLC was determined by means of a revaluation during the financial year 2008/2009 by Messrs. P. B. Kalugalagedara (FIV, MSIZ, IRRV, FRICS) an independent valuer in reference to market based evidence. The results of such revaluation were incorporated in the Financial Statements from its effective date which is 31 March 2009. The surplus arising from the revaluation net of deferred taxes, was transferred to a revaluation reserve.

Notes to the Financial Statements

Year Ended 31st March 2012

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

Class of Asset	Cost Rs.	Cumulative Depreciation If assets were carried at cost Rs.	Net Carrying Amount 2012 Rs.	Net Carrying Amount 2011 Rs.
Freehold Land	29,616,200	-	29,616,200	29,617,000
Building	320,324,000	92,459,000	227,865,000	234,527,000
	<u>349,940,200</u>	<u>92,459,000</u>	<u>257,481,200</u>	<u>264,144,000</u>

4. LEASEHOLD PROPERTY

	GROUP		COMPANY	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Balance as at the beginning of the year	130,681,709	136,457,317	-	-
Amortization for the year	(5,775,688)	(5,775,608)	-	-
Prepayment for Lease Hold Right	65,000,000	-	-	-
Balance as at the end of the year	<u>189,906,021</u>	<u>130,681,709</u>	<u>-</u>	<u>-</u>

Prepaid lease rentals paid to acquire land use right have been classified as leasehold property and amortized over the lease term in accordance with the pattern of benefits consumed.

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

b. Asiri Hospital Matara (Pvt) Ltd obtained lease hold right to land (extent of land is perches 38.34) and building situated at No 37, Anagarika Dharmapala Mawatha, Matara for 20 years commencing from 04 October 2006.

c. Land (extent of land is 2 Acres 15.5 perches) situated at Srimavo Bandaranayaka Mawatha, Mulgampala belonging to Urban Development Authority was leased out to Colombo Commercial Company (Engineers) Ltd., on 31 st August 1993 for a period of 50 years. The said land was mortgaged over a facility obtained by Colombo Commercial Company (Engineers) Ltd. During the year the Company paid Rs.65 million to the bank on behalf of Colombo Commercial Company (Engineers) Ltd., in order to release the mortgage bond.

Currently the Company is under negotiations with the Urban Development Authority to finalise the lease agreement for the said land.

5. INVESTMENT PROPERTY

Land and Building

	GROUP	COMPANY
	2012 Rs.	2011 Rs.
Balance as at the beginning of the year	-	-
Transferred from Property, Plant and Equipments	1,834,256,000	-
Changes in Fair Value of Investment Property	205,380,500	-
Balance as at the end of the year	<u>2,039,636,500</u>	<u>-</u>

5.1 Due to the change in the nature of use the total free hold land and building, these were reclassified as investment property with effect from 1 April 2011.

5.2 The land and building of Asiri Central Hospital PLC, situated at No 37, Horton place, Colombo 7 were revalued as at March 31, 2012 by Messrs. P.B Kalugalagedara & Associates - Chartered Valuation Surveyors. The land and building were valued at their open market values and the results of such revaluation are incorporated in the Financial Statements for the year ended 31 March 2012. The surplus arising from the revaluation is transferred to the income statement.

6. GOODWILL

	GROUP	
	2012 Rs.	2011 Rs.
Balance at Beginning of the Year	564,610,315	200,961,315
Additions During the Year	-	363,649,000
Balance at the End of the Year	<u>564,610,315</u>	<u>564,610,315</u>

Goodwill acquired through business combinations have been allocated to Asiri Surgical Hospital PLC and Asiri Hospital Kandy (Pvt) Ltd for impairment testing.

Notes to the Financial Statements

Year Ended 31st March 2012

7. INVESTMENTS	GROUP		COMPANY	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Investments in Subsidiaries (7.1)	-	-	3,669,483,939	3,525,217,353
Other Non Current Investment (7.2)	295,875,851	1,541,497	295,719,100	1,384,747
Short - term Investment in Marketable Securities (7.3)	28,687,500	47,500,000	28,687,500	47,500,000
	<u>324,563,351</u>	<u>49,041,497</u>	<u>3,993,890,539</u>	<u>3,574,102,100</u>

7.1 INVESTMENT IN SUBSIDIARIES Company	Holding		2012		2011	
	2012 %	2011 %	Carrying Value Rs.	Market Value / Directors' Valuation Rs.	Carrying Value Rs.	Market Value / Directors' Valuation Rs.
7.1.1 Quoted						
Asiri Surgical Hospital PLC - Ordinary Shares	46.91	44.51	1,111,238,645	1,958,486,259	1,006,972,009	1,999,417,201
Asiri Surgical Hospital PLC - Preference Shares	100	100	630,000,000	630,000,000	630,000,000	630,000,000
Asiri Central Hospitals PLC - Ordinary Shares	55.59	55.59	1,213,447,205	2,048,226,015	1,213,447,205	2,464,077,964
			<u>2,954,685,850</u>	<u>4,636,712,274</u>	<u>2,850,419,214</u>	<u>5,093,495,165</u>

7.1.2 Un-quoted	Holding		Carrying Value Rs.	Directors' Valuation Rs.	Carrying Value Rs.	Directors' Valuation Rs.
	2012 %	2011 %				
Asiri Diagnostic Services (Pvt) Ltd.	66.54	66.54	2,691,400	2,691,400	2,691,400	2,691,400
Asiri Hospital Matara (Pvt) Ltd.	100	100	260,000,000	260,000,000	260,000,000	260,000,000
Central Hospital Ltd.	10.88	10.88	346,109,380	346,109,380	346,109,380	346,109,380
Asiri Hospital Kandy (Pvt) Ltd. (Previously known as Digasiri Medical Services (Pvt) Ltd.)	100	100	105,997,309	105,997,309	65,997,359	65,997,359
Carrying Value of Investment in Subsidiaries			<u>3,669,483,939</u>		<u>3,525,217,353</u>	

*Directors' valuation of investment in un-quoted shares and preference shares of Asiri Surgical Hospital PLC have been determined based on the cost of the investment. Investment value of quoted shares have been determined based on market value of shares as at 31 March 2012.

7.2 OTHER NON CURRENT INVESTMENTS

Quoted Investments Non-Current

7.2.1 GROUP

National Development Bank PLC

Carrying Value of Investment in Equity Securities
Temporary Reduction on Long Term Investment
Net Carrying Value of Investment in Equity Securities

Number of Shares	2012		2011		
	2012	2011	Carrying Value Rs.	Market Value Rs.	Carrying Value Rs.
2,409,672	9,672	300,557,631	295,918,774	1,541,497	1,541,867
		(4,681,780)	-	-	-
		<u>295,875,851</u>	<u>295,918,774</u>	<u>1,541,497</u>	<u>1,541,867</u>

7.2.2 COMPANY

National Development Bank PLC

Carrying Value of Investment in Equity Securities
Temporary Reduction on Long Term Investment
Net Carrying Value of Investment in Equity Securities

Number of Shares	2012		2011		
	2012	2011	Carrying Value Rs.	Market Value Rs.	Carrying Value Rs.
2,408,136	8,136	300,400,880	295,719,101	1,384,747	1,384,747
		(4,681,780)	-	-	-
		<u>295,719,100</u>	<u>295,719,101</u>	<u>1,384,747</u>	<u>1,384,747</u>

Notes to the Financial Statements

Year Ended 31st March 2012

7.3 SHORT TERM INVESTMENT IN MARKETABLE SECURITIES

GROUP / COMPANY	2012 Number of Shares	2011 Number of Shares	2012		2011	
			Carrying Value Rs.	Market Value Rs.	Carrying Value Rs.	Market Value Rs.
Hatton National Bank PLC	187,500	125,000	50,510,000	28,687,500	50,510,000	47,500,000
Carrying Value of Investment in Equity Securities			(21,822,500)	-	(3,010,000)	-
Provision for Fall in Value of Investment			28,687,500	28,687,500	47,500,000	47,500,000
Net Carrying Value of Investment in Equity Securities						

8. INVENTORIES

	GROUP		COMPANY	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Chemical and Test Materials	65,757,176	60,980,670	60,708,228	58,417,424
Pharmaceuticals	51,884,263	48,815,083	21,231,135	21,198,493
Surgical	72,947,440	74,335,764	7,670,867	10,869,978
X-ray Consumables	2,323,859	4,608,831	220,989	801,222
Stationery	14,300,561	9,679,293	4,526,160	3,968,737
Housekeeping	2,543,653	1,228,878	1,099,804	1,006,379
Kitchen/ Canteen	1,152,048	648,812	-	-
Maintenance	1,483,762	1,218,638	1,356,446	1,203,870
Drugs and General Stores	59,767,086	51,374,372	-	-
Genetic Lab	14,844,781	25,512,791	-	-
Consumables	246,324	1,122,016	60,940	337,610
Foods	1,125,128	879,956	1,005,150	638,672
Sundry	9,146,633	10,110,940	-	-
	<u>297,522,714</u>	<u>290,516,044</u>	<u>97,879,719</u>	<u>98,442,385</u>
Provision for Obsolete Stocks	-	(3,867,749)	-	-
	<u>297,522,714</u>	<u>286,648,295</u>	<u>97,879,719</u>	<u>98,442,385</u>

9. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Trade Debtors	246,526,278	234,217,076	71,484,683	46,865,858
Less: Provision for Bad Debts	(10,158,060)	(4,847,178)	(544,043)	(133,428)
	<u>236,368,218</u>	<u>229,369,898</u>	<u>70,940,640</u>	<u>46,732,430</u>
Other Debtors - Related Parties (Note 9.1)	-	-	350,936,297	216,279,900
Advances, Deposits and Prepayments	295,965,492	204,876,138	64,044,852	105,475,270
Employee Trust Fund (9.2)	60,000,000	60,000,000	60,000,000	60,000,000
Other Assets (9.3)	40,004,360	-	18,096,600	-
	<u>632,338,070</u>	<u>494,246,036</u>	<u>564,018,389</u>	<u>428,487,600</u>

9.1 Other Debtors - Related Parties

	COMPANY	
	2012 Rs.	2011 Rs.
Asiri Hospital Matara (Pvt) Ltd.	146,618,674	101,933,919
Central Hospital Limited	88,277,017	34,777,913
Asiri Central Hospital PLC	12,986,386	10,136,657
Matara Medi House (Pvt) Ltd.	29,611,408	32,542,206
Asiri Hospital Kandy (Pvt) Ltd.	73,442,812	36,889,205
	<u>350,936,297</u>	<u>216,279,900</u>

Notes to the Financial Statements

Year Ended 31st March 2012

- 9.2 Asiri Hospital Holdings PLC Employee Share Trust Fund has been formed with effect from April 01,2001 by the indenture of the trust dated March 29, 2011.

The permanent employees of the company are eligible to receive distribution of income made by the trust as specified in the indenture of the trust. However, no distribution can be made by way of transferring shares owned by the trust to beneficiaries.

Jacey Trust services (Pvt) Ltd. has been appointed as the trustee of the trust with effect from April 01, 2001

9.3 OTHER ASSETS

	GROUP		COMPANY	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Unrealised Exchange Gain from Forward Contracts	40,004,360	-	18,096,600	-
	<u>40,004,360</u>	<u>-</u>	<u>18,096,600</u>	<u>-</u>

*The Forward Contracts entered in to by the Company which remain outstanding as at the balance sheet date have been Fair Valued. Above balance represents the assets whilst the corresponding gains have been considered in arriving at profit / loss for the year (Note 22)

10. LOANS GRANTED TO RELATED PARTIES

Asiri Central Hospital PLC
Central Hospital Limited

	COMPANY	
	2012 Rs.	2011 Rs.
	31,080,000	132,350,000
	-	26,050,000
	<u>31,080,000</u>	<u>158,400,000</u>

11. STATED CAPITAL

Fully Paid Ordinary Shares

	2012		2011	
	Number	Rs.	Number	Rs.
	889,263,050	1,636,244,012	889,263,050	1,636,244,012
		<u>1,636,244,012</u>		<u>1,636,244,012</u>

12. CAPITAL RESERVES Revaluation Reserves

Balance at Beginning of the year
Revaluation during the year
Deferred Tax Impact on Revaluation of the Building
Balance at End of the Year

	GROUP		COMPANY	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
	358,403,318	358,403,318	358,403,318	358,403,318
	96,650,596	-	-	-
	(27,062,167)	-	-	-
	<u>427,991,747</u>	<u>358,403,318</u>	<u>358,403,318</u>	<u>358,403,318</u>

13. INTEREST BEARING LOANS AND BORROWINGS

GROUP

	2012 Amount Repayable Within 1 Year Rs.	2012 Amount Repayable After 1 Year Rs.	2012 Total Rs.	2011 Amount Repayable Within 1 Year Rs.	2011 Amount Repayable After 1 Year Rs.	2011 Total Rs.
Finance Leases (Note 13.1)	2,165,664	-	2,165,664	5,671,673	1,682,001	7,353,674
Bank Loans (Note 13.2)	967,293,715	5,001,344,215	5,968,637,930	3,860,747,482	1,893,713,758	5,754,461,240
Bank Overdraft (Note 19.2)	912,355,649	-	912,355,649	820,564,212	-	820,564,212
	<u>1,881,815,028</u>	<u>5,001,344,215</u>	<u>6,883,159,243</u>	<u>4,686,983,367</u>	<u>1,895,395,759</u>	<u>6,582,379,126</u>

13.1 Finance Leases-Group

Gross Liability
Finance Charges Allocated to Future Periods
Net liability

	As at 01.04.2011 Rs.	New Leases Obtained Rs.	Repayment Rs.	As at 31.03.2012 Rs.
	8,364,108	-	(6,011,588)	2,352,520
	(1,010,434)	-	823,578	(186,856)
	<u>7,353,674</u>	<u>-</u>	<u>(5,188,010)</u>	<u>2,165,664</u>

Notes to the Financial Statements

Year Ended 31st March 2012

13.2 Bank Loans-Group

	As at 01.04.2011 Rs.	Loans Obtained Rs.	Repayments Rs.	Exchange Difference Rs.	As at 31.03.2012 Rs.
National Savings Bank	499,039,000	-	(189,940,887)	-	309,098,113
Commercial Bank of Ceylon PLC	1,055,519,000	-	(457,423,421)	-	598,095,579
Hatton National Bank PLC	714,856,000	48,860,000	(334,426,210)	-	429,289,790
Bank of Ceylon	508,414,000	-	(199,315,887)	-	309,098,113
Nations Trust Bank PLC	153,250,000	-	(39,000,000)	-	114,250,000
DFCC Bank	238,983,022	300,000,000	(118,147,720)	-	420,835,302
National Development Bank PLC	149,805,000	-	(88,367,001)	-	61,437,999
International Finance Corporation	-	2,186,660,199	-	397,456,714	2,584,116,913
Sampath Bank PLC	2,233,244,508	-	(1,226,634,687)	-	1,006,609,821
Amana Takaful PLC	150,000,000	-	(15,000,000)	-	135,000,000
Pan Asia Banking Corporation PLC	48,608,810	150,000,000	(198,608,810)	-	-
Seylan Bank PLC	2,741,900	-	(1,935,600)	-	806,300
	<u>5,754,461,240</u>	<u>2,685,520,199</u>	<u>(2,868,800,223)</u>	<u>397,456,714</u>	<u>5,968,637,930</u>

13.3 Long Term Loan Details

13.3.1 Asiri Surgical Hospital PLC

Details of the Long Term Loans	Approved Facility	Purpose	Repayment Terms	Security	Security Amount Rs.
Commercial Bank of Ceylon PLC	Rs.300 Million	To part finance the cost of construction of Phase 2 of the hospital complex	60 equal monthly instalments commencing from 12 Months after first disbursement	Corporate Guarantee from Asiri Hospitals Holdings PLC	300 Mn
Commercial Bank of Ceylon PLC	Rs.100 Million	Establishment of irrevocable documentary Letters of Credit for the importation of medical equipment	60 equal monthly instalments with one year grace period commencing from 25th December 2009	Primary Mortgage over machinery to be imported and Corporate Guarantee from Asiri Hospital Holdings PLC	350 Mn
Commercial Bank of Ceylon PLC	Rs.175 Million	To part refinance the term loan granted to finance the purchase of 6,577,981 Shares of Asiri Central Hospitals PLC	59 Equal monthly instalments of Rs. 2.9 Mn each and final instalment of Rs. 3.9 Mn	Secondary Concurrent Mortgage Bond with Hatton National Bank PLC over property of the Company	175 Mn
Commercial Bank of Ceylon PLC	Rs. 100 Million	To finance the working capital requirements of the Company	Each loan will be repaid in 30 days	Secondary Concurrent Mortgage Bond with Hatton National Bank PLC over property of the Company and Corporate Guarantee from Asiri Hospital Holdings PLC	225 Mn
Hatton National Bank PLC	Rs.175 Million	To part settle temporary facilities obtained to purchase stake in Asiri Central Hospitals PLC	59 Equal monthly instalments of Rs. 2.9 Mn each and final instalment of Rs. 3.9 Mn	Leased hold Land and Buildings	175 Mn
Hatton National Bank PLC	Rs.50 Million	Operational requirements	Each loan will be repaid in 30 days	Corporate Guarantee from Asiri Hospital Holdings PLC	150 Mn
Nation Trust Bank PLC	Rs 36 Million	For importation of Cardiac Monitoring and Resuscitation system	48 equal monthly instalments Commencing from January 2009	Mortgage over Equipment Corporate Guarantee from Asiri Hospital Holdings PLC	36 Mn

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Notes to the Financial Statements

Year Ended 31st March 2012

13.3 Long Term Loan Details

13.3.1 Asiri Surgical Hospital PLC Contd.

Details of the Long Term Loans	Approved Facility	Purpose	Repayment Terms	Security	Security Amount Rs.
Pan Asia Banking Corporation PLC	Rs.50 Million	To finance the working capital requirements of the Company	Each loan will be repaid in 90 days	Corporate Guarantee from Asiri Hospital Holdings PLC	100 Mn
DFCC Bank	Rs.200 Million	To settle part of the short term borrowings	50 equal monthly instalments (capital) after a grace period of one month commencing from 25 December 2009	66,000,000 ordinary shares of Asiri Surgical Hospital PLC held by Asiri Hospitals Holdings PLC	200 Mn
DFCC Bank	Rs. 200 Million	To settle part of the short term borrowings	59 equal monthly instalments after a grace period of one month from the date of first disbursement	134,915,107 ordinary shares of Asiri Surgical Hospital PLC held by Asiri Hospital Holdings PLC	200 Mn
DFCC Bank	Rs.100 Mn	To finance importation of a PET/CT Scanning Machine	56 equal monthly instalments after a grace period of 4 months	Corporate Gurantee from Asiri Hospital Holdings PLC bearing registration No. PQ 204	100 Mn
International Finance Corporation	USD 1.9 Million	To settle part of the short term borrowings	17 equal semi annual instalments starting from April 15, 2013	Refer Note 13.3.7	

13.3.2 Asiri Diagnostic Services (Pvt) Ltd.

Details of the Long Term Loans	Approved Facility	Purpose	Repayment Terms	Security	Security Amount Rs.
Sampath Bank	Rs. 25 Million	To finance the purchase of High Speed Dual CT Scanner and VS2 Performance Workstation from Wipro GE HealthCare Pvt Ltd - India	47 equal monthly instalments of Rs.521,000/- each and final instalment of Rs.513,000/-	Primary Mortgage over machinery to be imported and Loan agreement for Rs. 25Mn included under Property Plant and equipment	25 Mn

13.3.3. Asiri Hospital Matara (Pvt) Ltd.

Details of the Long Term Loans	Approved Facility	Purpose	Repayment Terms	Security	Security Amount Rs.
Sampath Bank - Term Loan 01	Rs.200 Mn	To finance the investment in Matara Medi House (Pvt) Ltd	59 equal monthly instalments of Rs.3.33 Mn and a final instalment of Rs.3.53 Mn	Primary Mortgage over the hospital premises at No.26, Esplanda Road Uyanwatta	Rs.237 Mn
Sampath Bank - Term Loan 02	Rs.30 Mn	To finance the investment in Matara Medi House (Pvt) Ltd	24 equal monthly instalments of Rs.1.25 Mn		

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Notes to the Financial Statements

Year Ended 31st March 2012

13.3.4 Matara Medi House (Pvt) Ltd.

Details of the Long Term Loans	Approved Facility	Purpose	Repayment Terms	Security	Security Amount Rs.
Commercial Bank of Ceylon PLC	Rs.30 Mn	To reschedule all outstanding of Matara Medi House (Pvt) Ltd., and release property mortgages provided by the previous ownership	83 equal monthly instalments of Rs.0.36 Mn and a final instalment of Rs.0.12 Mn	Corporate Guarantee of Asiri Hospital Holdings PLC	Rs.30 Mn
Seylan Bank PLC	Rs.3.871 Mn	To convert the existing lease facilities to a single term loan	23 equal monthly instalments of Rs.0.1613 and a final instalment of Rs.0.1611 Mn	Corporate Guarantee of Asiri Hospital Holdings PLC	Rs. 3.871 Mn

13.3.5 Central Hospital Limited

Details of the Long Term Loans	Approved Facility	Purpose	Repayment Terms	Security	Security Amount Rs.
Sampath Bank PLC Bank of Ceylon Commercial Bank of Ceylon PLC Hatton National Bank PLC National Development Bank PLC National Savings Bank	Rs.1,920 Mn	A syndicated loan obtained from a consortium of banks to Settle part of the short term borrowings	58 equal monthly instalments	Syndicated loan is secured by a primary concurrent mortgage over the Company's premises at No. 114, Norris Canal Road, Colombo 10 and secondary concurrent mortgage over premises at No. 37, Horton Place, Colombo 7.	Rs. 999 Mn
International Finance Corporation	US \$ 11.4 Mn	To complete the construction of building and implementing the beds of the Company	17 equal semi annual instalments starting from April 15, 2013	A first ranking mortgage / chattel mortgage on the movable and immovable assets of the Company, acceptable to IFC, a pledge of shares in the Company, Project Funds Agreement etc.	Rs 1,477 Mn

13.3.6 Asiri Central Hospital PLC

Details of the Long Term Loans	Approved Facility	Purpose	Repayment Terms	Security	Security Amount Rs.
Sampath Bank PLC Bank of Ceylon Commercial Bank of Ceylon PLC Hatton National Bank PLC National Development Bank PLC National Savings Bank	Rs. 725 Mn	A syndicated loan obtained from a consortium of banks to settle part of the short term borrowings	60 equal monthly instalments	Syndicated loan is secured by a primary mortgage bond over the Company's premises, at No. 37 Horton Place, Colombo 7	Rs. 655 Mn
Sampath Bank	Rs.82 Mn	To settle part of the short term borrowings	Equal monthly instalments with a interest of AWPLR + 2.5%	Corporate Guarantee of Asiri Hospital Holdings PLC	Rs. 100 Mn

Notes to the Financial Statements

Year Ended 31st March 2012

13.3.7 IFC loan group security details

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

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

13.4 COMPANY	2012 Amount Repayable Within 1 Year Rs.	2012 Amount Repayable After 1 Year Rs.	2012 Total Rs.	2011 Amount Repayable Within 1 Year Rs.	2011 Amount Repayable After 1 Year Rs.	2011 Total Rs.
Finance Leases (Note 13.4.1)	-	-	-	614,877	-	614,877
Bank Loans (Note 13.4.2)	219,424,008	1,543,677,944	1,763,101,952	1,123,371,006	594,490,972	1,717,861,978
Bank Overdraft (Note 19.2)	443,268,128	-	443,268,128	508,715,340	-	508,715,340
Loans from Related Party (Note 13.4.3)	-	11,000,000	11,000,000	-	11,000,000	11,000,000
	<u>662,692,136</u>	<u>1,554,677,944</u>	<u>2,217,370,080</u>	<u>1,632,701,223</u>	<u>605,490,972</u>	<u>2,238,192,195</u>

13.4.1 Finance Leases	As at 01.04.2011 Rs.	New Leases Obtained Rs.	Repayment Rs.	As at 31.03.2012 Rs.
National Development Bank PLC	662,340	-	(662,340)	-
Gross Liability	662,340	-	(662,340)	-
Finance Charges Allocated to Future Periods	(47,463)	-	47,463	-
Net Liability	<u>614,877</u>	-	<u>(614,877)</u>	-

13.4.2 Bank Loans	As at 01.04.2011 Rs.	Loans Obtained Rs.	Repayments Rs.	Exchange Difference Rs.	As at 31.03.2012 Rs.
Commercial Bank of Ceylon PLC	342,669,000	-	(151,496,000)	-	191,173,000
Hatton National Bank PLC	173,318,000	-	(90,008,000)	-	83,310,000
Bank of Ceylon	9,375,000	-	(9,375,000)	-	-
Nations Trust Bank PLC	137,500,000	-	(30,000,000)	-	107,500,000
DFCC Bank (Development Finance Corporation of Ceylon)	99,999,980	-	(40,000,008)	-	59,999,972
National Development Bank PLC	50,000,000	-	(50,000,000)	-	-
International Finance Corporation	-	733,378,716	-	134,740,264	868,118,980
Sampath Bank PLC	754,999,998	-	(436,999,998)	-	318,000,000
Amana Bank Ltd	150,000,000	-	(15,000,000)	-	135,000,000
	<u>1,717,861,978</u>	<u>733,378,716</u>	<u>(822,879,006)</u>	<u>134,740,264</u>	<u>1,763,101,952</u>

13.4.3 Loans from Related Parties	As at 01.04.2011 Rs.	Loans Obtained Rs.	Repayments Rs.	Exchange Difference Rs.	As at 31.03.2012 Rs.
Asiri Diagnostic Services (Pvt) Ltd.	11,000,000	-	-	-	11,000,000
	<u>11,000,000</u>	-	-	-	<u>11,000,000</u>

Notes to the Financial Statements

Year Ended 31st March 2012

13. INTEREST BEARING LOANS AND BORROWINGS (Contd.)

13.5 Long Term Loan Details

Details of the Long Term Loans	Approved Facility	Purpose	Repayment Terms	Security	Security Amount Rs.
Commercial Bank of Ceylon PLC	Rs. 150 Million	To facilitate the working capital of the company	60 equal monthly instalments commencing from 12 months after first disbursement	Secondary concurrent Mortgage Bond Over Land Marked Lot. L , Land Called Ambagahawatta 181, Kirula Road	150 Mn
Commercial Bank of Ceylon PLC	Rs. 150 Million	To part finance the settlement of borrowings from ASH and upgrading of hospital services	48 equal monthly instalments with one year grace period after first disbursement	Primary mortgage over No. 181, Kirula road land	150 Mn
Commercial Bank of Ceylon PLC	Rs. 20 Million	To finance purchase of two chemistry analyzers for Jaffna lab	60 equal monthly instalments with one year grace period after first disbursement	Mortgaged bond over bio chemistry analyser equipment for Rs 20 Mn	20 Mn
Sampath Bank PLC	Rs. 755 Million	To purchase 10% shareholding in ASH owned by SLIC	To be repaid with one year from disbursement	All share purchased from SLLC and from the mandatory offer	755 Mn
Hatton National Bank PLC	Rs. 200 Million	To settle short term borrowings at other banks	60 equal monthly instalments	Charge on securities over shares of Asiri Surgical Hospital PLC with a minimum margin of 50% held in CDs account with John Keels Stockbrokers (Pvt) Ltd together with an irrevocable power of attorney in favour of the bank	200 Mn
Nation Trust Bank PLC	Rs. 150 Million	To restructure the Company's debt	60 equal monthly instalments	Corporate guarantee of Rs. 150 Mn from Asiri Surgical Hospital PLC	150 Mn
Amana Bank PLC	Rs. 150 Million	Rs. 100 Mn for investing in the CT scanning machinery of the company and Rs. 50 Mn for investing in the genetic lab equipments of the company	60 equal monthly instalments	26 Mn ordinary shares of Asiri Surgical Hospital PLC	150 Mn

Notes to the Financial Statements

Year Ended 31st March 2012

Details of the Long Term Loans	Approved Facility	Purpose	Repayment Terms	Security	Security Amount Rs.
DFCC Bank	Rs. 200 Million	To settle short term borrowings for the purpose of restructuring it's balance sheet	60 equal monthly instalments	Assignment of 134,915,107 ordinary shares of Asiri Surgical Hospital PLC	200 Mn
International Finance Corporation	USD 6.7 Million Rs. 868 Million after conversion	Settle part of the short term borrowings	17 equal semi annual instalments starting from April 15, 2013	134,915,107 ordinary shares of Asiri Surgical Hospital PLC held by Asiri Hospital Holdings PLC Refer Note 13.3.7	200 Mn

14. AMOUNTS DUE ON LEASEHOLD PROPERTY

Payable to the Board of Investments of Sri Lanka

GROUP		COMPANY	
2012 Rs. '000	2011 Rs. '000	2012 Rs. '000	2011 Rs. '000
50,560,666	55,673,944	-	-
<u>50,560,666</u>	<u>55,673,944</u>	<u>-</u>	<u>-</u>

14.1. Group

Payable to the Board of Investment of Sri Lanka

	2012 Amount Repayable Within 1 Year Rs.	2012 Amount Repayable Within 2-5 Years Rs.	2012 Amount Repayable After 5 Year Rs.	2012 Total Rs.	2011 Total Rs.
On Leasehold Land	4,072,000	16,288,000	30,200,666	50,560,666	54,632,667
On Relocation	-	-	-	-	1,041,277
	<u>4,072,000</u>	<u>16,288,000</u>	<u>30,200,666</u>	<u>50,560,666</u>	<u>55,673,944</u>

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

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

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

- If BOI exercises same right, at the end of 5 years (i.e. after the financial year of 2013/14) and every 5 years thereafter at the maximum allowed rate of 10%, the Company would have to incur a gross liability of Rs.113,100,004/- including future finance costs of Rs. 8,567,470/-.

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

- An amount of Rs. 7,288,940/- is payable in seven equal annual installments on account of re-location fees commencing from the financial year 2004/2005.

Notes to the Financial Statements

Year Ended 31st March 2012

15. DEFERRED TAX ASSETS AND LIABILITIES

15.1 Group

Deferred Tax

	Assets		Liabilities	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
At the Beginning of the Year	(152,630,844)	23,037,000	127,505,844	123,382,308
Credit/Charge	(63,580,642)	(175,667,844)	44,928,993	4,123,536
At the End of the Year	<u>(216,211,486)</u>	<u>(152,630,844)</u>	<u>172,434,837</u>	<u>127,505,844</u>

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

Revaluation of Investment Property to the Fair Value	-	-	38,157,886	-
Accelerated Depreciation for Tax Purpose	-	-	134,276,951	127,505,844
Employee Benefit Liabilities	(21,142,272)	(20,444,400)	-	-
Losses Available for off-set Against Future Taxable Income	(195,069,214)	(132,186,444)	-	-
	<u>(216,211,486)</u>	<u>(152,630,844)</u>	<u>172,434,837</u>	<u>127,505,844</u>

15.2 Company

Deferred Tax

	Assets		Liabilities	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
At the Beginning of the Year	(27,477,774)	23,102,422	99,782,578	120,290,578
Credit/Charge	13,963,286	(50,580,196)	(38,274,556)	(20,508,000)
At the End of the Year	<u>(13,514,488)</u>	<u>(27,477,774)</u>	<u>61,508,022</u>	<u>99,782,578</u>

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

Accelerated Depreciation for Tax Purpose	-	-	61,508,022	99,782,578
Employee Benefit Obligations	(13,514,488)	(27,477,774)	-	-
	<u>(13,514,488)</u>	<u>(27,477,774)</u>	<u>61,508,022</u>	<u>99,782,578</u>

16. RETIREMENT BENEFIT LIABILITY

16.1 Retirement Benefit Obligations- Gratuity

	GROUP		COMPANY	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Defined Benefit Obligation at the beginning of the year	170,369,983	117,946,176	97,946,233	70,460,778
Interest on Benefit Liability	18,506,714	10,930,637	10,284,354	7,750,686
Current Service Cost	17,633,864	25,216,363	9,950,520	9,195,319
Actuarial Gain/ (Loss)	(858,918)	24,065,479	(930,544)	15,557,607
Benefit paid during the year	(9,174,552)	(7,788,672)	(4,629,823)	(5,018,157)
Defined Benefit Obligation at the end of the year	<u>196,477,091</u>	<u>170,369,983</u>	<u>112,620,740</u>	<u>97,946,233</u>

Charge for the period

Interest Charge for the year	18,506,714	10,930,637	10,284,354	7,750,686
Current Service Cost	17,633,864	25,216,363	9,950,520	9,195,319
Actuarial Loss	(858,918)	24,065,479	(930,544)	15,557,607
	<u>35,281,660</u>	<u>60,212,479</u>	<u>19,304,330</u>	<u>32,503,612</u>

Notes to the Financial Statements

Year Ended 31st March 2012

- 16.2 Messrs. Actuarial and Management Consultants (Pvt) Ltd., Actuaries, carried out an actuarial valuation for Asiri Hospital Holdings PLC and Asiri Surgical Hospital PLC of the defined benefit plan gratuity on 31 March 2012. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used are as follows:

Principal Actuarial Assumption

The principal financial assumptions underlying the valuation are as follows:

Discount Rate
Salary Increases

Staff Turnover

The Company will continue as a Going Concern

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

	2012	2011
Discount Rate	10.5% p.a.	10.5% p.a.
Salary Increases	11.5% p.a.	11.5% p.a.
Staff Turnover	Up to 49 years - 10%	Up to 50 years - 10%

- 16.3 Retirement benefit obligation of Central Hospital Limited, Asiri Hospital Matara (Pvt) Ltd., Matara Medi House (Pvt) Ltd., and Asiri Diagnostic Services (Pvt) Ltd., have been valued base on the Projected Unit Credit Method (PUC) using the formula method prescribed in Appendix E of SLAS 16 (Revised).

Principal Actuarial Assumption

The principal financial assumptions underlying the valuation are as follows:

Discount Rate
Salary Increases

Staff Turnover

The Company will continue as a Going Concern

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

	2012	2011
Discount Rate	10.5% - 11.8% p.a.	10.5% p.a.
Salary Increases	10% - 11.5% p.a.	11.5% p.a.
Staff Turnover	Up to 50 years - 10%	Up to 55 years - 10%

17. TRADE AND OTHER PAYABLES

Trade Payables
Sundry Creditors Including Accrued Expenses
Other Payable - Related Party (Note 17.1)

GROUP		COMPANY	
2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
220,756,819	187,236,988	53,619,256	48,675,592
320,588,285	406,709,418	62,344,658	47,580,610
-	-	439,214,354	111,484,206
<u>541,345,104</u>	<u>593,946,406</u>	<u>555,178,268</u>	<u>207,740,408</u>

17.1 Other Payable - Related Party

Softlogic Communication (Pvt) Ltd
Asiri Surgical Hospital PLC
Asiri Diagnostic Services (Pvt) Ltd

Relationship	COMPANY	
	2012 Rs.	2011 Rs.
Group Company	-	84,004
Fellow Subsidiary	362,105,563	67,213,482
Fellow Subsidiary	77,108,791	44,186,720
	<u>439,214,354</u>	<u>111,484,206</u>

18. INCOME TAX PAYABLE

Balance at Beginning of the Year
Provision for Income Tax During the Year

Payments Made During the Year
Advance Payments from the Previous Year
Balance at the End of the Year

GROUP		COMPANY	
2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
71,578,341	99,522,522	58,155,981	82,176,483
156,280,674	154,508,159	118,276,769	129,014,687
(198,517,702)	(181,703,340)	(149,420,708)	(153,035,189)
-	(749,000)	-	-
<u>29,341,313</u>	<u>71,578,341</u>	<u>27,012,042</u>	<u>58,155,981</u>

Notes to the Financial Statements

Year Ended 31st March 2012

19. CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT Components of Cash and Cash Equivalents	GROUP		COMPANY	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
19.1 Favourable Cash and Cash Equivalents Balance				
Cash and Bank Balances	119,871,093	44,383,579	60,130,088	11,698,942
	<u>119,871,093</u>	<u>44,383,579</u>	<u>60,130,088</u>	<u>11,698,942</u>
19.2 Unfavourable Cash and Cash Equivalents Balance				
Bank Overdraft	(912,355,649)	(820,564,212)	(443,268,128)	(508,715,340)
Total Cash and Cash Equivalents for the Purposes of the Cash Flow Statement	<u>(792,484,556)</u>	<u>(776,180,633)</u>	<u>(383,138,040)</u>	<u>(497,016,398)</u>

20. OTHER INCOME AND GAINS	GROUP		COMPANY	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Car Park Rental/ Parking Fees	6,865,940	1,631,465	2,065,940	1,631,545
Dialog Antenna Rental	1,607,143	1,607,143	-	-
Rental Income	16,415,124	2,217,800	900,000	872,000
Management Fee	-	-	2,400,000	2,400,000
Profit Share of Laboratory	46,137,949	38,171,716	46,137,949	38,171,716
Profit/ (Loss) on Sale of Property, Plant and Equipment	1,408,021	23,894,057	-	-
Gain on Transfer of Assets	-	2,819,689	-	-
Dividend Income	25,785,658	-	146,066,881	42,395,039
Mobitel Income Account	720,000	720,000	-	-
Sundry Income	5,171,357	4,495,735	414,674	829,633
	<u>104,111,192</u>	<u>75,557,605</u>	<u>197,985,444</u>	<u>86,299,933</u>

21. FINANCE COST AND INCOME	GROUP		COMPANY	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
21.1 Finance Cost				
Interest Expense on Overdrafts	162,136,743	104,711,928	57,524,509	78,652,101
Interest Expense on Loans, Borrowings and Finance Leases	535,705,867	605,813,757	146,518,928	97,932,012
	<u>697,842,610</u>	<u>710,525,685</u>	<u>204,043,437</u>	<u>176,584,113</u>
21.2 Finance Income				
Interest Income	-	18,429,763	7,562,856	7,114,553

22. NET EXCHANGE LOSS	GROUP		COMPANY	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Unrealised Exchange Loss on International Finance Corporation Loan Conversion	397,456,714	-	131,100,264	-
Realised Gain on Forward Contracts	(126,077,914)	-	(82,080,000)	-
Unrealised Gain on Forward Contracts	(40,004,360)	-	(18,096,600)	-
	<u>231,374,440</u>	<u>-</u>	<u>30,923,664</u>	<u>-</u>

Notes to the Financial Statements

Year Ended 31st March 2012

	GROUP		COMPANY	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
23. PROFIT BEFORE TAX				
Stated after Charging				
Included in Cost of Sales				
Depreciation	288,245,677	251,090,347	85,298,779	81,407,286
Employee Benefits including the following	955,400,994	828,961,179	368,124,792	327,474,808
- Defined Contribution Plan Costs - EPF and ETF	86,275,733	73,086,952	33,513,279	28,959,308
Included in Administrative Expenses				
Depreciation	316,445,176	309,545,187	34,921,818	23,361,731
Employee Benefits including the following	293,975,430	253,247,166	77,909,575	83,889,055
- Defined Benefit Plan Costs - Gratuity	35,281,660	60,212,479	19,304,330	32,503,612
- Defined Contribution Plan Costs - EPF and ETF	24,557,953	21,161,520	3,723,697	3,217,701
Directors' Fees and Remuneration	27,826,500	27,712,203	15,744,500	14,485,203
Provision for Bad Debts	4,789,438	1,549,953	410,615	7,330
Provision for Fair Value of Short-Term Investment	19,796,367	2,026,510	19,796,367	2,026,133
Amortisation of Leasehold Property	5,775,688	5,775,608	-	-
Donations	6,072,419	1,146,529	3,124,000	301,175
Legal Fees	3,627,765	3,250,410	1,228,701	2,109,643
Audit Fees and Reimbursable expense	2,299,288	2,600,343	465,625	606,695
(Profit)/Loss on Disposal of Property, Plant and Equipment	1,029,840	-	-	-
Repair and Maintenance	23,031,323	16,842,398	12,015,349	9,751,683
Included in Selling and Distribution Costs				
Advertising Costs	12,719,992	12,855,040	6,614,457	8,487,148

	GROUP		COMPANY	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
24. INCOME TAX				
The Major Components of Income Tax Expense for the Year Ended 31 March are as follows :				
Income Statement				
Current Income Tax				
Current Income Tax charge	143,713,298	168,127,297	118,276,769	138,646,773
(Over) / Under Provision in Respect of Previous Year	5,152,796	(13,619,138)	-	(9,632,086)
10% of Withholdings Tax on Inter-Company Dividends	7,414,580	-	-	-
Deferred Income Tax				
Deferred Taxation Charge/(Reversal)	(56,809,535)	(125,471,100)	(24,311,271)	(25,014,498)
Income tax expense reported in the Income Statement	99,471,139	29,037,059	93,965,498	104,000,189

A Reconciliation Between Tax Expense

	GROUP		COMPANY	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Accounting Profit Before Tax	941,236,815	292,171,576	490,829,461	377,469,033
Disallowable Expenses	211,313,447	308,830,486	171,789,705	143,706,454
Deductible Expenses	(373,846,824)	(169,183,244)	(94,135,254)	(88,501,002)
Income Not Liable for Tax	(169,577,789)	(42,395,039)	(146,066,881)	(42,395,039)
Exempt Profit/ (Loss)	(8,661,473)	111,822,895	-	-
Taxable Profit	600,464,176	501,246,674	422,417,031	390,279,446
Statutory Tax Rate				
Income Tax Rate	28%	35%	28%	35%
	10%	2%	-	-
Social Responsibility Levy	-	1.5%	-	1.5%
Income Tax Rate on Other Income	28%	35%	28%	35%
Income Tax - 28% (2011-35%)	129,972,598	165,048,293	118,276,769	136,597,806
Income Tax - 10%	13,740,700	-	-	-
Income Tax (2011-2%)	-	593,606	-	-
Social Responsibility Levy	-	2,485,398	-	2,048,967
Current Income Tax Charge	143,713,298	168,127,297	118,276,769	138,646,773

Notes to the Financial Statements

Year Ended 31st March 2012

25. EARNINGS PER SHARE

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

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

	GROUP		COMPANY	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Profit Attributable to Ordinary Shareholders for Basic Earnings Per Share	600,228,593	190,795,562	396,863,963	273,468,844
	<u>600,228,593</u>	<u>190,795,562</u>	<u>396,863,963</u>	<u>273,468,844</u>
Number of Ordinary Shares used as the Denominator	GROUP		COMPANY	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Weighted Average number of Ordinary Shares in Issue Applicable to Basic Earnings Per Share	889,263,050	889,263,050	889,263,050	889,263,050
	<u>889,263,050</u>	<u>889,263,050</u>	<u>889,263,050</u>	<u>889,263,050</u>

26. DIVIDENDS PAID AND PROPOSED Declared and paid during the year

Equity Dividends on Ordinary Shares :
1st Interim Dividend for 2011/2012 : Rs.0.125-per share
(2010/ 2011: Rs.0.10 per share)
2nd Interim dividend for 2011/2012 : Rs.0.13-per share

GROUP / COMPANY	
2012 Rs.	2011 Rs.
111,157,881	88,926,305
115,604,197	-
<u>226,762,078</u>	<u>88,926,305</u>

27. COMMITMENTS AND CONTINGENCIES

27.1 Capital Expenditure and Other Commitments

27.1.1 Capital Expenditure Commitments

There were no material commitments outstanding as at 31 March 2012 for future capital expenditure.

	GROUP		COMPANY	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Contracted but not Provided for	-	121,887,000	-	-
	<u>-</u>	<u>121,887,000</u>	<u>-</u>	<u>-</u>

27.1.2 Other Commitments

As at 31 March 2012, outstanding Currency Forward Agreement amount to Rs.1,311,480,514 (USD 9,999,810) - Group, and Rs. 787,596,600 (USD 6,000,000) - Company. These agreements were entered into in March 2012 and will mature in the months of May and June 2012.

27.2 Contingent Liabilities

(a) Legal Claims

Pending litigations against Asiri Hospital Holdings PLC and Matara Medi House (Pvt) Ltd. with a maximum liability of Rs. 43 Mn and Rs. 51 Mn respectively exist as at the balance sheet date. Although there can be no assurance, the directors believe, based on the information currently available, that the ultimate resolution of such legal procedures would not likely to have a material adverse effect on the results of operations, financial position or liquidity of the Group. Accordingly no provision for any liability has been made in these financial statements.

(b) Guarantees

The Directors of the Company have signed Corporate Guarantee Bonds with the following banks securing the following banking facilities obtained by the Group.

	GROUP		COMPANY	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Sampath Bank PLC	60,000,000	60,000,000	-	-
Seylan Bank PLC	25,000,000	25,000,000	-	25,000,000
Nations Trust Bank PLC	383,750,000	392,750,000	6,750,000	15,750,000
Hatton National Bank PLC	279,437,055	200,000,000	79,437,055	150,000,000
Commercial Bank of Ceylon PLC	508,240,000	588,280,000	128,240,000	300,000,000
Bank of Ceylon	200,000,000	30,000,000	200,000,000	-
Hongkong & Shanghai Banking Corporation	-	-	-	285,000,000
Pan Asia Banking Corporation	-	-	-	100,000,000
DFFC Bank	262,530,260	-	262,530,260	-
DFFC Vardhana Bank	100,000,000	100,000,000	100,000,000	100,000,000
Sampath Bank, Commercial Bank, Bank of Ceylon, Hatton National Bank PLC, Nations Trust Bank PLC, National Development Bank Syndication Loan	999,395,166	1,920,000,000	-	-
	<u>2,818,352,481</u>	<u>3,316,030,000</u>	<u>776,957,315</u>	<u>975,750,000</u>

Notes to the Financial Statements

Year Ended 31st March 2012

28. ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

Nature of Assets	Nature of liability	GROUP		COMPANY	
		Carrying Amount Pledged		Carrying Amount Pledged	
		2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Investment	Primary Mortgage Bond for loans and borrowings	59,999,972	138,996,000	59,999,972	138,996,000
Lease hold Land and Buildings	Primary/Secondary Mortgage Bond for loans and borrowings	2,859,600,202	3,784,750,936	260,810,000	198,318,000
Inventories and Trade debtors	Primary Mortgage Bond for overdraft facility	220,272,143	271,930,537	-	-
Cardiac Monitoring and Resuscitation System	Primary Mortgage for finance facility	21,600,000	25,200,000	-	-
Medical Equipment	Primary Mortgage Bond for loans and borrowing	83,673,000	97,669,000	13,673,000	17,669,000
Movable and immovable properties	Primary/Secondary Mortgage Bond for loans and borrowings	1,477,093,846	-	-	-
		<u>4,722,239,163</u>	<u>4,318,546,473</u>	<u>334,482,972</u>	<u>354,983,000</u>

29. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There have been no material events occurring after the Balance Sheet date that require adjustments to or disclosure in the Financial Statements, except for the following:

Asiri Hospital Matara (Pvt) Ltd and Matara Medi House (Pvt) Ltd are amalgamated into one entity as Asiri Hospital Matara (Pvt) Ltd with effect from 22nd June 2012.

30. RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows.

30.1 Transactions with Related Entities

Subsidiaries

	GROUP		COMPANY	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Opening Balance	-	-	263,279,699	479,945,699
Repayment of Temporary Finance Obtained, Fund Transfers and Interest Charged	-	-	(213,231,569)	140,687,000
Temporary Finance Obtained	-	-	(66,720,000)	(327,978,000)
Sale/(Purchase) of Goods/Services	-	-	8,980,670	(21,423,000)
Sale/(Purchase) of Non-current Assets	-	-	(4,126,080)	-
Channelling Fee Collected by Related Party / (Company on Behalf of the Related Party)	-	-	(5,380,828)	5,933,000
Expenses incurred by the Company on Behalf of Related Party	-	-	(39,999,950)	(13,885,000)

Key Management Personnel Related Entities

	GROUP		COMPANY	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Opening Balance	(84,004)	(7,833,004)	(84,004)	(7,833,004)
Repayment of Temporary Finance Obtained, Fund Transfers and Interest Charged	5,464,969	4,397,099	(5,843,563)	(9,851,000)
Sale/(Purchase) of Goods/Services	(9,854,044)	(7,429,757)	5,927,568	17,600,000
Sale/(Purchase) of Non-current Assets	1,951,375	10,781,657	-	-

As at 31 March

Included Under Trade and Other Receivables	-	-	382,016,297	374,679,901
Included Under Trade and Other Payables	(2,521,704)	(84,004)	(439,214,354)	(111,484,206)
	<u>(2,521,704)</u>	<u>(84,004)</u>	<u>(57,198,057)</u>	<u>263,195,695</u>

Notes to the Financial Statements

Year Ended 31st March 2012

30.2 Compensation of Key Management personnel*

a)

	GROUP		COMPANY	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Short term Employee Benefits	49,890,640	47,414,000	15,744,500	14,485,000
	<u>49,890,640</u>	<u>47,414,000</u>	<u>15,744,500</u>	<u>14,485,000</u>

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

b) During the year Key Management Personnel and their close family members have sold 100,000 shares of Asiri Hospital Holdings PLC and 1,250,000 shares of Asiri Surgical Hospital PLC.

c) As at the balance sheet date, Softlogic Holdings PLC, Softlogic International (Private) Limited, Softlogic Communication (Pvt) Ltd., and Softlogic Trading (Pvt) Ltd., hold 462,891,920 shares of the Company.

30.3 Off Balance Sheet Items

Company

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

a) Asiri Hospital Holdings PLC has granted corporate guarantees to Nations Trust Bank PLC, Hatton National Bank PLC, Commercial Bank of Ceylon PLC, Bank of Ceylon, DFCC Bank and DFCC Vardhana Bank to secure the banking facilities obtained by the company for the value of and Rs. 6 Mn, Rs. 79 Mn, Rs. 128 Mn, Rs.200 Mn, Rs. 262 Mn, Rs. 100 Mn respectively.

b) Refer Note 13 and Note 28 to these financial statements for assets pledges by Asiri Hospital Holdings PLC in order to obtain loans.

Group

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

a) Asiri Hospital Group has granted corporate guarantees to Sampath Bank PLC, Seylan Bank PLC, Nations Trust Bank PLC, Hatton National Bank PLC, Commercial Bank of Ceylon PLC, Bank of Ceylon, DFCC Bank, DFCC Vardhana Bank and to a Syndication Loan through Sampath Bank, Commercial Bank, Bank of Ceylon, Hatton National Bank PLC, Nations Trust Bank PLC, National Development Bank to secure the banking facilities obtained by the company for the value of Rs. 60 Mn, Rs. 25 Mn, Rs. 383 Mn, Rs.279 Mn, Rs. 508 Mn, Rs. 200 Mn, Rs. 262 Mn, Rs. 100 Mn and Rs. 999 Mn respectively.

b) Refer Note 13 and Note 28 to these Financial Statements for asset pledges by Group of Asiri Hospital Holdings in order to obtain the loans.

30.4 Other Transactions

Company

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

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

State-of-the-art technology.
A caring and highly professional staff.
We have all this.
But nothing defines us
as much as our ability to bring
a smile to your life.



Shareholders Information

The Ordinary shares of the Company are listed in the Colombo Stock Exchange of Sri Lanka. The Audited Financial Statements of the Company for the year ended March 31, 2012 and copies of this annual report have been submitted to The Colombo Stock Exchange

Distribution of Shareholders	31st March 2012			31st March 2011		
	No of Shareholders	Total Holding	Total Holding %	No of Shareholders	Total Holding	Total Holding %
1 to 1000 shares	1,890	753,531	0.08	1,880	852,818	0.10
1001 to 10,000 shares	1,873	8,498,341	0.96	2,225	10,002,897	1.12
10001 to 100,000 shares	1,183	40,223,092	4.52	1,315	44,212,535	4.97
100001 to 1,000,000 shares	288	74,906,732	8.42	296	77,412,320	8.71
Over 1,000,001 shares	62	764,881,354	86.02	57	756,782,480	85.10
Total	5,296	889,263,050	100.00	5,773	889,263,050	100.00

Composition of Shareholders						
Individual	5,109	250,896,516	28.21	5,600	285,627,797	32.12
Institutional	187	638,366,534	71.79	173	603,635,253	67.88
Total	5,296	889,263,050	100.00	5,773	889,263,050	100.00
Resident	5,252	883,718,720	99.38	5,731	885,178,070	99.54
Non-Resident	44	5,544,330	0.62	42	4,084,980	0.46
	5,296	889,263,050	100.00	5,773	889,263,050	100.00

	As at 31st March 2012	%	As at 31st March 2011	%
Softlogic Holdings PLC	303,397,205	34.12	340,212,030	38.27
Waldock Mackenzie Ltd/ Jacey Trust Services (Pvt) Ltd	83,027,800	9.34	83,027,800	9.34
National Development Bank PLC/Softlogic Holdings PLC	40,400,000	4.54	-	-
Commercial Bank Of Ceylon PLC/Softlogic Holdings PLC	39,500,105	4.44	21,235,500	2.39
Estate of Mr. Tissa Weerasinghe	30,000,000	3.37	40,000,000	4.50
Seylan Bank PLC/ Softlogic Internationl (Pvt) Limited	21,235,500	2.39	21,235,500	2.39
DSI Samson Group (Pvt) Ltd	20,647,160	2.32	20,647,160	2.32
Seylan Bank PLC/Softlogic Holdings PLC	19,250,000	2.16	19,250,000	2.16
Seylan Bank PLC/Softlogic Information Technologies Pvt Ltd	19,233,030	2.16	19,233,030	2.16
Mr. P P Subasinghe	11,594,280	1.30	11,594,280	1.30
Deutsche Bank AG-National Equity fund	11,000,000	1.24	-	-
Mrs. Neetha Weerasinghe	10,000,000	1.12	20,750,000	2.33
Mr. C D Weerasinghe	9,375,000	1.05	9,375,000	1.05
Mrs. D Wimalasundera	8,770,090	0.99	8,770,090	0.99
Mr S C Wimalasundera	7,198,580	0.81	7,198,580	0.81
Mr A H Weerasuriya/Mrs Nandani Gunasekara	5,704,120	0.64	5,704,120	0.64
Ms. T T Weerasinghe	5,625,000	0.63	5,625,000	0.63
Deutsche Bank AG/Namal Acuity Value Fund	5,250,000	0.59	-	-
Waldock Mackenzie Ltd/ Dr M Karunaratne	5,101,850	0.57	5,101,850	0.57
Mr D M Rajapakshe	5,053,970	0.57	5,053,970	0.57
	661,363,690	74.37	664,113,910	72.43
Shares held by the balance shareholdings	227,899,360	25.63	245,149,140	27.57
Total Issue Shares	889,263,050	100.00	889,263,050	100.00
Public Shareholding	379,930,200	42.72	385,827,840	43.39

Shareholders Information

Share Trading

Market Price (Rs)	2011/12	2010/11
Highest (Date)	12.40	9.75
Lowest (Date)	7.00	7.70
As at year end (31/03/2012)	7.60	8.80
No of Trades	8,311	8,045
No of Shares Traded	72,840,075	136,460,805
Value of the Shares Traded (Rs)	696,275,933	1,226,708,205
Earning per Share	0.675	0.215
Divdends per Share	0.255	0.100
Net Assets per Share	6.01	5.42

Six Year Summary

Year Ended 31st March

In Rs. 000'	2012	2011	2010	2009	2008	2007	
Revenue	6,124,581	4,917,092	3,889,031	3,338,907	2,544,626	1,706,835	
Cost of Sales	(3,090,262)	(2,675,799)	(2,125,716)	(1,809,725)	(1,359,039)	(898,737)	
Gross Operating Profit	3,034,319	2,241,293	1,763,315	1,529,182	1,185,587	808,098	
Other Income	104,111	93,988	58,451	54,228	31,837	17,220	
Administration and Distribution Expenses	(1,473,357)	(1,332,583)	(886,280)	(736,399)	(566,252)	(360,012)	
Fair Value Adjustment	205,381	-	-	-	-	-	
Exchange Loss	(231,374)	-	-	-	-	-	
Profit Before Interest and Tax	1,639,080	1,002,698	935,486	847,011	651,172	465,306	
Finance Expenses	(697,843)	(710,526)	(495,578)	(610,504)	(455,876)	(77,731)	
Profit before Tax	941,237	292,172	439,908	236,507	195,296	387,575	
Income Tax	(99,471)	(29,037)	(122,610)	(38,377)	(56,477)	(74,842)	
Profit After Tax	841,766	263,135	317,298	198,130	138,819	312,733	
Minority Interest	(241,537)	(72,339)	(132,840)	(120,385)	(81,294)	(128,471)	
Profit after Minority Interest & Tax	600,229	190,796	184,458	77,745	57,525	184,262	
Property, Plant & Equipment	9,053,498	10,857,115	10,593,782	7,283,573	5,284,517	2,216,331	
Investment Property	2,039,637	-	-	-	-	-	
Intangible Assets	564,610	564,610	198,783	199,684	184,660	-	
Deferred Tax Asset	216,211	152,631	-	-	-	-	
Investments	295,875	1,542	558	362	1,185	1,232	
Interest Free Loans	-	-	12,333	13,333	14,334	-	
Short Term Investment	28,688	47,500	-	-	-	-	
Inventories	297,523	286,648	243,629	207,152	175,952	119,756	
Trade Debtors	236,368	229,370	139,480	102,613	105,183	49,461	
Other Current Assets	395,970	265,625	200,517	328,055	454,616	109,950	
Cash and Bank balance	119,871	44,384	159,987	81,700	970,411	20,142	
Total Assets	13,248,251	12,449,425	11,549,069	8,216,472	7,190,858	2,516,872	
Issued Share Capital	1,636,244	1,636,244	1,636,244	1,636,244	711,410	711,410	
Share Application	-	-	-	-	924,834	-	
Reserves	427,992	358,404	358,404	358,404	48,062	48,062	
Retained Earnings	1,080,826	735,906	635,278	371,758	427,403	441,020	
Minority Interest	2,203,159	2,091,572	2,577,738	912,164	578,015	396,704	
Share Holders' Funds	5,348,221	4,822,126	5,207,664	3,278,570	2,689,724	1,597,196	
Non Interest Bearing Long Term Liabilities	46,489	50,561	54,633	59,746	64,249	69,565	
Interest Bearing Long Term Liabilities	5,001,344	1,895,396	2,093,923	3,074,698	2,232,359	143,691	
Deferred Tax	172,435	127,506	100,346	115,087	129,894	124,805	
Deferred Liabilities	196,477	170,370	117,946	78,887	69,761	37,038	
Other Payables - Non Current	-	-	69,519	98,626	62,296	-	
Trade Creditors	541,345	593,946	408,224	267,397	221,667	92,388	
Other Payables	56,054	97,424	130,345	29,867	6,519	33,029	
Non Interest Bearing Loans and Borrowings	4,072	5,113	5,113	5,113	5,317	5,317	
Interest Bearing Borrowings & Bank Overdraft	1,881,815	4,686,983	3,361,356	1,208,481	1,709,072	413,844	
Total Equity & Liabilities	13,248,251	12,449,425	11,549,069	8,216,472	7,190,858	2,516,872	
Earnings per Share	Rs.	0.675	0.215	0.208	0.087	0.081	0.259
Dividends per Share	Rs.	0.255	0.100	0.075	0.150	0.100	0.150
Net Assets per Share	Rs.	6.01	5.42	5.86	3.69	3.78	2.25
Gearing ratio	%	56.45%	57.92%	51.43%	57.01%	59.86%	28.36%
Interest Cover	Times	2.35	1.41	1.89	1.39	1.43	5.99

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Thirty Second Annual General Meeting of Asiri Hospital Holdings PLC will be held at Hotel Janaki, Fife Road, Colombo 05 on Thursday the 13th day of September 2012 at 12.15 p.m. for the following purposes:

- 1) To receive and consider the Annual Report of the Board of Directors, Statements of Accounts and the Balance Sheet of the Company for the year ended 31st March 2012 together with the Report of the Auditors thereon.
- 2) To ratify the Interim Dividend of Rs. 0.13 per share paid on 27th February 2012 as the Final Dividend for the year ended 31st March 2012.
- 3) To re-elect Dr. S Selliah 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 Dr. M Karunaratne who retires by rotation in terms of Article 24(6) of the Articles of Association, as a Director of the Company.
- 5) To re-appoint Messrs Ernst & Young as the Auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration.
- 6) Special Business
 - I. To authorize the Directors to determine and make donations for the year ending 31st March 2013 and up to the date of the next Annual General Meeting.

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

(Sgd.)
SECRETARIES

Colombo
July 30, 2012

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

Dr. D S Rajapaksa	of Colombo or failing him
Dr. S Selliah	of Colombo or failing him
Mr. A K Pathirage	of Colombo or failing him
Dr. M Karunaratne	of Colombo or failing him
Mrs. D Wimalasundera	of Colombo or failing her
Mr. P P Subasinghe	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. T M Wijesinghe	of Colombo

as *my/our Proxy to represent *me/us and to speak and vote for *me/us on *my/our behalf at the 32nd ANNUAL GENERAL MEETING OF THE COMPANY to be held at Hotel Janaki, Fife Road, Colombo 05 at 12.15 p.m. on Thursday the 13th day of September 2012 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, Statements of Accounts and the Balance Sheet of the Company for the year ended 31st March 2012 together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2) To approve the interim dividend of Rs. 0.13 per share paid on 27th February 2012 as the final dividend for the year ended 31st March 2012.	<input type="checkbox"/>	<input type="checkbox"/>
3) To re-elect Dr. S Selliah who retires by rotation in terms of Article 24(6) of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4) To re-elect Dr. M Karunaratne who retires by rotation in terms of Article 24(6) of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
5) To re-appoint retiring Auditors Messrs Ernst & Young and to authorize the Directors to fix their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
6) Special Business To authorize the Directors to determine and make donations for the year ending 31st March 2013 and up to the date of the next Annual General Meeting.	<input type="checkbox"/>	<input type="checkbox"/>

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

.....
*Signature/s

Note:

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

Instructions as to Completion

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

Please provide the following details :

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



ASiRi

HOSPITAL HOLDINGS PLC

181, Kirula Road, Colombo 5, Sri Lanka.

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