



Adding
Life to Life

Asiri Surgical Hospital PLC / Annual Report 2015/16

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www.asirihealth.com

Adding *Life to Life*

Asiri Surgical Hospital has grown to be one of the nation's foremost provider of healthcare, trusted by thousands to deliver the finest surgical healthcare solutions with warmth, expertise and care.

Your company is now represented by a new logo and branding which distinctly articulates its commitment as a forerunner in the industry.

We work tirelessly each day, in keeping with our passion to improve the quality of life through positive surgical outcomes. Our experienced medical & nursing staff skilfully use cutting edge technology to serve every patient with the best in healthcare, as your company continues to grow value for its stakeholders, adding life to life.

Asiri Surgical Hospital PLC
Adding Life to Life

Vision

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

Mission

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

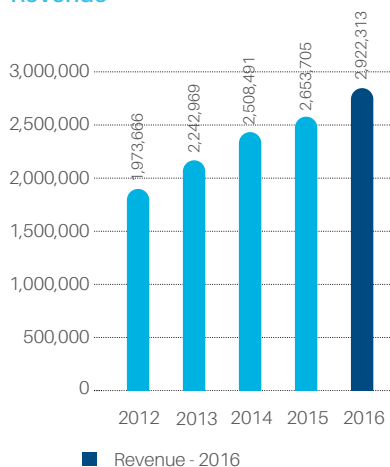
Values

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

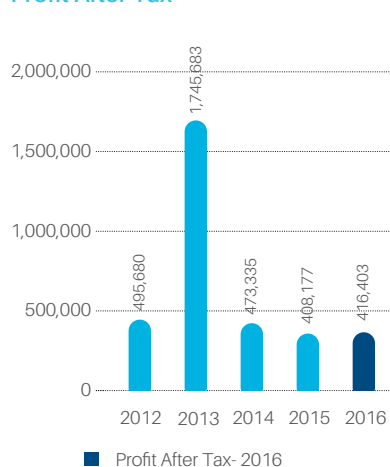
Highlights of Our Performance in 2015/2016

		2016 Rs.	2015 Rs.
Operating Results			
Revenue	Rs. 000	2,922,313	2,653,705
Profit before Interest and Tax	Rs. 000	568,250	465,431
Profit after Tax	Rs. 000	416,403	408,177
Return on Equity		11.35%	12.74%
Balance Sheet Highlights			
Total Assets	Rs. 000	4,662,706	4,461,730
Total Equity	Rs. 000	3,669,544	3,203,522
Shareholder Information			
Earnings per Share	Rs.	0.79	0.77
Net Assets per Share	Rs.	6.94	6.06
Dividend per Share	Rs.	-	0.40
Share Price (31st March)	Rs.	11.00	15.20

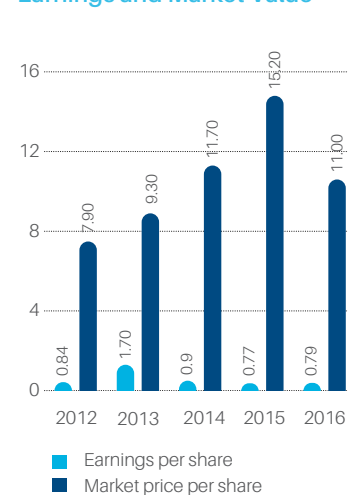
Revenue



Profit After Tax



Earnings and Market Value



Accreditations & Recognition

Environmental Management System



ISO 14001:2004

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

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

Quality Management System



ISO 9001: 2008

Provides assurance that the Organisation is able to enhance customer satisfaction by meeting customer needs and relevant regulatory requirements.

Microbiology & Histopathology Laboratory.

Human Resource Department.

Quality Management System



ISO 9001: 2008

The management provides assurance to the customers that the organisation is fully committed to quality

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

Occupational Health and Safety Management System



OHSAS 18001: 2007

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

[The hospital is in the process of renewing this Certification]

Food Safety Management System



ISO 22000:2005

Ensures the safety of food in the entire food processing cycle

Food and Beverages Department.



Adding *Life to Life*

Management Information

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A stylized, handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end.

Ashok Pathirage
Chairman/ Managing Director



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Chairman's Review

Our constant focus on developing healthcare institutions that are on par with international healthcare norms has pushed us into pursuing niche competencies, trailblazing innovations and building a team of professionals

The company recorded a 10% growth in revenue

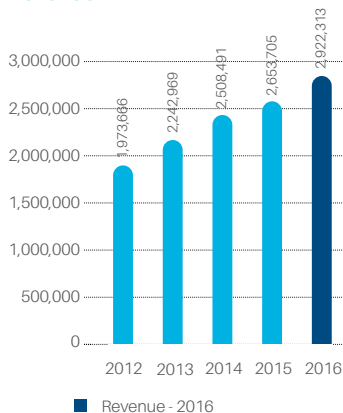


Revenue

2016 LKR 2.92 Bn

2015 LKR 2.65 Bn

Revenue



It has been another year wherein your Company entrenched its name even more into the annals of medical history in Sri Lanka by being the very first hospital in the country to perform the complex dextrocardiac surgery using minimally invasive coronary surgery. It is this attitude of being a trailblazer that has been the formula for our sustained success, given our unique brand of medical care. Hence, while I welcome you to the 16th Annual General Meeting of Asiri Surgical Hospital PLC, I am also pleased to present this Annual Report and Statement of Accounts for the year ending March 31st 2016, which showcases

your Company's milestones, achievements, innovations and the inherent need to leverage on the synergies of being a part of a vanguard in medical care.

A brief outline of the operating environment of Sri Lanka's healthcare industry points to the fact that the private healthcare space is becoming intensely competitive, while numerous factors including a rapidly ageing population which the Ministry of Health estimates at being 25% of the country's population by 2025 and increasing incidences of Non-communicable diseases are stressing the public sector healthcare system, the spillover

of which may be a gain to the private healthcare sector. As such, the need of the hour is for the private healthcare sector to administer care that is affordable across a wider strata of demographics. This does make maintaining healthy bottom lines quite challenging, given the heavy investments the private sector makes in cutting edge technology and the highly skilled professionals, in order to make available within Sri Lanka the most current healthcare solutions.

As per currently published statistics by the Central Bank of Sri Lanka, there are approximately 790 hospitals

Chairman's Review

in the country in both the government and private sector, with private hospitals numbering close to 240. There still is however a dearth in both doctors and nurses across the country, with the sum of doctors being about 19,429 which is indicative of a doctor for every 1,079 persons, while the nurses count of 32,272, indicates a nurse for every 650 persons. The healthcare indicators for Sri Lanka have however continued to remain excellent, counting among some of the best even when compared with developed countries. Our infant mortality rate is 9.5 per 1,000 births which is a regional low, while average life expectancy is 75 years. These point to local healthcare services overall being highly impressive. The fact that Sri Lanka is ranked at 73 in the UNDP's Human Development Index and has gradually reached 0.757 in human development compared to South Asia's average of 0.607 reiterates the country's commitment to continue development of the healthcare sector.

Highlights for the year

From a growth perspective, your Company has continued to post noteworthy milestones in our financial performance. Despite constantly increasing competition, your Company recorded a 10% growth in revenue to reach LKR 2.92 Bn from LKR 2.65 Bn last year. Similarly, most other key performance indicators gained positive growth primarily due to Asiri Surgical Hospital staying true to its promise of delivering healthcare excellence at all times.

The consolidation of the entire Asiri Group under the corporate brand Asiri Health marked a significant step in the direction of harnessing the slightly fragmented equities from across the group, under one parent banner with the single minded commitment to add life to life. Our new identity, as brought to life by our logo, is made of the four pillars by which we stand strong. The human hand, encompassing the care we provide to all who visit. The shield, depicting protection from

The consolidation of the entire Asiri Group under the corporate brand Asiri Health marked a significant step in the direction of harnessing the slightly fragmented equities from across the group...

sickness and diseases. The letter 'A', for Asiri, a proud reminder of who we are. The cross of health, at the heart of all we stand for, the group's new tagline 'Live More', signifies living a longer life to the fullest.

Our constant focus on developing healthcare institutions that are on par with international healthcare norms has pushed us into pursuing niche competencies, trailblazing innovations and building a team of professionals who today form the crème de la crème of private sector healthcare. Continually upping our benchmarks to match international standards

and improving the facilities and care to ensure that we go beyond the expectations of the discerning stakeholder, Asiri Surgical has remained a dominant industry leader.

We've focused primarily on developing competencies our country has a scarcity of. One such initiative is our undertaking to build the country's most sophisticated liver transplant facility. The local availability of this procedure should significantly reduce the large sums of foreign currency currently expended on this very specialized surgery overseas. This unit will be operational in

the next financial year. Another initiative of note is the plans that are currently underway to establish a fully-fledged Oncology unit.

We have nurtured an outstanding team of professionals who imbue the very ethos of Asiri Health. Our nursing team fully compliments the extraordinary talent and skill of our medical specialists, given our strong belief that the standards maintained in our care levels are absolutely dependent on our nursing care. We have had some of the country's and in some cases the region's most complex surgical procedures performed at Asiri Surgical, with a few pioneering efforts among them. We are proud to say, our nursing team have not fallen short on the knowledge or skill required in any of these cases. They are easily among the best in the country and investing in the continued development of their skill and competency will always be among our priorities

This unique philosophy of being a visionary with an uncompromising attitude to

patient care is true not only for the clinical teams at Asiri Surgical, but our non-clinical teams too.

Efficiency, productivity and a moral code of ethics and principles that form the overarching premise for the best in healthcare runs through the veins of our entire organisation. Regular training and development ensures these standards are maintained at all times.

Moving ahead

Super specialising as a surgical hospital, we have always striven to add to our level of competency through pioneering surgical procedures for the country and in some cases even for the region. Our strategic priorities therefore remain grounded in having the best surgical, medical and nursing teams in the country, while constantly upgrading to path-breaking new technology to spur quantum development.

The cohesion in branding across the group, makes the solid presence of the Asiri brand

even more visible, very steadily strengthening brand equity and strategic value of the brand.

Further, being adjudged the winner in the Healthcare Sector at the CIMA-LMD 100, assures us that the Asiri Group is recognized beyond a doubt as the undisputed industry leader. This is a position we hold not only with great honour, but also with deep commitment and responsibility to the nation.

Positioning ourselves therefore as a member of a Group of Hospitals, driven by the vision of being a leader in healthcare in South Asia, your Company will forge forth harnessing group synergies to add momentum and vigour to achieve our corporate goals in tandem with our commitment to lead the local healthcare industry to new frontiers, while always honouring our code of commitment to patient safety and care.

Acknowledgements

My Board of Directors deserve much appreciation for their continued guidance in formulating a strategic path for

your Company. The medical experts, nursing and support teams who have always gone beyond the call of duty to truly help our patients and clients Live More. Thank you. Our customers who continue to stay loyal and have complete confidence in our brand of care are our best ambassadors and encourage us to keep pushing our limits are our most invaluable asset. Appreciation is also extended to our shareholders who often act as our backbone providing us with unrelenting strength and support while sharing with us your invaluable experience helping us hone the most competitive strategic direction.

Ashok Pathirage

Chairman/ Managing Director

Board of Directors



Seated from Left to Right

Dr. Manjula Karunaratne | Group Chief Executive Officer

Mr. Ashok Pathirage | Chairman/ Managing Director

Dr. Sivakumar Selliah | Deputy Chairman

Standing from Left to Right

Mr. Samantha Rajapaksa | Director

Mr. Harris Premaratne | Director

Mr. Ashok Pathirage **Chairman/Managing Director**

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

Dr. S Selliah *(MBBS, M.Phil)* **Deputy Chairman**

Dr. Sivakumar Selliah is the Deputy Chairman of Asiri Hospital Holdings PLC and Asiri Surgical Hospital PLC. Dr. Selliah

holds a MBBS degree and a Master's Degree (M.Phil). He has over two decades of experience in diverse fields which include manufacturing, healthcare, plantations, packaging, insurance, logistics and retail.

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

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

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

Dr. Karunaratne was appointed to the Board of Asiri Hospital

Holdings PLC and Asiri Surgical Hospital PLC in 2006, and is currently Chief Executive Officer of the Asiri Hospitals Group. He also serves on the Boards of Central Hospital Ltd, Asiri Central Hospitals Ltd., Asiri Hospital Matara (Pvt) Ltd., Asiri Diagnostics Services (Pvt) Ltd. and Asiri Hospital Kandy (Pvt) Ltd. He previously held the positions of Medical Director, Asiri Hospital Holdings PLC and was Group Chief Operating Officer, Asiri Hospitals Group. Dr. Karunaratne is a Specialist in Sports/Orthopedic Medicine. He possesses over 25 years of professional medical experience both in Sri Lanka and overseas, and is responsible for the overall medical policy of the Group.

Mr. Harris Premaratne **Director**

A leading banking professional Mr. Harris Premaratne who is already on the Board of Softlogic Group companies including Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC, Asiri Central Hospitals

Ltd. and Central Hospital Ltd, is appointed as the Deputy Chairman of the Softlogic Finance PLC effective 1st January 2015.

Mr. Premaratne has over 42 years of banking experience with expertise in the areas of Trade Services, Trade Finance, Corporate Credit, Corporate Finance, Recoveries and Correspondent Relations, and was the Senior Deputy General Manager Corporate Banking at Commercial Bank PLC, former Chief Executive Officer of Cargills Bank and Managing Director of Sampath Bank PLC. In addition, he was a Director of the Sri Lanka Credit Information Bureau (CRIB) and was the Chairman of the Technical Advisory Committee of the Sri Lanka Banks' Association.

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

Board of Directors

Mr. Samantha Rajapaksa Director

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

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

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

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

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

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

Senior Management Team



Seated from Left to Right

Mrs. Thelani Weerasinghe | Director Nursing
Mrs. Rochelle de Silva | Director Marketing
Ms. Mihiri Cabandugama | Head of Strategic Planning and Business Development
Mrs. Hasanthi De Saram Karandagaspitiya | Group Head - Human Resources
& Human Resource Development

Standing from Left to Right

Mr. Nipuna Mediwake | Chief Financial Officer
Mr. Neil Priyath John | Director Laboratory Services
Mr. Kosala Dissanayake | Director Administration
Dr. Ruwan Senatilleke | Medical Director

Group Consultant Medical Team



Seated from Left to Right

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

Standing from Left to Right

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



Seated from Left to Right

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

Standing from Left to Right

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



Adding *Life to Life*

Performance Review

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Operational Review

We remain the only hospital in Sri Lanka with specialised surgical equipment and the expertise to perform this genre of surgery, which in fact was first successfully performed in the world only five years ago.

The year under review, though continuing to be challenging, was one in which Asiri Surgical Hospital maintained its championing stance. The intense competition, fast evolving medical milieu in both knowledge and equipment and the need to continually upgrade Human Resources to meet this evolving environment did have the healthcare industry in Sri Lanka re-strategizing its structures and investment patterns. For this hospital, which works on a paradigm that is cognizant of emerging trends and thus, charts a business model that has the flexibility to transform whenever necessary, we remain true to the tenets embedded within the Asiri Health ethos of Live More. The

year, hence, proved exciting, given that we etched ourselves once more as a pioneer in the annals of healthcare in Sri Lanka.

Another first for Asiri Surgical

The minimally invasive coronary dextrocardia surgery was successfully performed by the Asiri Surgical team for the very first time in Sri Lanka, writing a groundbreaking chapter in Sri Lanka's medical annals. Dextrocardia is a rare heart condition in which the heart points toward the right side of the chest instead of the left. Dextrocardia is congenital, which means people are born with this abnormality with an incidence of approximately one in 12,000 persons. The surgery,

which generally involves considerable risk, was performed at Asiri Surgical, where surgeons used only a minimal incision of 2 to 3 inches, instead of the 8 to 10 inch incision required for traditional bypass surgery to treat the patient. Highly specialised knowledge and skill, channelled through speciality surgical instruments, including fibre optics, cameras and minimally invasive technology came together for successfully completing this procedure. This equipment is now available in Sri Lanka only at Asiri Surgical Hospital, promoting more breakthroughs in healthcare solutions.

We remain the only hospital in Sri Lanka with specialised

Operational Review



surgical equipment and the expertise to perform this genre of surgery, which in fact was first successfully performed in the world only five years ago.

Continuing to lead

Asiri Surgical Hospital as an industry leader, proudly adds significant equity to the new, consolidated corporate brand Asiri Health and will continue to do so with its pioneering efforts, especially in surgical care, to feed the Asiri Health philosophy – Live More.

This year we added a new 3.0 Tesla MRI system at Asiri

Surgical, a state of the art machine that performs at high levels of accuracy and speed, enabling quick diagnoses and which has the capacity to scan 'silently'. We are indeed proud to have the only established tertiary care center performing minimally invasive surgery for multiple graft heart by-passes. Led by an exceptional team of experienced surgeons and consultants and supported by a specialised group of nurses, we've had a 100% success rate in keyhole surgery and see an increasing demand for this option in heart by-pass surgery this year.



In line with our philosophy of adding life to life, we have already begun implementing plans for a new fully-fledged Oncology unit

Another competency that we have gained considerable prowess in is Bariatric surgery. Introduced last year, we perform a minimum of one surgical procedure per month. The procedure is performed in case of extreme (morbid) obesity and requires considerable pre and post physical and psychological rehabilitation.

Numbers for success

Despite a challenging macro environment and industry competition becoming more intense, the razor sharp focus on our chosen niche for excellence has helped us deliver consistent growth in both top and bottom lines. This year we have performed exceptionally well, with a revenue of Rs. 2.92 Bn, an impressive upward surge of 10% from Rs 2.65 Bn last year.

We strongly believe that our results are a combined output of being a surgical pathbreaker, with a disciplined process and unrelenting adherence to international guidelines for patient safety and care, held together by a team in a class all their own. Our stalwart efforts in marketing under the new cohesive branding strategy help us to define and hold this position in the industry.

Going beyond the tangible, financial results, is the acknowledgement of the strong equity we have amassed through the unwavering confidence, loyalty and trust

we have from our stakeholders standing as a strong foundation on which we continue to build a sustainable 'care' enterprise.

Future Leadership

The Asiri Group of Hospitals was crowned winner in the Healthcare Sector at the CIMA-LMD 100 awards held last year. Being recognised by our peers of Corporate Sri Lanka as an industry leader was a truly rewarding moment for us and added impetus to the steps we are taking towards our vision of gaining regional leadership. Some of the major initiatives in this direction will be visible in the coming year.

The need to be innovative both in knowledge and technology has driven us to map new and inventive paths. In line with our philosophy of adding life to life, we have already begun implementing plans for a new fully-fledged Oncology unit which will include a state of the art linear accelerator, which is billed for completion by the 1st quarter of 2017/18. Given the increasing incidences of



cancer, this Center will not only offer the best medical care for cancer treatment, it will also imbue a socially conscious platform to create awareness on cancer prevention. In this context, Asiri Surgical continues to have the only PET CT scanner in the country providing great relief to Cancer patients who would otherwise have to travel overseas to avail of this facility.

Another imperative addition will be the establishment of the country's most modern Liver Transplant Facility, for which negotiations are currently underway. This, we believe, will augment our foreign exchange earning capacity and add fillip to the national goal of developing a strong medical tourism hub in Sri Lanka.

Sustainability Report

Our team is a critical factor to our progress, our business continuity and our strategic journey.

Having forged and nurtured a reputation as a healthcare provider whose standards of care have always been constructed on a platform of best practices and uncompromising values, ethics and principles, for Asiri Surgical, social responsibility continues to be intertwined in the very fabric of our operations. We maintain a culture of uncompromising quality and care that reaches beyond a culture of compliance, being stringently adherent to all international occupational health and safety standards and taking our standards certifications to realms which enable us to reach beyond stakeholder expectations.

Our stakeholders have always been a part of our journey. Our customers galvanize us to continue improving and developing, thus setting benchmarks for the healthcare industry to emulate. This setting of benchmarks is taken to new levels by our immensely motivated team, for whom innovation is second nature. Each of our consultants, specialists, nurses and support team work on the premise of giving of their best which in turn permeates to absolute excellence in healthcare.

Our valued business partners which include best in class suppliers have all ensured

that our journey is etched towards creating milestones and being the best there is, while our shareholders remain integral to our success, adding the confidence and trust that is immensely vital to ensure the sustainability of an organization whose foundation is built for people, by people. Undoubtedly, the communities around us are a part of our success and we strive to empower them by impacting their lives positively. Being a trailblazer in the healthcare sector, Asiri Surgical adds immense advantage to the industry via innovation, technology and competencies, enabling the industry to

garner the positives we have introduced and push it to reach heights of excellence.

Building a Winning Team

One of the primary tenets in our rebranding exercise effected this year, was in recognising the competence of our human resources, a dynamic which is deeply embedded within the Asiri Health branding. Our team is a critical factor to our progress, our business continuity and our strategic journey. It is imperative therefore that our team is equipped with the knowledge, skill and competencies to meet the challenges that arise in the constantly evolving healthcare space, which in turn will prompt the unique brand of healthcare excellence that Asiri Health espouses.

Recruitment Strategy

A highly evolved stringent recruitment process ensures that each of our team enters our portals with a clear idea of our expectations of them and the methods and systems we

have implemented for them to optimise on their innate abilities. This means that those joining our team must be those who buy into our vision, our brand of care and our ideals of excellence. We assure them of a constant climb up their career ladder evidenced by the numerous training and development initiatives, career development programmes and benefits above industry standards. These have all contributed towards attrition in the Company being relatively low comparably.

Learning and Development

Our comprehensive HR strategy therefore bases its fundamentals on building capacity, cascaded through internal and external training programmes which are designed to instil a knowledge gaining culture but also professionalism in imparting our unique brand of healthcare and dignity and pride in the work we do.

Our structured learning and development process caters to the career progression and development of our diverse

workforce ranging from highly skilled consultants who are experts in specialized areas to genres of skilled and semi-skilled staff, who are all brought under the overarching umbrella of Asiri Health and the fundamental tenets it champions. Mooted initially from the findings of a comprehensive training needs analysis, a training plan is designed to capture individual and technical requirements that are clearly aligned to organisational goals. These are mapped against individual career progression, development and aspiration which charter a progressive learning and development pathway for the individual team member, well attuned to our vision, mission, strategic priorities and goals.

On the job training

Those team members who join us from a non-skilled background are provided the opportunity of career building charted on a course that is beneficial to both the Company and themselves. It is imperative that our team members have

the ability to carry out their tasks and responsibilities aligned to the high standards expected of them and in keeping with the stringent standards maintained by the hospital. The on-the-job training provided to them therefore enables them to meet their career aspirations, while maximizing on their contribution to the care imparted by us.

Nurses Training School

Our hospital has always maintained excellent standards in nursing care and believes strongly that in imparting high standards of training and development to our nurses,

we can continue raising the bar. The Asiri Nurses' Training School conducts a three year general nursing programme based on a curriculum similar to the programme conducted by nursing training schools in the public sector, which are all held in very high esteem for its curriculum around the world. The programme conducted by our Training School is in English to enable our student nurses and other nursing staff to gain maximum advantage of the numerous international research, study resources and clinical studies available.



Nursing Convocation - 2015

Sustainability Report

The aim of the school is to develop young, talented individuals who are well equipped to overcome challenges that emerge constantly in imparting quality healthcare. They are assured of gaining the apt knowledge, skill and attitude for professional growth and development to build a cohort of excellent nursing professionals. A total of 42 batches of nurses have graduated from the Asiri School of Nursing since its inception in 1986, delivering the highest standards of clinical performance and the unique brand of Asiri Health to our patients.

Occupational Health & Safety

The very nature of our business prompts uncompromising standards of health and safety, not only for our team, but for each of our stakeholders who come directly into contact with our locale. Realising how critical Occupational Health and Safety is to our business, our focus on maintaining stringent standards remains an overarching tenet in our entire business operations.



Asiri Sports day award ceremony

This is further entrenched in the ISO 9001:2008 certification conferred on the HR Department which also ensures and validates our internal processes, creating a safe workplace for our team and each stakeholder who walks into our hospital. In addition to the

certification, the hospital is also certified with ISO 22000:2005 for Food Safety Management further augmenting our focus on maintaining stringent health and safety standards. All these have led us instigate a preventive

mindset, alert to dangers and potential accidents, while ensuring that workplace injury and illness are minimized or eliminated whenever possible.

Our HR Policy

A well articulated collection of HR policies provides a comprehensive description of the objectives, procedures, eligibility, limitations and exemptions (if any) pertinent to our requirements. We conform uncompromisingly to all global standards and conventions applicable to labour and HR standards including the Ministries of Labour and Health in Sri Lanka, the United Nations and the International Labour Organisation. We eschew all forms of sexual harassment, discrimination on age, gender, religion or ethnicity, child labour and forced labour. Meritocracy remains the foundation upon which our recruitment, promotions, rewards, remuneration and succession plans are constructed upon.

Any complaints or deviations from procedures and guidelines

Meritocracy remains the foundation upon which our recruitment, promotions, rewards, remuneration and succession plans are constructed upon.

are immediately addressed and dealt with accordingly. This is a process that is practiced across the entire Group with higher level issues coming under the scrutiny of the Group Chairman/ Managing Director or the Group CEO together with the Group Head - Human Resources and Human Resource Development.

The next year will see us focusing on communication within our HR purview. The Softlogic Group Intranet has been introduced with innovative modes of communication being implemented as a tool to enhancing employee relations. Oracle, the internationally renowned ERP solution is also being implemented, while the sub-module of the Payroll and Attendance by Oracle is also being installed and in its first stage of implementation. These initiatives will prompt the sharing and accessibility of relevant data among Heads of Department, delivered timely and with accuracy.

Every initiative is being taken to create a team that is truly

best in class. We are geared to meet organisational objectives in a systematic manner, transparently and accountably, while being well on the path to maintaining our HR development and management to global HR standards, giving us a competitive edge among the large corporates of Sri Lanka and even regionally. We have proven that in being a preferred employer among the healthcare sector, that our team is also willing to go beyond boundaries and into the unknown, while also imbibing the values and ethics that are strongly committed to giving of their best.

A Socially Responsible Mindset

Coming under the country's largest private healthcare umbrella, we at Asiri Surgical are cognizant of the responsibility this brings into our working ethos, committed to ensuring that each of our decisions are aligned to ethics, principles and morals and to transparency, accountability and sincerity of action. Our decision making and the impact these have on our

stakeholders is paramount, while we adhere stringently to local and global healthcare norms, legal obligations and codes of practice.



Free Heart Health Camp - Trincomalee

The stakeholders we interact with acknowledge our stewardship, given that we have proven unequivocally that we provide best in class healthcare facilities imparted to optimum standards, as promised via our vision and mission. They also recognize the capabilities of our highly motivated team, the fact that they form a cohort of highly trained professionals whose knowledge of care is well above industry norms. This has led Asiri Surgical to

work with communities, using the competitive advantages we possess, sharing these to support, empower and enable those who need it most through our giving and caring team, whose volunteerism stands strong within our social responsibility milieu.

Our CSR model is based on the Group's philosophy of a three pronged approach. Intertwining health and education on a platform of creating awareness and educating communities on prevention and cure of various common diseases, we ensure that good health becomes an imperative to the lives of these people, who are equipped with information on prevention, control and detection due to the educational awareness we impart. The environment forms our third ring, wherein our environmental best practices remain well in focus. Our CSR model therefore is strategic and focused, with clear identification of community segments who will benefit from the support we extend to them.

Sustainability Report



Free Heart Health Camp - Anuradhapura

Blood Donation Campaign

Being a hospital that specializes in surgery, we realise the crucial need for blood in our everyday work. For the third consecutive year, in collaboration with National Blood Transfusion Service, we conducted a blood donation programme where our team and other stakeholders joined in.

Heart Surgery for Underprivileged Children

Based on our mission of caring for and improving the quality

of human life and taking our concept of Asiri Health that much further, Asiri Surgical Hospital continued performing heart surgery for underprivileged children free of charge. Given the high cost of heart surgery, most parents cannot afford this life saving procedure and face dire consequences and uncertain options. Having commenced this project in 2011, we have thus far completed a total of 85 surgical procedures on patients who are either identified by free health camps conducted by the Asiri Heart Center in difficult and underprivileged areas or referred by the country's premier state children's hospital, the Lady Ridgeway Hospital. Two free procedures are conducted monthly.

We remain the only private hospital to conduct free ASD (Atrial Septal Defect) surgical procedures, helping to reduce the long waiting list at the state hospital significantly. As ASD doesn't show identifiable symptoms early, there is no immediacy for the surgery to be



Blood donation Camp - 2015



"A whole lot of heart" CSR Project - Free heart Surgery for underprivileged Children



"A whole lot of heart" CSR Project - Free heart Surgery for underprivileged Children

scheduled, where delays can cause further complications and even death among these children.

Each procedure ranges from Rs 500,000 to Rs 600,000, which is absorbed by the hospital and includes Consultant's fees, other relevant facility fees and accommodation for parents during the child's admission.

Heart Health Camps

In our bid to make health the empowering feature in sustaining healthy communities,

we continued to conduct Health Camps in all districts of the country. We have conducted a total of 33 health camps in collaboration with the military forces, governmental and non-governmental organisations, inclusive of ten health camps this year. The purpose of these camps were conducting basic investigations, creating awareness of better health among communities and for the prevention and treatment of various common health issues. Each camp is an investment of approximately Rs 150,000.

Based on our mission of caring for and improving the quality of human life and taking our concept of Asiri Health that much further, Asiri Surgical Hospital continued performing heart surgery for underprivileged children free of charge.

Urology Health Camps

Considered Sri Lanka's most advanced Urology Unit in the country, the Asiri Surgical Urology Unit launched a series of health camps free of charge, in collaboration with Asian Alliance Insurance. Given the increasing incidences of kidney diseases in Sri Lanka, as a leading healthcare provider, it is imperative that we undertake the responsibility to create awareness and identify kidney diseases at an early stage, for both prevention and early cure. The first camp was conducted

in Polpithigama, with those detected referred to the Urology Clinic at the Kurunegala General Hospital.

Eco-Mindsets

Waste management remains a complex and challenging issue for any healthcare provider, given the potential risk and hazards that improper waste management could cause. Hospitals the world over are the second largest waste producers which has spurred us to ensure that we do not add to those numbers but rather contribute to

Sustainability Report



Urology Health Camp - Polpithigama

reducing the waste we produce. Using a comprehensive waste management policy and systems that enable us to meet this goal, we have continued to minimize the volumes of waste generated by segregating, recycling and reusing waste, encouraging our team to innovate for better waste management options.

Through various initiatives, we continue to focus on improving the air quality within the hospital, conserve water and energy and initiate various programmes for our team and throughout the

hospital to inculcate an eco-mindset.

Our waste policies:

- Energy conservation guidelines are designed to minimize consumption of electricity and gas
- Hospital waste is segregated; the 3R concept is well entrenched
- Routine checks and monitoring are conducted; reports are maintained to study the impact of daily activities

- Quantitative and qualitative reports of air and water released to the environment are maintained
- The wastewater treatment plant distills waste water prior to release into the city's main drainage lines



Adding *Life to Life*

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Corporate Governance

The primary responsibility of the Board of Directors is to foster the Company's long-term success, consistent with the Board's fiduciary duty to shareholders.

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

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

policies and practices adopted by the Board.

Board of Directors

The Board comprises of two Executive Directors and three Non-executive Directors. Their profiles appear on page 10 of the Annual Report. The Board of Executive Directors generally have the responsibility of making and implementing operational decisions and running the Company's business. The Non-executive Directors support the skills and experience of the Executive Directors, contributing to the formulation of policy and decision-making through their knowledge and experience of other business sectors.

Board Meetings and Attendance

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

The Chairman and Managing Director

The Chairman's main responsibility is to lead and manage the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. The Chairman also serves as the Managing Director, who is responsible for 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 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.

Re-election of Directors

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

Independence of the Directors

Dr. S Selliah, Mr. G L H Premaratne and Mr. S A

B Rajapaksa function as independent directors of the Company.

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

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

The Board having evaluated all the factors concluded that their independence has not been impaired due to them serving on the Boards of other companies in which the majority of the other Directors of Asiri

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

Access to independent professional advice

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

Remuneration of the Directors

The remuneration of the Directors is determined by the Board and disclosed on page 68 of the Annual Report.

Company Secretary

Messrs Softlogic Corporate Services (Pvt) Ltd acts as the Company Secretaries. The role of the secretary is dealing with directors at board meetings and with shareholders. The Company Secretary attends Board Meetings and ensures that minutes are kept of all

proceedings at the Board Meetings. The Company Secretary advises the Board and ensures that proper procedures and applicable rules and regulations are followed by the Board.

Board Committees

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

The Audit Committee, Remuneration Committee and Related Party Transactions Review Committee of Asiri Hospital Holdings PLC, parent company, act as the Audit, Remuneration and Related Party Transactions Review Committees of the Company.

Audit Committee

Mr. S A B Rajapaksa - Chairman

Mr. G L H Premaratne

Mr. J E Huxtable

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

Corporate Governance

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

Remuneration Committee

Mr. G L H Premaratne - Chairman

Dr. S Selliah

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

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

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

Related Party Transactions Review Committee

Mr. J E Huxtable - Chairman

Mr. G L H Premaratne

Mr. S A B Rajapaksa

The committee meets once a quarter and additional meetings are held as and when necessary. The duties and responsibilities of the Committee are as follows.

- Review in advance all related party transactions carried out by the Company except related party transactions set out in Rule 9.5 of the Listing Rules of the Colombo Stock Exchange.
- Formulating policies and procedures to review related party transactions of the company and overseeing existing policies and procedures.
- Determining whether the relevant related party

transactions are fair to, and in the best interest of the company and/or companies in the group and its stakeholders.

- Determining whether the related party transactions that are to be entered into by the company require the approval of the shareholders.
- Where necessary, the Committee may request the Board to approve related party transactions, which are under review by the Committee.
- Ensure that immediate market disclosures and disclosures in the Annual Report as required by the applicable rules and regulations are made appropriately.

Responsibilities

The Board and its committees are supplied with full and timely information to enable them to discharge their responsibilities. It is the responsibility of the Board of Directors to ensure good corporate governance.

Good corporate governance requires that the Board must govern the Company with integrity. This includes the following:-

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

<p>serve the legitimate interest of the shareholders</p> <ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Authorisation of Directors' conflicts or possible conflicts of interest • Determination of independence of Non-executive Directors • Ensure the continuation of the Company as a going concern 	<p>Investor relations</p> <p>The Annual General Meeting, Annual Report of the Company and Quarterly Reports are the principal means of communication with the shareholders.</p>
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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 5 directors 3 are Non-executive Directors.
7.10.2	Independent Directors	Complied with. All three Non-executive Directors are independent. Please refer page 29. All Non-executive Directors have submitted the declaration with regard to their independence/non-independence.
7.10.3	Disclosures relating to Directors	Dr. S Selliah, Mr. G L H Premaratne and Mr. S A B Rajapaksa meet all the criteria except one. Please refer to page No. 29.

Corporate Governance

Section	Criteria	Has the Company met the Criteria
7.10.5	Remuneration Committee	<p>Complied with.</p> <p>Comprises of two independent Non-executive Directors. The remuneration committee of Asiri Hospital Holdings PLC (parent company) acts as the remuneration committee of Asiri Surgical Hospital PLC.</p> <p>The names of the members of the committee are given in the page 30 of the Annual Report.</p>
7.10.6	Audit Committee	<p>Complied with.</p> <p>Comprises of three independent Non-executive Directors.</p> <p>The audit committee of Asiri Hospital Holdings PLC (parent company) acts as the audit committee of Asiri Surgical Hospital PLC.</p> <p>The Chief Financial Officer attends all the meetings.</p> <p>The report of the committee is given on page 29.</p>

Risk Management

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

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

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

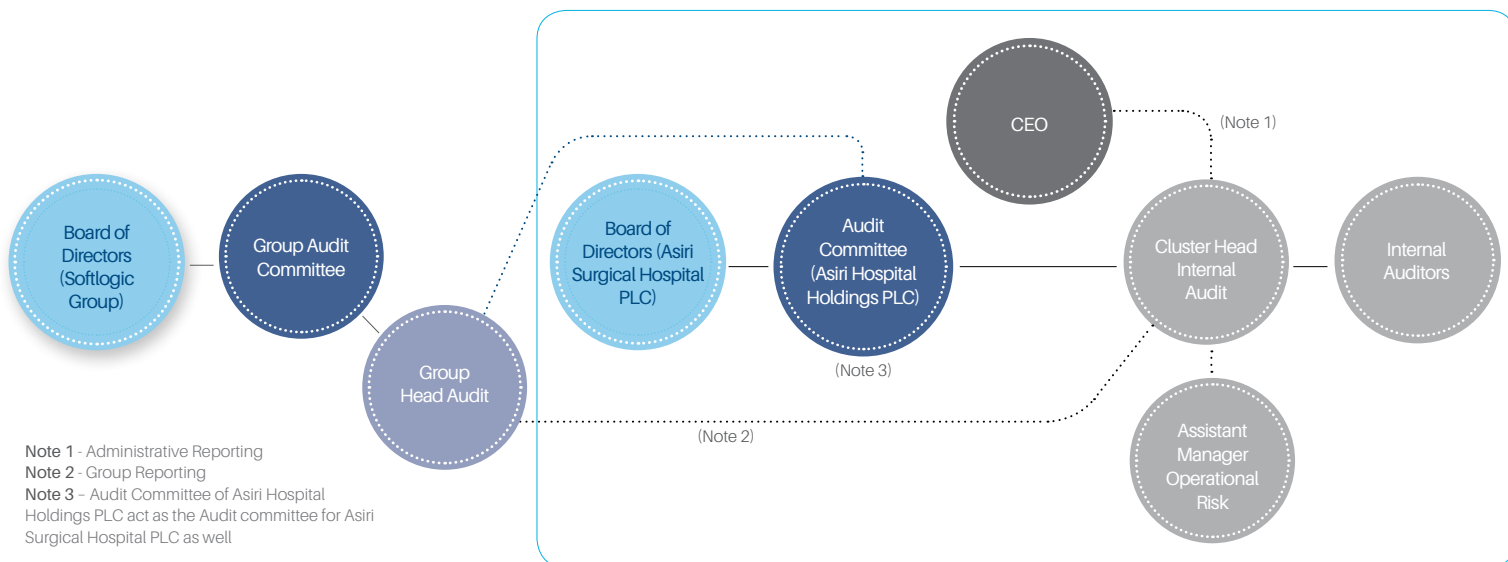
Risks identified through our Risk Management processes are being prioritised and, depending on the probability and severity of the risk, escalated to the Group Head of Risk. These risks are discussed

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

Key Risks and mitigation Strategies

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

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



Risk Management

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

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

Risk Management

Risk	Potential Impact	Mitigation Strategy
<p>Information Security Risk</p> <p>The environment in which the Group operates compels embracing evolving technological advancements, while failure to adopt robust information security controls could lead to a potential risk of; unauthorized access to information and associated information systems, unauthorized modifications and manipulations on information, inability of timely access and use of required information and related systems.</p>	<p>Exploitation of potential risk factors could impact the smooth functioning of the entire organization while leading to immeasurable monetary and non-monetary damages such as reputational damages, in situations of existing information security controls over confidential information related to patients and underlying systems are compromised.</p>	<p>Employee awareness on information security. Regular maintenance of equipment, routine data backups, offsite storage and round-the-clock IT support by the parent Group are some of the strategies adopted to mitigate such risk.</p> <p>The deployment of a team of expertise in Information Systems Security, Risk & Audit, while partnering with Information Security consultants of 'Computer Emergency Readiness Teams' (CERT) for specialized proactive risk mitigation measures are further initiatives of the parent group.</p>
<p>Reputation Risk</p> <p>Reputation Risk is related to the good name and standing of the Group. Reputational Risk can occur through a number of ways directly as the result of the actions of the Asiri Group of Hospitals, indirectly due to the actions of an employee or tangentially through other peripheral parties, such as partners or suppliers.</p>	<p>This may be a matter of corporate trust, which has a great influence on damaging reputation and a severe impact on shareholder value. The Group's reputation may be adversely affected and will lead to a loss of customers and revenue due to multiple reasons such as poor customer service, unethical behavior, loss of credibility and the use of outdated technology and equipment.</p>	<p>The Group has adopted a strong ethics framework. The Ethics Committee, comprising of industry specialists, provides an advisory role on matters relating to research and clinical trials within the Group. The Management is extremely careful in this area and is vigilant at all times to identify situations where the reputation of the hospital is at stake.</p> <p>In addition to having good governance practices and transparency, the Asiri Group of hospitals is also keen on social responsibility and environmental consciousness to avoid reputational risk. Meanwhile, our nursing and other staff undergo extensive training on patient management and customer service on a continuous basis.</p>

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

Risk Management

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

Ethics Committee Report

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

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

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

- To verify that the proposed investigators have obtained all other approvals and permissions necessary, depending on the nature of the research and the proposed research subjects; and
- Also to verify that it meets other requirements that may be decided from time to time and set out as Committee Decisions.

The committee has so far reviewed experimental therapy and clinical trial protocols submitted to it by clinicians at Asiri. These include protocols in experimental stem cell therapy for Parkinson Disease and spinal cord transection and a phase II trial for rheumatoid arthritis using an anti TNF alpha antibody. Also, the committee has reviewed the proposal for 'Dialog m Health Trial with Asiri - (Evaluation of ambulant remote monitoring technology for investigating cardiac arrhythmias)'.¹

On the aspects of training staff on the concepts and

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

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

Members:

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

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

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

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

Prof. Kemal I Deen
(Consultant General Surgeon -Intestinal)

Dr. Indrani Amarasinghe
(Consultant Oncologist)

Prof. Chandani Wanigatunga
(Professor in Pharmacology and Consultant Physician)

Dr. Kamal Weerapperuma
(Company Director)

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

Sgd.
Prof. Rohan Jayasekara
Chairman - Ethics Committee

21st July 2016

Audit Committee Report

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

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

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

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

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

Samantha Rajapaksa
Chairman – Audit Committee

21st July 2016

Remuneration Committee Report

The Remuneration Committee is a sub-committee of the Board constituted under the Company's Corporate Governance policies for the purpose of recommending the remuneration of Senior Management. The members, of the Committee comprise of two Independent Non-Executive Directors. The names of the Committee members are stated in the Corporate Governance Report on page 28.

The Directors' emoluments are disclosed on page 68.

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

G.L.H. Premaratne
Chairman - Remuneration
Committee

21st July 2016

Related Party Transactions Review Committee Report

Purpose

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

The Related Party Transactions Review Committee of Asiri Hospital Holdings PLC, the parent company, act as the Related Party Transactions Review Committee of the Company as provided by the Listing Rules.

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

as issued by the Securities and Exchange Commission of Sri Lanka.

Composition

The Related Party Transactions Review Committee is appointed by the Board of Directors of the Company and the following directors served on the Committee as at 31st March 2016.

Mr. J E Huxtable - Independent Non-executive Director (Chairman)

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

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

The Chief Financial Officer attends all meetings by invitation.

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

Roles and Responsibilities

1. Reviewing in advance all proposed related party transactions of the Company in compliance with the Code.

2. Adopting policies and procedures to review related party transactions of the Company and reviewing and overseeing existing policies and procedures
 3. Determining whether related party transactions that are to be entered into by the Company require the approval of the Board or Shareholders of the Company
 4. If related party transactions are ongoing (recurrent related party transactions) the Committee establishes guidelines for the senior management to follow in its ongoing dealings with the relevant related party.
 5. Ensuring that no director of the Company shall participate in any discussion of a proposed related party transaction for which he or she is a related party, unless such Director is requested to do so by the Committee for the express purpose of providing information concerning the related party transaction to the Committee.
 6. If there is any potential conflict in any related party transaction, the Committee may recommend the creation of a special committee to review and approve the proposed related party transaction.
 7. Ensuring that immediate market disclosures and disclosures in the Annual Report as required by the applicable rules/regulations are made in a timely and detailed manner.
- The related party transactions of the Company for the period from 1st April 2015 to 31st March 2016 have been reviewed by the Committee and the activities and comments of the Committee have been communicated to the Board of Directors of the Company.

J E Huxtable
Chairman - Related Party Transactions Review Committee

21st July 2016

Statement of Directors' Responsibility

The responsibility of the Directors, in relation to the financial statements of the Company differs from the responsibilities of the Auditors, which are set out in the Report of the Auditors on page 49.

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

The Directors consider that, in preparing the financial statements set out on pages 50 to 56 of the Annual Report, appropriate accounting policies have been selected and applied

in a consistent manner and are supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed. The Directors confirm that they have justified in adopting the going concern basis in preparing the financial statements since adequate resources are available to continue operations in the foreseeable future.

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

They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In this regard, the Directors have instituted an effective and comprehensive system of internal control.

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

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

Compliance Report

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and other known statutory dues as were due and payable by the

Company as at the date of the Statement of Financial Position have been paid or, where relevant provided for, in arriving at the financial results for the year under review.

For and on behalf of the Board

(Sgd.)

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

Colombo
21st July 2016

Annual Report of the Board of Directors

The Directors of Asiri Surgical Hospital PLC have pleasure in presenting to the members their report together with the audited financial statements of the Company for the year ended 31st March 2016.

Principal Activities and Nature

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

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

Review of Operations

A review of the operations of the Company and its performance during the year is contained in the Chairman's Review on pages 7 to 9 of the Annual Report. This review together with the Financial Statements reflect the state of affairs of the Company. These reports form an integral part of the Directors' Report.

Financial Statements

The financial statements of the Company which include the Income Statement, Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement and notes to the financial statements are given on pages 57 to 93.

Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Company to reflect a true and fair view of the state of affairs. The Directors are of the view that these financial statements have been prepared in conformity with the requirements of the Companies Act No. 07 of 2007 and the Sri Lanka Financial Reporting Standards. A statement in this regard is given on page 43.

Auditor's Report

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

Accounting Policies

The accounting policies adopted in the preparation of the financial statements are given on pages 57 to 66. There was no change in the accounting policies adopted.

Property, Plant & Equipment

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

Capital Expenditure

The capital expenditure of the Company during the year amounted to Rs. 130,907,488/- (2014/2015 - Rs. 228,856,433/-) details of which are given in note 9.4 to the financial statements.

Reserves

The total reserves of the Company as at 31st March 2016 amounted to Rs. 2,276,216,046/- The composition of reserves is shown in the Statement of Changes in Equity in the financial statements.

Donations

The donations made by the Company during the year amounted to Rs. 50,000/- (2014/2015 Rs. 155,700/-).

Stated Capital

The stated capital of the Company as at 31st March 2016 was Rs. 1,393,327,565/-. There was no change in the stated capital of the Company during the year under review.

Dividends

The Directors recommend to the shareholders that the Interim Dividend of Rs. 0.40 per share paid on 24th May 2016 be considered as the Final Dividend for the year ended 31st March 2016.

Statutory Payments

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

Events after the date of the Statement of Financial Position

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

Internal Control

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

Directorate

The following Directors held Office during the year under review.

Mr. A K Pathirage
(Chairman/Managing Director)

Dr. S Selliah
(Deputy Chairman)

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

Mr. G L H Premaratne

Mr. S A B Rajapaksa

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

Directors' Shareholding

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

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

Directors' Remuneration

Directors' remuneration in respect of the Company for the financial year 2015/2016 are given in note 5 to the Financial Statements on page 68.

Interests Register

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

Directors' interests in contracts and proposed contracts with the Company

Directors' interests in contracts with the Company, both direct

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

Auditors

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

The following payments were made to them during the year.

Audit fees	Rs. 1,064,239
Fees for other services	Nil

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

Annual Report of the Board of Directors

Shareholders' Information

The twenty largest shareholders of the Company as at 31st March 2016 are given on page 98 together with an analysis of the shareholding. There were 3,103 registered shareholders as at 31st March 2016.

Share Information

Information on share trading is given on page 98 of the Annual Report.

Going Concern

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

Annual General Meeting

The Sixteenth Annual general Meeting of the Company will be held at Hotel Janaki, Fife Road, Colombo 05 on Monday the 19th day of September 2016 at 11.30 a.m. The Notice of the 16th Annual General Meeting is on page 100 of the Annual Report.

For and on behalf of the Board

(Sgd.)
Director

21st July 2016
Colombo

(Sgd.)
Director

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



Adding *Life to Life*

Financial Reports

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Financial Calender

Financial Year End 31 March 2016

Announcement of Quarterly Financial Performance

1st Quarter	14 August 2015
2nd Quarter	9 November 2015
3rd Quarter	15 February 2016
4th Quarter	31 May 2016
Notice of Annual General Meeting	21 July 2016
Annual General Meeting	19 September 2016

Independent Auditor's Report



Ernst & Young
Chartered Accountants
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Sri Lanka

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TO THE SHAREHOLDERS OF ASIRI
SURGICAL HOSPITAL PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Asiri Surgical Hospital PLC ("the Company"), which comprise the statement of financial position as at 31 March 2016, and the statement of profit or loss and statement of comprehensive income, statement of changes in equity and, cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board's Responsibility for the Financial Statements

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

misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Report on other legal and regulatory requirements

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

- a) The basis of opinion, scope and limitations of the audit are as stated above.
- b) In our opinion :
 - we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company, and
 - the financial statements of the Company comply with the requirements of Section 151 of the Companies Act No. 07 of 2007.

21 July 2016
Colombo

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

A member firm of Ernst & Young Global Limited

Statement of Profit or Loss

Year ended 31 March 2016

	Note	2016 Rs.	2015 Rs.
Revenue	3.1	2,922,313,378	2,653,704,728
Cost of Services		(1,753,567,623)	(1,601,495,976)
Gross Profit		1,168,745,755	1,052,208,752
Other Income	3.2	14,121,935	9,817,000
Administrative Expenses		(643,356,352)	(608,733,024)
Selling and Distribution Costs		(68,748,281)	(61,244,024)
Finance Cost	4.1	(68,554,222)	(58,945,894)
Finance Income	4.2	97,487,216	73,381,946
Profit Before Tax	5	499,696,051	406,484,756
Income Tax Expense	6	(83,292,899)	1,692,734
Profit for the Year		416,403,152	408,177,490
Earnings Per Share - Basic	7	0.79	0.77
Dividend Per Share - Ordinary Shares	8.1	-	0.40

The Accounting Policies and Notes on pages 57 through 93 form an integral part of these Financial Statements.

Statement of Comprehensive Income

Year ended 31 March 2016

	Note	2016 Rs.	2015 Rs.
Profit for the Year		416,403,152	408,177,490
Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods (net of tax):			
Revaluation surplus on Land and Building	16	73,107,825	-
Gain on Valuation of Financial Assets - Available for Sale		27,291	-
Actuarial Loss on Retirement Benefit Liability	19	(4,840,110)	(16,265,943)
		68,295,006	(16,265,943)
Deferred Tax Charge on Other Comprehensive Income	6.2	(8,192,126)	1,951,913
Net Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods (net of tax):		60,102,880	(14,314,030)
Total Comprehensive Income for the Year, Net of Tax		476,506,032	393,863,460

The Accounting Policies and Notes on pages 57 through 93 form an integral part of these Financial Statements.

Statement of Financial Position

As at 31 March 2016

	Note	2016 Rs.	2015 Rs.
ASSETS			
Non-current Assets			
Property, Plant and Equipment	9	2,765,967,958	2,803,114,401
Leasehold Property	11	86,238,312	87,275,245
Loans Granted to Related Parties	14.2.a	885,922,345	944,459,909
Financial Assets - Available for Sale	10	1,373,357	-
		3,739,501,972	3,834,849,555
Current Assets			
Inventories	13	170,852,144	158,481,484
Trade and Other Receivables	14	120,526,094	114,488,280
Advances and Prepayments	14	332,125,927	118,588,289
Tax Receivable		-	1,950,134
Loans Granted to Related Parties	14.2	166,845,380	149,564,388
Cash and Cash Equivalents	21	132,854,760	83,808,280
		923,204,305	626,880,855
Total Assets		4,662,706,277	4,461,730,410
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated Capital	15	1,393,327,565	1,393,327,565
Revaluation Reserve	16	1,171,644,801	1,104,364,942
Available for Sale Reserve		27,291	-
Retained Earnings		1,104,543,954	705,829,933
Total Equity		3,669,543,611	3,203,522,440

	Note	2016 Rs.	2015 Rs.
Non-current Liabilities			
Amount Due on Leasehold Property	17	30,200,667	34,272,666
Interest Bearing Loans and Borrowings	18	383,554,000	612,544,881
Post Employment Benefit Liability	19	81,805,833	64,415,310
Deferred Tax Liability	6.2	156,536,269	134,339,542
		652,096,769	845,572,399
Current Liabilities			
Amount due on Leasehold Property	17	4,072,000	4,072,000
Interest Bearing Loans and Borrowings	18	67,616,658	96,361,296
Trade and Other Payables	20	235,083,461	304,908,174
Tax Payable		28,359,125	-
Dividend Payable		5,934,653	7,294,101
		341,065,897	412,635,571
Total Equity and Liabilities		4,662,706,277	4,461,730,410

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

(Sgd.)

Chief Financial Officer

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

(Sgd.)

Director

(Sgd.)

Director

The Accounting Policies and Notes on pages 57 through 93 form an integral part of these Financial Statements.

21 July 2016

Colombo

Statement Of Changes In Equity

Year ended 31 March 2016

	Note	Available for Sale Reserve Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.	
Balance as at 01 April 2014		1,393,327,565	-	1,101,419,969	524,466,303	3,019,213,837
Fair Value Adjustment - Guarantees		-	-	-	(1,116,812)	(1,116,812)
Profit for the Year		-	-	-	408,177,490	408,177,490
Other Comprehensive Income for the Year		-	-	-	(14,314,030)	(14,314,030)
Total Comprehensive Income for the Year		-	-	-	393,863,460	393,863,460
Deferred Tax Reversal on Depreciation Impact		-	-	2,944,973	-	2,944,973
Dividend Paid - Ordinary Shares	8	-	-	-	(211,383,018)	(211,383,018)
Balance as at 31 March 2015		1,393,327,565	-	1,104,364,942	705,829,933	3,203,522,440
Fair Value Adjustment - Guarantees		-	-	-	(13,429,834)	(13,429,834)
Profit for the Year		-	-	-	416,403,152	416,403,152
Other Comprehensive Income for the Year		-	27,291	64,334,886	(4,259,297)	60,102,880
Total Comprehensive Income for the Year		-	27,291	64,334,886	412,143,855	476,506,032
Deferred Tax Reversal on Depreciation Impact	16	-	-	2,944,973	-	2,944,973
Dividend Paid - Ordinary Shares	8	-	-	-	-	-
Balance as at 31 March 2016		1,393,327,565	27,291	1,171,644,801	1,104,543,954	3,669,543,611

The Accounting Policies and Notes on pages 57 through 93 form an integral part of these Financial Statements.

Statement of Cash Flows

Year ended 31 March 2016

	Note	2016 Rs.	2015 Rs.
Cash Flows From Operating Activities			
Profit Before Income Tax Expense		499,696,051	406,484,756
Adjustments for			
Amortisation of Leasehold Land	11	1,036,933	1,036,933
Depreciation	9.2	207,696,967	211,608,715
(Profit)/Loss on Disposal of Property, Plant and Equipment		(16,392)	47,100
Finance Income	4.2	(97,487,216)	(73,381,946)
Finance Costs		68,554,222	57,699,718
Unrealised Foreign Currency Exchange Loss	4.1		1,246,176
Foreign Currency Exchange Gain		(3,538,543)	-
Provision for Gratuity	19	16,164,020	14,091,371
Provision for Bad Debt		5,130,715	
Operating Profit Before Working Capital Changes		697,236,757	618,832,823
Increase in Inventories		(12,370,660)	(20,145,674)
Increase in Trade and Other Receivables		(218,344,310)	115,649,610
Increase in Trade and Other Payables		(69,824,713)	119,206,890
Cash Generated From Operations		396,697,074	833,543,649
Income Tax Paid		(38,857,380)	(11,689,610)
Finance Costs Paid		(53,260,551)	(57,188,259)
Defined Benefit Plan Costs Paid	19	(3,613,607)	(2,747,409)
Net Cash From Operating Activities		300,965,536	761,918,371

Statement of Cash Flows

Year ended 31 March 2016

	Note	2016 Rs.	2015 Rs.
Cash Flows From/(Used in) Investing Activities			
Acquisition of Property, Plant and Equipment	9.4	(130,907,488)	(228,856,433)
Proceeds from Sale of Property, Plant and Equipment		33,481,181	3,931,232
Investment in Financial Assets		(1,346,066)	-
Finance Income Received		79,262,802	71,753,675
Loans Granted to Related Parties		41,256,573	(11,284,022)
Net Cash Flows From/ (Used in) Investing Activities		21,747,002	(164,455,548)
Cash Flows From/(Used in) Financing Activities			
Proceeds from Interest Bearing Loans and Borrowings	18		698,156,000
Payment of Amount due on Leasehold Property	17	(4,072,000)	(4,072,000)
Repayment of Interest Bearing Loans and Borrowings		(271,152,235)	(384,822,113)
Dividend Paid		(1,359,448)	(207,119,441)
Net Cash Flows From/(Used in) Financing Activities		(276,583,683)	102,142,446
Net Increase/(Decrease) in Cash and Cash Equivalents		46,128,855	699,605,269
Cash and Cash Equivalents at the beginning of the year	21	83,806,470	(615,798,799)
Cash and Cash Equivalents at the end of the year	21	129,935,325	83,806,470

The Accounting Policies and Notes on pages 57 through 93 form an integral part of these Financial Statements.

Notes to the Financial Statements

Year ended 31 March 2016

1. CORPORATE INFORMATION

1.1 General

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

1.2 Principal Activities and Nature of Operations

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

1.3 Parent Enterprise and Ultimate Parent Enterprise

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

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

1.4 Date of Authorization for Issue

The Financial Statements of Asiri Surgical Hospital PLC for year ended 31 March 2016 was authorized for issue in accordance with a resolution of the Board of Directors dated 21 July 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

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

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

2.1.1 Statement of Compliance

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

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

2.1.2 Comparative Information

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

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

2.2 Significant Accounting Judgments, Estimates and Assumptions

Estimates and Assumptions

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

Fair Value of Property, Plant and Equipment

The Company measures buildings at revalued amounts with changes in fair value being recognized in other

Notes to the Financial Statements

Year ended 31 March 2016

comprehensive income. The Company engaged an independent valuation specialist to assess fair value of such assets as at 31 March 2016. (Refer Note 9.5 to these financial statements).

Deferred Taxes

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

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

Defined Benefit Plans

The cost of the retirement benefit plan of employees is determined using an actuarial valuation. The actuarial valuation is based on assumptions concerning the rate of interest, rate of salary increase, staff turnover, retirement age and going concern of the Company. Due to the long term nature of the plan, such estimates are subject to significant uncertainty. (Refer Note 19 to these financial statements)

Impairment of Non-Financial Assets

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

Impairment of Trade and Other Receivables

The Company reviews at each reporting date all receivables to assess whether impairment should be recorded in the statement of profit or loss. The management uses judgment in estimating such allowance considering the duration of outstanding and any other factors management is aware of that indicates uncertainty in recovery. (Refer Note 14 to these financial statements)

Transfer Pricing Regulation

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

2.3 Summary of Significant Accounting Policies Applied

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

2.3.1 Foreign Currency Translation

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

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

at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

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

2.3.2 Fair Value Measurement

Fair value related disclosures for non-financial assets and financial instruments that are measured at fair value or where fair values are disclosed are summarised in Note 9.5, 10 and 18 to the financial statements.

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

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

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

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

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

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

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

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

For assets and liabilities that are recognised in the Financial Statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest

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Year ended 31 March 2016

level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

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

2.3.3 Revenue Recognition

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

a. Rendering of Services

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

b. Finance Income

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

c. Dividend Income

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

d. Others

Other income is recognised on accrual basis.

2.3.4 Taxation

Current Taxes

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

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

Deferred Taxation

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

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

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

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

2.3.5 Property, Plant and Equipment

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

Buildings are subsequently measured at fair value, less accumulated depreciation and accumulated impairment on

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

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

A revaluation surplus is recognised in other comprehensive income and credited to the revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in the statement of profit or loss, the increase is recognised in the statement of profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

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

2.3.6 Leases

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

Notes to the Financial Statements

Year ended 31 March 2016

specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee:

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

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

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

2.3.7 Borrowing Costs

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

2.3.8 Financial Instruments - Initial Recognition and Subsequent Measurement

i) Financial Assets

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

Initial Recognition and Measurement

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

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

Subsequent Measurement

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

Available-for-sale financial investments

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

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

Trade and Other Receivables

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

Derecognition

Financial Assets

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

Impairment of Financial Assets

The Company assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition

of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial Assets Carried at Amortised Cost

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

ii) Financial Liabilities

The Company's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, financial guarantees contracts and other financial liabilities. Financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

Notes to the Financial Statements

Year ended 31 March 2016

Initial Recognition and Measurement

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

Subsequent Measurement

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

Interest Bearing Loans and Borrowings

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

Financial Guarantee Contracts

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

Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present

obligation at the reporting date and the amount recognised less cumulative amortisation.

Derecognition

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

2.3.9 Inventories

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

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

2.3.10 Impairment of Non-financial Assets

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

from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2.3.11 Cash and Cash Equivalents

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

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

2.3.12 Provisions

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

2.3.13 Post Employment Benefits

a. Defined Benefit Plan - Gratuity

The Company measures the present value of the promised retirement benefits of gratuity which is a defined benefit plan

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

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

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

The Gratuity liability is not externally funded.

b. Defined Contribution Plans

Employees’ Provident Fund and Employee’ Trust Fund

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

2.4 Standards Issued But Not Yet Effective

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

Notes to the Financial Statements

Year ended 31 March 2016

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

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

(ii) SLFRS 15 -Revenue from Contracts with Customers

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including LKAS 18 Revenue, LKAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. This standard is effective for the annual periods beginning on or after 01 January 2018.

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

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

3. REVENUE AND OTHER INCOME

3.1 Revenue

	2016 Rs.	2015 Rs.
Healthcare Services	2,922,313,378	2,653,704,728
	2,922,313,378	2,653,704,728

3.2 Other Income

	2016 Rs.	2015 Rs.
Rental Income	10,567,000	9,817,000
Profit on Disposal of Property, Plant and Equipment	16,392	-
Exchange Gain	3,538,543	-
	14,121,935	9,817,000

4. FINANCE COST AND INCOME

4.1 Finance Cost

	2016 Rs.	2015 Rs.
Interest Expense on Overdrafts	106,366	23,333,092
Interest Expense on Loans, Borrowings and Finance Leases	44,961,657	30,568,080
Interest on Guarantees	4,794,580	511,458
Bank Charges on Interest Bearing Loans	5,660,972	1,445,518
Loss on Foreign Exchange Long Term Borrowings	13,030,647	3,087,746
	68,554,222	58,945,894

Notes to the Financial Statements

Year ended 31 March 2016

	2016 Rs.	2015 Rs.
4.2 Finance Income		
Interest Income	79,262,802	71,753,675
Guarantee Income	18,224,414	1,628,271
	97,487,216	73,381,946

5. PROFIT BEFORE TAX

Stated after Charging

Included in Cost of Sales

	2016 Rs.	2015 Rs.
Depreciation	124,773,391	125,633,769
Employee Benefits including the following:	557,546,886	499,315,717
- Defined Contribution Plan Costs - EPF and ETF	40,378,729	36,155,577

Included in Administrative Expenses

	2016 Rs.	2015 Rs.
Depreciation	82,923,577	85,974,945
Employee Benefits Including the Following:	239,738,653	203,065,009
- Defined Benefit Plan Costs - Gratuity	16,164,020	14,091,371
- Defined Contribution Plan Costs - EPF and ETF	18,351,583	15,363,575
Directors' Fees and Remuneration	9,594,562	5,060,000
Amortisation of Leasehold Property	1,036,933	1,036,933
Donations	50,000	155,700
Legal Fees	956,722	2,136,640
Audit Fees and Reimbursable Expenses	1,064,239	965,850

Included in Selling and Distribution Costs

	2016 Rs.	2015 Rs.
Advertising Costs	13,875,568	8,011,881
Provision for / Reversal of Bad Debts	5,130,715	(1,309,375)

6. INCOME TAX EXPENSE

	2016 Rs.	2015 Rs.
Current Income Tax		
Current Income Tax Charge (Note 6.1)	67,022,179	9,383,163
Over Provision in Respect of Previous Years	(678,854)	(17,652,701)
	66,343,325	(8,269,538)
Deferred Income Tax		
Deferred Taxation Expense (Note 6.2)	16,949,574	6,576,804
Income Tax Expenses/(Reversal) Reported in the Statement of Profit or Loss	83,292,899	(1,692,734)
Deferred Income Tax		
Deferred Taxation Expense (Note 6.2)	8,192,126	(1,951,913)
Income Tax Expenses/ (Reversal) Reported in the Statement of Total Comprehensive Income	91,485,025	(3,644,647)

6.1 Reconciliation between Current Tax Expense and Accounting Profit

	2016 Rs.	2015 Rs.
Accounting Profit before Income Tax	499,696,051	406,484,756
Disallowable Expenses	254,553,051	241,004,746
Allowable Expenses	(204,522,004)	(210,566,514)
Profit Exempt from Income Tax	(19,934,556)	(295,469,542)
Assessable Income	529,792,542	141,453,446
Less: Deductions under Section 32	-	-
Less: Qualifying Payments	(38,051,911)	(72,805,567)
Taxable Income	491,740,631	68,647,879
Income Tax Expense - 12%	52,998,620	7,378,683
Income Tax Expenses - 28%	14,023,559	2,004,480
Total Income Tax Expenses	67,022,179	9,383,163

Notes to the Financial Statements

Year ended 31 March 2016

6.2 Deferred Tax Assets and Liabilities

	Statement of Financial Position		Statement of Profit or Loss		Statement of Other Comprehensive Income	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Deferred Tax Liability						
- Revaluation of Building	153,076,625	147,248,659	-	-	8,772,939	-
	153,076,625	147,248,659	-	-	8,772,939	-
Deferred Tax Assets						
- Capital Allowances for Tax Purposes	13,276,344	(5,179,280)	18,455,624	7,938,080	-	-
- Defined Benefit Plans	(9,816,700)	(7,729,837)	(1,506,050)	(1,361,276)	(580,813)	(1,951,913)
	3,459,644	(12,909,117)	16,949,574	6,576,804	(580,813)	(1,951,913)
Deferred Tax (Income)/Expense			16,949,574	6,576,804	8,192,126	(1,951,913)
Directly Charge to Equity (Revaluation Reserve - Note 16)			(2,944,973)	(2,944,973)		
Net Deferred Tax Liability	156,536,269	134,339,542				

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

7. EARNINGS PER SHARE

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

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

	2016 Rs.	2015 Rs.
Profit for the Year	416,403,152	408,177,490
Profit Attributable to Ordinary Shareholders for Basic Earnings Per Share	416,403,152	408,177,490
Number of Ordinary Shares used as the Denominator		
	2016 Number	2015 Number
Weighted Average number of Ordinary Shares in Issue Applicable to Basic Earnings Per Share	528,457,545	528,457,545

8. DIVIDENDS PAID AND PROPOSED

Declared and Paid During the Year

8.1 Equity Dividends on Ordinary Shares :

Interim Dividend for 2015/2016: NIL (2014/2015: Rs. 0.40 - per share)

	2016 Rs.	2015 Rs.
Interim Dividend for 2015/2016: NIL (2014/2015: Rs. 0.40 - per share)	-	211,383,018
	-	211,383,018

9. PROPERTY, PLANT AND EQUIPMENT

9.1 Gross Carrying Amounts

	Balance as at 01.04.2015 Rs.	Additions Rs.	Valuation Rs.	Disposals Rs.	Balance as at 31.03.2016 Rs.
At Valuation					
Building on Leasehold Land	2,123,111,447	10,985,767	(86,097,214)	-	2,048,000,000
	2,123,111,447	10,985,767	(86,097,214)	-	2,048,000,000

Notes to the Financial Statements

Year ended 31 March 2016

9.1 Gross Carrying Amounts (Contd.)

	Balance as at 01.04.2015 Rs.	Additions Rs.	Valuation Rs.	Disposals Rs.	Balance as at 31.03.2016 Rs.
At Cost					
Medical Equipment	1,560,878,518	87,210,005	-	-	1,648,088,523
Furniture and Fittings	105,916,376	7,103,429	-	(264,596)	112,755,209
Motor Vehicles	66,078,251	9,200,180	-	(46,580,815)	28,697,616
Sundry Equipment	443,311,784	16,408,107	-	(538,832)	459,181,059
	2,176,184,929	119,921,721	-	(47,384,243)	2,248,722,407
Total Value of Depreciable Assets	4,299,296,376	130,907,488	(86,097,214)	(47,384,243)	4,296,722,407

9.2 Accumulated Depreciation

	Balance as at 01.04.2015 Rs.	Charge for the Year Rs.	Valuation Rs.	Disposals Rs.	Balance as at 31.03.2016 Rs.
At Valuation					
Building on Leasehold Land	118,177,919	41,027,120	(159,205,039)	-	-
	118,177,919	41,027,120	(159,205,039)	-	-
At Cost					
Medical Equipment	959,498,088	124,773,391	-	-	1,084,271,479
Furniture and Fittings	68,971,848	8,196,548	-	(194,967)	76,973,429
Motor Vehicles	16,767,861	4,263,680	-	(13,198,701)	7,832,840
Sundry Equipment	332,766,259	29,436,228	-	(525,786)	361,676,701
	1,378,004,056	166,669,847	-	(13,919,454)	1,530,754,449
Total Accumulated Depreciation	1,496,181,975	207,696,967	(159,205,039)	(13,919,454)	1,530,754,449

9.3 Net Book Values	2016 Rs.	2015 Rs.
At Valuation		
Building on Leasehold Land	2,048,000,000	2,004,933,528
At Cost		
Medical Equipment	563,817,044	601,380,430
Furniture and Fittings	35,781,780	36,944,528
Motor Vehicles	20,864,776	49,310,390
Sundry Equipment	97,504,358	110,545,525
	717,967,958	798,180,873
Total Carrying Amount of Property, Plant and Equipment	2,765,967,958	2,803,114,401

9.4 During the year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs 130,907,488/- (2015 - 228,856,433/). Cash payments amounting to Rs 130,907,488/- (2015 - Rs.228,856,433/-) were made during the year for purchase of Property, Plant and Equipment.

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

Location	Extent	Independent Valuer	Effective Date of Valuation	Valuation Details	Significant unobservable input (Level 3)	Range	Fair Value measurement Rs.
No 21, Kirimandala Mawatha, Narahenpita	368,123 sq. ft	P B Kalugalagedara & Associates	31-Mar-16	Direct Capital Comparison Method using Depreciated Replacement Cost	Building value per square feet	Rs. 3,000/- to Rs.8,000/-	2,048,000,000/-

Notes to the Financial Statements

Year ended 31 March 2016

9.5 Contd.

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

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

9.6 Depreciation

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

	2015/2016
Buildings on Leasehold Land	Over 60 Years
Medical Equipment	Over 10 Years
Furniture and Fittings	Over 10 Years
Motor Vehicles	Over 5-8 Years
Sundry Equipment	Over 5- 10 Years

9.7 Company's Property, Plant & Equipment include fully depreciated assets, the cost of which at the reporting date amounted to Rs. 490 Mn (2015 - Rs. 483 Mn).

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

Class of Asset	Cost Rs.	Cumulative Depreciation If assets were carried at cost Rs.	Net Carrying Amount 2016	Net Carrying Amount 2015
			Rs.	Rs.
Building on Leasehold Land	991,852,650	188,031,372	803,821,278	809,366,389
	991,852,650	188,031,372	803,821,278	809,366,389

10. AVAILABLE-FOR-SALE INVESTMENT

Investment in Equity Securities

Non-current	Number of Shares		Fair Value	
	2016	2015	2016 Rs.	2015 Rs.
Quoted				
National Development Bank PLC	8,136	-	1,373,357	-
Total Investment in Equity Securities	8,136	-	1,373,357	-

	2016 Rs.	2015 Rs.
10.1		
Balance at the beginning of the Year	-	-
Investments Made During the year	1,346,066	-
Gain on Valuation of Financial Assets - Available for Sale	27,291	-
Balance at the end of the Year	1,373,357	-

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

	2016 Rs.	2015 Rs.
Balance as at the Beginning of the Year	87,275,245	88,312,178
Amortization for the Year	(1,036,933)	(1,036,933)
Balance as at the End of the Year	86,238,312	87,275,245

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

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

Notes to the Financial Statements

Year ended 31 March 2016

11.1 Contd.

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

12. FINANCIAL ASSETS AND LIABILITIES - FAIR VALUE HIERARCHY

	31 March 2016 Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Financial Assets				
Available for Sale Investments	1,373,357	1,373,357	-	-

	31 March 2015 Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Financial Assets	Nil	-	-	-

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

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

	Carrying Amount		Fair Value (Level 2)	
	2016	2015	2016	2015
Financial Liabilities				
Loans and Borrowings-Non Current	383,554,000	612,544,881	383,554,000	611,904,669

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

Assets for which Fair Value Approximates Carrying Value

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

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

Fixed Rate Financial Instruments

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

13. INVENTORIES

	2016 Rs.	2015 Rs.
Chemical and Test Materials	12,967,491	7,358,553
Pharmaceuticals and Surgical Inventory	140,098,665	126,477,535
Consumables	17,785,988	24,645,396
	170,852,144	158,481,484

14. TRADE AND OTHER RECEIVABLES

	2016 Rs.	2015 Rs.
Trade Debtors (Note 14.1)	118,459,315	103,097,618
Less: Provision for Bad Debts	(508,837)	(951,360)
	117,950,478	102,146,258
Other Debtors - Related Parties (Note 14.2)	2,575,616	12,342,022
Trade and Other Receivables	120,526,094	114,488,280
Advances and Prepayments	332,125,927	118,588,289
Loans Granted to Related Parties (Note 14.2)	166,845,380	149,564,388

Notes to the Financial Statements

Year ended 31 March 2016

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

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

	Total Rs.	Neither past due nor Impaired Rs.	Past due but not Impaired			Past due Impaired	
			30-60 Days Rs.	61-90 Days Rs.	91-180 Days Rs.	181-365 Days Rs.	> 365 Days Rs.
2016							
Gross Trade Receivables	118,459,315	69,398,531	23,421,356	12,432,782	8,212,659	4,485,150	508,837
Less: Impairment	(508,837)	-	-	-	-	-	(508,837)
	<u>117,950,478</u>	<u>69,398,531</u>	<u>23,421,356</u>	<u>12,432,782</u>	<u>8,212,659</u>	<u>4,485,150</u>	<u>-</u>
2015							
Gross Trade Receivables	103,097,618	59,550,974	25,958,276	5,991,172	5,929,636	4,716,200	951,360
Less: Impairment	(951,360)	-	-	-	-	-	(951,360)
	<u>102,146,258</u>	<u>59,550,974</u>	<u>25,958,276</u>	<u>5,991,172</u>	<u>5,929,636</u>	<u>4,716,200</u>	<u>-</u>

14.2 Other Debtors - Related Parties

	Relationship	2016 Rs.	2015 Rs.
Asiri Hospital Holdings PLC (Note 14.2.a)	Parent Company	-	6,053,115
Asiri Diagnostic Services (Private) Limited	Fellow Subsidiary	686,083	220,915
Asiri Hospital Kandy (Private) Limited	Fellow Subsidiary	1,737,395	1,737,395
Asiri Hospital Matara (Private) Limited	Fellow Subsidiary	152,138	91,908
Central Hospital Limited	Fellow Subsidiary	-	4,238,689
		<u>2,575,616</u>	<u>12,342,022</u>

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

Loans Granted to Related Parties		2016 Rs.	2015 Rs.
Asiri Hospital Holdings PLC (Note 14.2.a)	Parent Company	50,000,000	-
Softlogic Retail (Private) Limited	Affiliate Company	-	37,442,633
Softlogic Holdings PLC	Ultimate Parent	116,845,380	112,121,755
		166,845,380	149,564,388

14.2.a The balance due from Asiri Hospital Holdings PLC amounting to Rs. 911,631,415/- which was included in current account, has been transferred to Loans due from Related Parties - Non - Current liability as at 31 March 2015. The outstanding balance amounting to Rs. 885,922,345/- as at 31 March 2016 (2015 - Rs. 944,459,909/-) represents the amounts transferred along with accrued interest, .

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

15. STATED CAPITAL

	2016 Number	Rs.	2015 Number	Rs.
Fully Paid Ordinary Shares (Note 15.1)	528,457,545	1,393,327,565	528,457,545	1,393,327,565
		1,393,327,565		1,393,327,565

15.1 Fully Paid Ordinary Shares

	2016 Number	Rs.	2015 Number	Rs.
Balance at Beginning of the Year	528,457,545	1,393,327,565	528,457,545	1,393,327,565
Balance at End of the Year	528,457,545	1,393,327,565	528,457,545	1,393,327,565

Notes to the Financial Statements

Year ended 31 March 2016

16. REVALUATION RESERVE

	2016 Rs.	2015 Rs.
On Buildings		
As at 1 April	1,104,364,942	1,101,419,969
Revaluation Surplus during the Year	73,107,825	-
Deferred tax on Revaluation (Note 6.2)	(8,772,939)	-
Deferred Tax Reversal on Depreciation Impact (Note 6.2)	2,944,973	2,944,973
As at 31 March	<u>1,171,644,801</u>	<u>1,104,364,942</u>

17. AMOUNT DUE ON LEASEHOLD PROPERTY

	2016 Amount Repayable Within 1 Year Rs.	Amount Repayable Within 2-5Years Rs.	Amount Repayable After 5 Years Rs.	2016 Total Rs.	2015 Total Rs.
Payable to the Board of Investment of Sri Lanka					
Gross Liability on Leasehold Land	4,275,600	17,102,400	14,608,300	35,986,300	40,261,900
Less: Finance Charges Allocated to Future Periods	(203,600)	(814,400)	(695,633)	(1,713,633)	(1,917,234)
Net Liability on Leasehold Land	<u>4,072,000</u>	<u>16,288,000</u>	<u>13,912,667</u>	<u>34,272,667</u>	<u>38,344,666</u>

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

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

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

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

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

18. INTEREST BEARING LOANS AND BORROWINGS

	2016 Amount Repayable Within 1 Year Rs.	2016 Amount Repayable After 1 Year Rs.	2016 Total Rs.	2015 Amount Repayable Within 1 Year Rs.	2015 Amount Repayable After 1 Year Rs.	2015 Total Rs.
Long Term Loans	64,697,223	383,554,000	448,251,223	96,359,486	612,544,881	708,904,367
Bank Overdraft (Note 21.2)	2,919,435	-	2,919,435	1,810	-	1,810
	<u>67,616,658</u>	<u>383,554,000</u>	<u>451,170,658</u>	<u>96,361,296</u>	<u>612,544,881</u>	<u>708,906,177</u>

18.2 Bank Loans

	As at 01.04.2015 Rs.	Loans Obtained Rs.	Interest Accrued Rs.	Repayments Rs.	Exchange Difference Rs.	As at 31.03.2016 Rs.
Commercial Bank of Ceylon PLC	512,233,073	-	36,511,824	(100,493,674)	-	448,251,223
International Finance Corporation	196,671,294	-	8,449,831	(218,151,772)	13,030,647	-
	<u>708,904,367</u>	<u>-</u>	<u>44,961,655</u>	<u>(318,645,446)</u>	<u>13,030,647</u>	<u>448,251,223</u>

Notes to the Financial Statements

Year ended 31 March 2016

18.3	Details of the Long Term Loans;	Approved Facility	Repayment Terms	Security	Security Amount Rs.
	Commercial Bank of Ceylon PLC	Rs.511.4 Mn	95 equal monthly installments of Rs 5,328,000/- each and a final installment of Rs 5,266,000/- together with interest.	Concurrent Mortgage Bond No 3329/4687 with Hatton National Bank PLC over hospital property at No181, Kirula Road, Narahenpita, owned by Asiri Hospital Holdings PLC. (Hatton National Bank PLC interest Rs. 75 Mn and our interest Rs. 125 Mn)	125 Mn
				Corporate Guarantee of Asiri Hospital Holdings PLC	Rs. 148.4 Mn
	International Finance Corporation	USD 1.9 Mn	17 equal semi annual installments starting from 15 April 2013	Refer Note 18.4	

18.4 Group IFC Loan Security Details

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

A sum of USD 4,000,000 to be secured by a primary mortgage in respect of all shares of Central Hospital Limited, Asiri Diagnostic Services (Private) Limited and Asiri Hospital Matara (Private) Limited belonging to Asiri Hospital Holdings PLC, a primary additional security mortgage in respect of all shares of Central Hospital Limited belonging to Asiri Central 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. (This Loan has been fully settled during the year)

19. RETIREMENT BENEFIT LIABILITY

	2016 Rs.	2015 Rs.
19.1 Retirement Benefit Obligations (Gratuity)		
Defined Benefit Obligation at the Beginning of the Year	64,415,310	36,805,405
Interest Charge for the Year	6,441,531	4,048,595
Current Service Cost	9,722,489	10,042,776
Actuarial Loss	4,840,110	16,265,943
Benefit Paid During the Year	(3,613,607)	(2,747,409)
Defined Benefit Obligation at the End of the year	81,805,833	64,415,310
Interest Charge for the Year	6,441,531	4,048,595
Current Service Cost	9,722,489	10,042,776
Actuarial Loss	4,840,110	16,265,943
	21,004,130	30,357,314

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

Principal Actuarial Assumptions

The principal financial assumptions underlying the valuation are as follows:

	2016	2015
Discount Rate	11%p.a	10%p.a
Salary Increase Rate	7.5%p.a	10%p.a
Staff Turnover Rate	Up to 50 years - 18%	Up to 50 years - 10%

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

Notes to the Financial Statements

Year ended 31 March 2016

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

	2016 Rs.	2015 Rs.
Discount Rate as at 31 March		
Effect on Retirement Benefit Obligation due to 1% increase in discount rate	(2,962,950)	(3,957,442)
Effect on Retirement Benefit Obligation 1% decrease in discount rate	3,198,002	4,474,779
Salary Escalation Rate as at 31 March		
Effect on Retirement Benefit Obligation 1% increase in Salary Escalation rate	3,644,137	4,720,132
Effect on Retirement Benefit Obligation 1% decrease in Salary Escalation rate	(3,426,756)	(4,245,702)

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

	2016 Rs.
within the next 12 months	16,781,039
between 1 to 2 years	21,602,219
between 3 to 5 years	25,829,863
between 6 to 10 years	12,626,786
beyond 10 years	4,965,927
	81,805,833

The average duration of the defined benefit plan obligation at the end of the reporting period is 4.15 years.

20. TRADE AND OTHER PAYABLES

	2016 Rs.	2015 Rs.
Trade Payables	152,614,232	153,158,181
Other Payable - Related Party (Note 20.1)	22,808,613	47,961,355
Sundry Creditors Including Accrued Expenses	59,660,616	103,788,638
	235,083,461	304,908,174

20.1 Other Payable - Related Party		2016 Rs.	2015 Rs.
	Relationship		
Asiri Hospital Holdings PLC	Parent Company	22,808,613	47,961,355
		22,808,613	47,961,355

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

21. CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT

Components of Cash and Cash Equivalents		2016 Rs.	2015 Rs.
21.1 Favourable Cash and Cash Equivalents Balance			
Cash and Bank Balances		132,854,760	83,808,280
		132,854,760	83,808,280
21.2 Unfavourable Cash and Cash Equivalents Balance			
Bank Overdraft		(2,919,435)	(1,810)
Total Cash and Cash Equivalents for the Purposes of the Cash Flow Statement		129,935,325	83,806,470

22. COMMITMENTS AND CONTINGENCIES

22.1 Capital Expenditure and Other Commitments

22.1.1 Capital Expenditure Commitments

The Company does not have significant capital commitments as at 31 March 2016 (2015 - Nil).

22.1.2 Other Commitments

The Company has not entered in to Foreign Exchange Forward Contracts as at 31 March 2016 (2015-Nil).

Notes to the Financial Statements

Year ended 31 March 2016

22.2 Contingent Liabilities

a. Legal Claims

Pending litigations against the Company with a Maximum liability of Rs. 100 Mn exist as at the reporting date. (2015 - Rs. 100 Mn)

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

b. Guarantees

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

	2016 Rs. Mn	2015 Rs. Mn
Cargills Bank Limited	-	125
Sampath Bank PLC	463	463
Nations Trust Bank PLC	200	200
Hatton National Bank PLC	330	180
Commercial Bank of Ceylon PLC	1,480	1,480
	2,473	2,448

22.3 Contingent Income Taxes

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

23. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There have been no material events occurring after 31 March 2016 that require adjustments to or disclosure in the financial statements.

24. RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows.

Notes to the Financial Statements

Year ended 31 March 2016

24.1 Transactions with Parent and Related Entities

	Softlogic Holdings PLC Ultimate Parent Company	
	2016 Rs.	2015 Rs.
24.1.1 Nature of Transaction		
As at 1 April	112,121,755	107,888,812
Repayment of Temporary Finance Obtained and Fund Transfers	(1,848,389)	(2,114,078)
Temporary Finance Granted	-	-
Interest Charged	6,572,014	6,350,221
Sale/(Purchase) of Goods/ Services including Staff Related Items	-	104,810
Channelling Fee Collected by Related Party/ (Company on behalf of the Related Party)	-	-
Expenses Incurred by the Company on behalf of Related Party	-	(108,010)
As at 31 March	116,845,380	112,121,755
Included under Trade and Other Receivables (Note 14.2)	-	-
Included Under Loans Granted to Related Parties (Note 14.2 and 14.2.a)	116,845,380	112,121,755
Included under Trade and Other Payables (Note 20)	-	-
	116,845,380	112,121,755

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

24.1.2 As at 31 March 2016, Company has paid Rs. 25,607,455/- to Softlogic BPO Services (Private) Limited for the implementation of new ERP system and included under Advances and Prepayments (Note 14).

Asiri Hospitals Holdings PLC Parent Company		Transactions with Group Companies*		Total	
2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
902,551,669	933,175,891	43,731,540	179,464,129	1,058,404,964	1,220,528,832
(74,340,817)	-	(54,938,232)	(17,888,058)	(131,127,438)	(20,002,136)
50,000,000	33,807,499	-	(143,807,499)	50,000,000	(110,000,000)
63,473,139	60,700,438	1,348,739	4,446,899	71,393,892	71,497,558
(38,842,073)	11,602,865	13,201,706	19,687,732	(25,640,367)	31,395,407
9,644,350	11,724,503	(85,700)	(374,150)	9,558,650	11,350,353
627,464	(148,459,527)	(682,437)	2,202,487	(54,973)	(146,365,050)
913,113,732	902,551,669	2,575,616	43,731,540	1,032,534,728	1,058,404,964
-	6,053,115	2,575,616	6,288,907	2,575,616	12,342,022
935,922,345	944,459,909	-	37,442,633	1,052,767,725	1,094,024,297
(22,808,613)	(47,961,355)	-	-	(22,808,613)	(47,961,355)
913,113,732	902,551,669	2,575,616	43,731,540	1,032,534,728	1,058,404,964

Notes to the Financial Statements

Year ended 31 March 2016

24. RELATED PARTY DISCLOSURES (Contd...)

24.2 Off Balance Sheet Items

a. Guarantees made on behalf of Asiri Hospital Holdings PLC, has been given in Note 22.2.(b to these Financial Statements.

b. Asiri Hospital Holdings PLC has granted Corporate Guarantees to Commercial Bank of Ceylon PLC, Sampath Bank PLC and Hatton National Bank PLC to secure the banking facilities obtained by the Company, for the value of Rs. 578Mn, Rs. 100Mn and Rs. 100Mn respectively.

24.3 Transactions with Key Management Personnel of the Company

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

	2016 Rs.	2015 Rs.
24.3.1 Key Management Personnel Compensation		
Short Term Employment Benefits	9,594,562	5,060,000
Total Compensation Paid to Key Management Personnel	9,594,562	5,060,000

24.3.2 Share Transactions

The directors of the company hold 17,133 shares of Asiri Surgical Hospital PLC as at 31 March 2016.(2015- 17,133 shares)

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

Name of the Related Party	Details of Transactions	Services (Obtained)/ Rendered 2016 Rs.	Services (Obtained)/ Rendered 2015 Rs.
Asian Alliance Insurance PLC	Insurance	(11,240,002)	(8,905,690)
Softlogic BPO Services (Private) Limited	Software Maintenance	(2,796,860)	(2,092,910)
Softlogic Computers (Private) Limited	Purchase of Computers and Accessories	(4,926,872)	(724,256)
Softlogic Brands (Private) Limited	Supply of Furniture	-	(76,810)
Softlogic Communication (Private) Limited	Purchase of Mobile Phones	(31,220)	(203,050)
Softlogic Information Technologies (Private) Limited	Purchase of Computers and Accessories	(7,113,204)	(6,772,963)
Softlogic Corporate Services (Private) Limited	Secretarial Services	(1,350,300)	(1,005,750)
Softlogic Retail (Private) Limited	Purchase of Computers and Software Accessories	4,544,609	(10,324,838)
Future Automobiles (Private) Limited	Purchase of Motor Vehicles	14,988,784	(21,526,825)
Softlogic Finance PLC	Motor vehicles	75,000	(400,000)
Softlogic Automobiles (Pvt) Ltd	Services and Repairs	335,151	(103,572)

24.4 Other Transactions

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

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

Notes to the Financial Statements

Year ended 31 March 2016

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

Credit Risk

The Company 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.

Legal Risk

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

Foreign Exchange Risk

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

Investment Risk

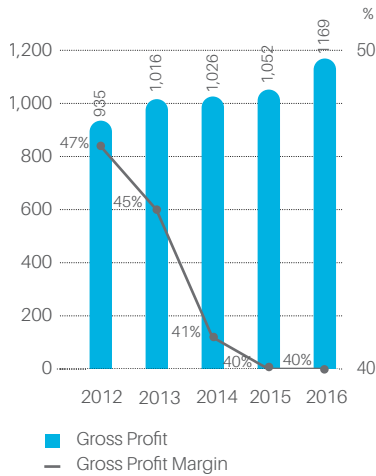
A common uncertainty associated with investments is that they may not provide the desired returns. The Company invests substantial sums in capital expenditure for expansion and new services. Returns on such investments are closely monitored and benefits are periodically evaluated.

Liquidity Risk

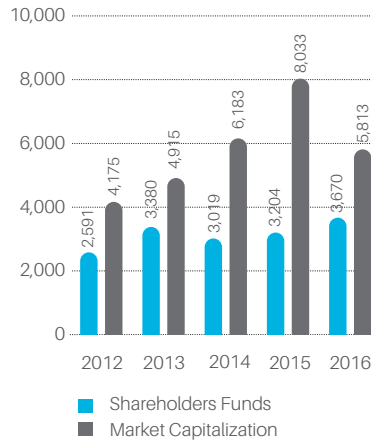
Cash flow forecasting is performed by the finance division. The finance division monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Company's covenant compliance and compliance with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

Graphical Review

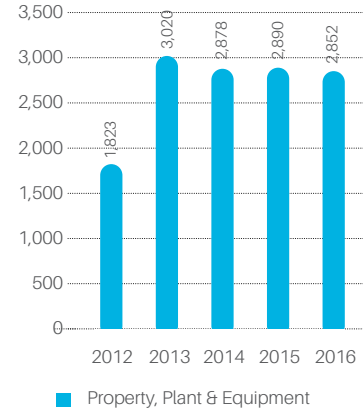
Gross Profit



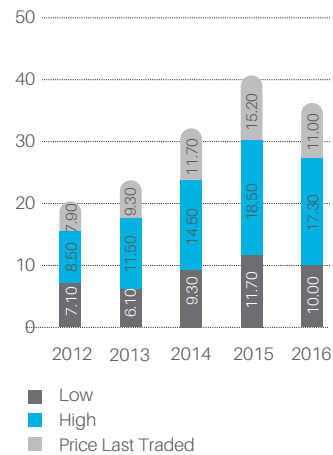
Total Equity Vs Market Capitalization



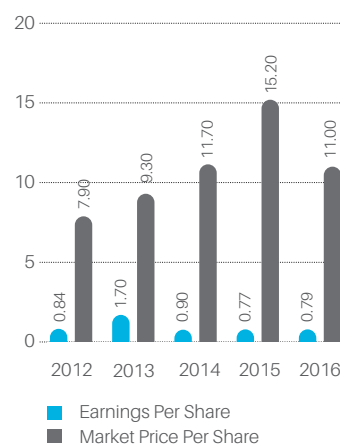
Property, Plant & Equipment



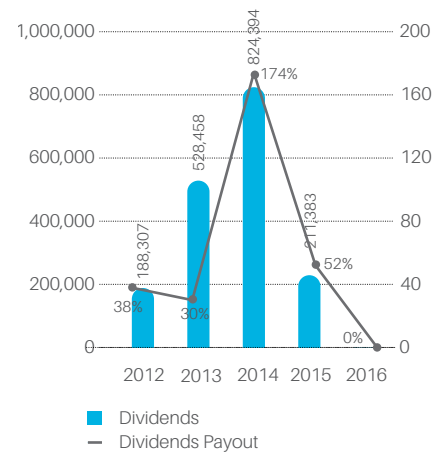
Share Price



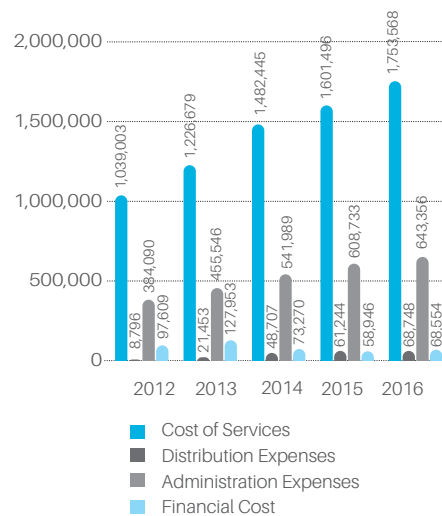
Earnings and Market Value



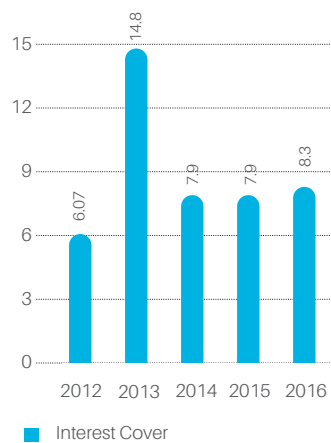
Dividends Paid



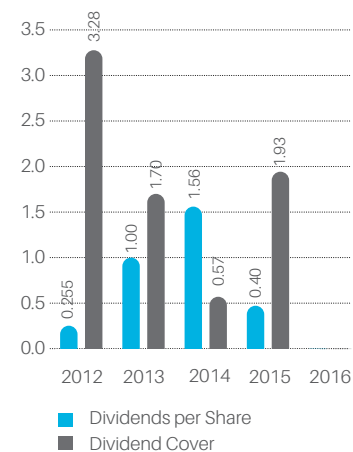
Expense Analysis



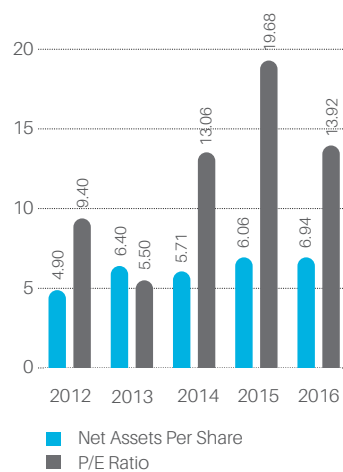
Interest Cover



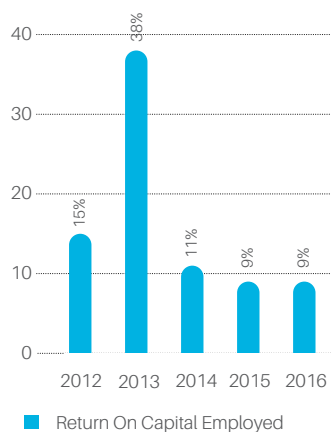
Dividends



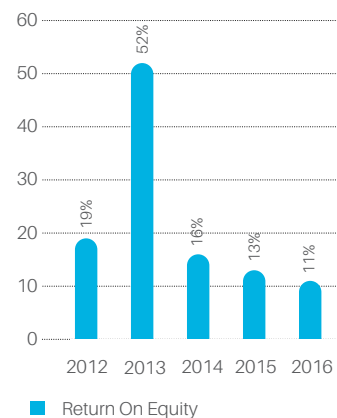
Share Value



Return On Capital Employed



Return On Equity



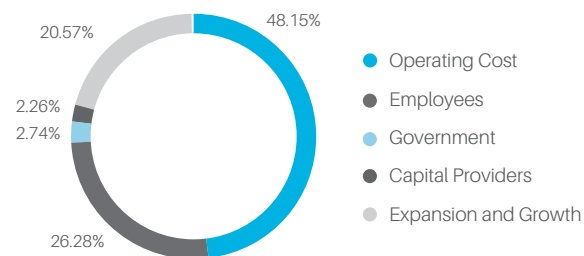
Economic Value Added Statement

		2015/16 Rs.'000	2014/15 Rs.'000	
Direct economic value generated				
Revenue		2,922,313	2,653,705	
Other Income		14,122	9,817	
Finance Income		97,487	73,382	
		3,033,922	2,736,904	
Economic Value Distributed				
	%			%
Operating Cost	48.15	1,460,689	1,357,484	49.60
Employees				
Employee Wages & Benefits	26.28	797,286	702,381	25.66
Government				
All Taxes	2.74	83,293	-1,693	-0.06
Capital Providers				
Finance Cost	2.26	68,554	58,946	2.15
Shareholders	-	-	211,383	7.72
Expansion and Growth				
Depreciation	6.85	207,697	211,609	7.73
Retained Profit	13.72	416,403	196,794	7.19
	100.00	3,033,922	2,736,904	100.00

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

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

Through its operations during the financial year 2015/16, the company created a total wealth of Rs.3.03 billion, which was a 10% increase over the previous year.



Shareholder Information

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

The Audited Financial Statements of the Company for the year ended March 31, 2016 and copies of this annual report have been submitted to the Colombo Stock Exchange

Distribution of Shareholders				3/31/16			3/31/15		
				No of Shareholders	Holding	Holding %	No of Shareholders	Holding	Holding %
1	to	1000	shares	1,684	458,446	0.09	1,601	447,252	0.08
1,001	to	10,000	shares	807	3,299,183	0.62	756	3,036,561	0.57
1,0001	to	100,000	shares	496	15,298,730	2.89	480	14,712,694	2.78
100,001	to	1,000,000	shares	104	29,441,271	5.57	106	28,666,935	5.42
Over		1,000,001	shares	12	479,959,915	90.82	13	481,594,103	91.13
Total				3,103	528,457,545	100.00	2,956	528,457,545	100.00
Composition of Shareholders									
Individual				3,022	134,093,551	25.37	2,887	134,399,472	25.43
Institutional				81	394,363,994	74.63	69	394,058,073	74.57
Total				3,103	528,457,545	100.00	2,956	528,457,545	100.00
Resident				3,081	528,045,081	99.92	2,932	527,763,831	99.87
Non-Resident				22	412,464	0.08	24	693,714	0.13
Total				3,103	528,457,545	100.00	2,956	528,457,545	100.00

Major Shareholdings

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

	31st March 2016		31st March 2015	
Asiri Hospital Holdings PLC	389,391,719	73.68	389,391,719	73.68
Mr. D. K. Subasinghe/Mrs. S. N. Subasinghe	49,514,793	9.37	49,514,793	9.37
Mr. P. P. Subasinghe	8,636,476	1.63	8,708,959	1.65
Mrs. N. Weerasinghe	7,500,015	1.42	7,500,015	1.42
Mrs. N. Weerasinghe/Miss L. I. Weerasinghe	7,499,999	1.42	7,499,999	1.42
Mrs. N. Weerasinghe/Miss. T. T. Weerasinghe	7,499,999	1.42	7,499,999	1.42
Mr. D. M. Rajapaksa/Dr. M.D.B.D. Rajapaksa	3,050,250	0.58	3,438,622	0.65
Mr.M.D.N. Jayaratne/Mrs.H.C.D.Jayaratne	2,249,998	0.43	2,249,998	0.43
Mr. M.R. Weerasinghe	2,000,000	0.38	2,000,000	0.38
Miss. Chandani Vishaka Ariyaratne	1,333,333	0.25	1,333,333	0.25
Mrs.Menaka Priyadarsani Rajapakse	1,283,333	0.24	1,283,333	0.24
Mr.Edirisingha Chandrasekara			1,173,333	0.22
Bank of Ceylon	1,000,000	0.19	1,000,000	0.19
Dr.Dammearchchi Anuja Somaratne	862,499	0.16	862,499	0.16
Mr.Chaminda Dilantha Weerasinghe(Deceased)	833,333	0.16	833,333	0.16
Mr Udiitha Harilal Palihakkara/Mrs.D.S.Palihakkara	827,687	0.16	827,687	0.16
Dr.Himali Rangika Jayasekara Gunawardena	749,999	0.14	749,999	0.14
Dr.W.M.Swarnamali Welagedara	749,999	0.14	749,999	0.14
Mrs Sithy Jazeema Badurdeen	749,999	0.14	749,999	0.14
Mr Mohamed Faizer Hashim	748,726	0.14	748,726	0.14
Mr. N. D. Kurukulasuriya	730,361	0.14		
	487,212,518	92.20	488,116,345	92.37
Shares held by the other shareholdings	41,245,027	7.80	40,341,200	7.63
Total No. of Shares issued	528,457,545	100.00	528,457,545	100.00
Public Shareholding	139,048,693	26.31	139,048,693	26.31
Share Trading	2015/16		2014/15	
Market Price (Rs.)				
Highest	17.30	(10/07/15)	18.50	(7/11/14)
Lowest	10.00	(02/03/16)	11.70	(10/04/14)
As at year end	11.00	(31/03/16)	15.20	(31/03/15)
No of Trades	1,336		5487	
No of Shares Traded	1,774,741		11,294,777	
Value of the Shares Traded (Rs.)	23,123,047		166,898,477	
Earnings per Share (Rs.)	0.79		0.77	
Dividends per Share (Rs.)	-		0.40	
Net Assets per Ordinary Share (Rs.)	6.94		6.06	

Five Year Summary

Year ended 31 March 2016	Rs.'000	2016	2015	2014	2013	2012
Income Statements						
Revenue		2,922,313	2,653,705	2,508,491	2,242,969	1,973,666
Cost of Services		(1,753,568)	(1,601,496)	(1,482,445)	(1,226,679)	(1,039,003)
Gross Profit		1,168,745	1,052,209	1,026,046	1,016,290	934,663
Other Income and Gains		14,122	9,817	11,166	1,252,965	8,327
Administration and Distribution Expenses		(712,104)	(669,977)	(590,696)	(476,999)	(392,885)
Finance Cost		(68,554)	(58,946)	(73,270)	(127,953)	(97,609)
Finance Income		97,487	73,382	132,260	113,253	21,889
Share of Profit/(Loss) of Associate		-	-	-	(12,324)	36,181
Net Trading Income/ (Expenses)		-	-	-	-	21,426
Net Exchange Gain/ (Loss)		-	-	-	2,034	(38,214)
Profit before Tax		499,696	406,485	505,505	1,767,266	493,778
Income Tax (Expense)/ Reversal		(83,293)	1,693	(32,170)	(21,584)	1,902
Net Profit for the year		416,403	408,177	473,335	1,745,683	495,680
Balance Sheet						
Property Plant & Equipment		2,852,206	2,890,390	2,878,157	3,019,867	1,822,772
Deferred Tax Asset		-	-	-	-	10,586
Investment in Associates		-	-	-	-	763,176
Financial Assets - Available for Sale		1,373	-	-	-	270,021
Inventories		170,852	158,481	138,336	127,300	120,286
Receivables		1,505,420	1,329,051	1,431,466	1,389,701	890,072
Cash and cash equivalents		132,855	83,808	29,013	44,929	20,605
Total Assets		4,662,706	4,461,730	4,476,972	4,581,797	3,897,517
Stated Capital		1,393,328	1,393,328	1,393,327	1,393,327	1,393,328
Reserve		1,171,672	1,104,365	1,101,420	1,101,420	53,047
Retained Earnings		1,104,544	705,830	524,466	885,374	1,145,058
Shareholders' Funds		3,669,544	3,203,522	3,019,213	3,380,121	2,591,433
Non Interest Bearing Long Term Liabilities		30,200	34,273	38,345	42,417	46,489
Interest Bearing Long Term Liabilities		383,554	612,545	271,722	383,853	598,039
Deferred Tax Liability		156,536	134,340	132,660	137,288	-
Deferred Retirements Obligations		81,806	64,415	36,805	23,979	23,976
Trade Creditors		235,083	304,908	185,701	166,727	130,478
Other Payables		34,294	7,294	21,040	8,473	1,176
Non Interest Bearing Loans and Borrowings		4,072	4,072	4,072	4,072	4,072
Interest Bearing Short Term Borrowings		67,617	96,361	767,414	434,867	501,854
Total Equity & Liabilities		4,662,706	4,461,730	4,476,972	4,581,797	3,897,517
Cash Flow						
Net Cash Flow from operating activities		300,966	761,918	549,273	307,816	190,261
Net Cash Flow used in Investing activities		21,747	(164,456)	47,487	2,010,484	(182,044)
PBIT/Turnover		19%	18%	23%	84%	30%
GP Margin		40%	40%	41%	45%	47%
Debts to Equity		0.21	0.28	0.33	0.26	0.34
Quick Asset Ratio		2.21	1.14	1.49	2.34	1.43

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting of Asiri Surgical Hospital PLC will be held at Hotel Janaki, Fife Road, Colombo 05 on Monday the 19th day of September 2016 at 11.30 a.m. for the following purposes:

- 1) To receive and consider the Annual Report of the Board of Directors and Financial Statements of the Company for the year ended 31st March 2016 together with the Report of the Auditors thereon.
- 2) To ratify the Interim Dividend of Rs. 0.40 per share paid on 24th May 2016 as the Final Dividend for the year ended 31st March 2016.
- 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-appoint Messrs Ernst & Young as Auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration.
- 5) To authorize the Directors to determine and make donations for the year ending 31st March 2017 and up to the date of the next Annual General Meeting.

By Order of the Board

SOFTLOGIC CORPORATE SERVICES (PVT) LTD

(Sgd.)

SECRETARIES

Colombo
21st July 2016

Note:

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

A form of Proxy is enclosed in this Report.

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

Form of Proxy

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

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

as *my/our Proxy to represent me/us and to speak and vote for *me/us on *my/our behalf at the 16th ANNUAL GENERAL MEETING OF THE COMPANY to be held at HOTEL JANAKI, Fife Road, Colombo 05 at 11.30 a.m on Monday the 19th day of September 2016 and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

	FOR	AGAINST
1) To receive and consider the Annual Report of the Board of Directors and Financial Statements of the Company for the year ended 31st March 2016 together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2) To approve the interim dividend of Rs. 0.40 per share paid on 24th May 2015 as the final dividend for the year ended 31st March 2016.	<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-appoint retiring Auditors Messrs Ernst & Young and to authorize the Directors to fix their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
5) To authorize the Directors to determine and make donations for the year ending 31st March 2017 and up to the date of the next Annual General Meeting.	<input type="checkbox"/>	<input type="checkbox"/>

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

.....
*Signature/s

Note:

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

Form of Proxy

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the Form of Proxy after filling in legibly your full name and address and sign in the space provided. Please fill in the date of signature.
2. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy who need not be a member, to attend and vote instead of him. Please indicate with an "X" in the boxes provided how your Proxy is to vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.
3. In the case of a Corporate Member, the Form of Proxy must be completed under its Common Seal, which should be affixed in the manner prescribed by the Articles of Association.
4. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should also accompany the completed Form of Proxy, in the manner prescribed by the Articles of Association.
5. The completed Form of Proxy should be deposited at the Registered Office of the Company, No. 21, Kirimandala Mawatha, Colombo 05, not less than forty eight (48) hours before the time appointed for holding of the Meeting.

Please provide the following details :

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

Corporate Information

Name of the company

Asiri Surgical Hospital PLC

Registered office

No. 21, Kirimandala Mawatha,
Colombo 05, Sri Lanka.
Telephone : 011 4524400
Email : info@asiri.lk
Web : www.asirihealth.com

Legal form

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

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

Stock exchange listing

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

Company registration number

PQ 208

Date of Incorporation

2nd March 2000

Directors

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

Auditors

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

Secretaries

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

Stock Code

AMSL.N0000

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