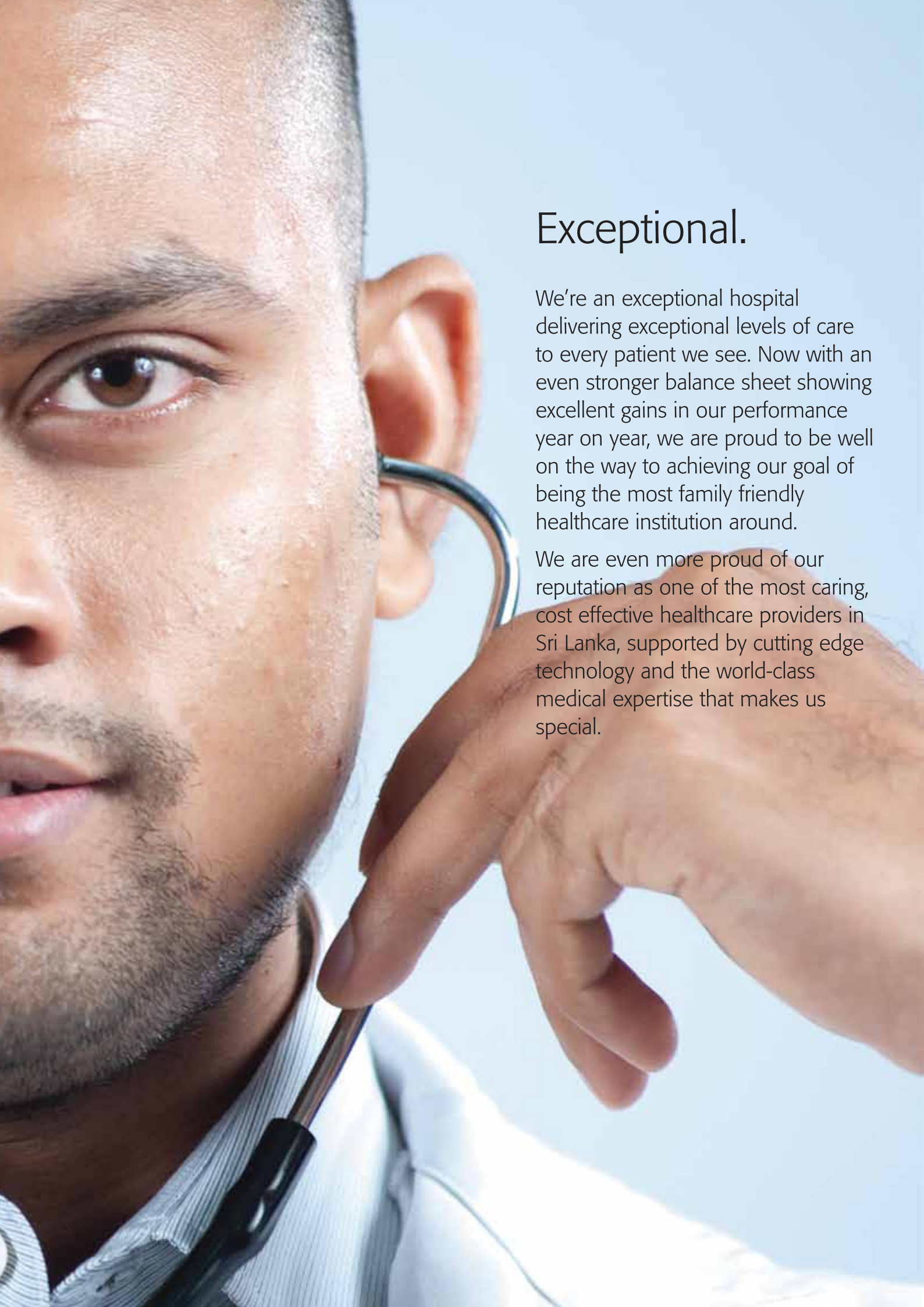


Exceptional.



Exceptional.

We're an exceptional hospital delivering exceptional levels of care to every patient we see. Now with an even stronger balance sheet showing excellent gains in our performance year on year, we are proud to be well on the way to achieving our goal of being the most family friendly healthcare institution around.

We are even more proud of our reputation as one of the most caring, cost effective healthcare providers in Sri Lanka, supported by cutting edge technology and the world-class medical expertise that makes us special.

Our vision : To be a leading healthcare provider in the region through our strengths in wellness and patient care.

Our mission : To care for and improve the quality of human life through the provision of ethical clinical care and academic excellence.

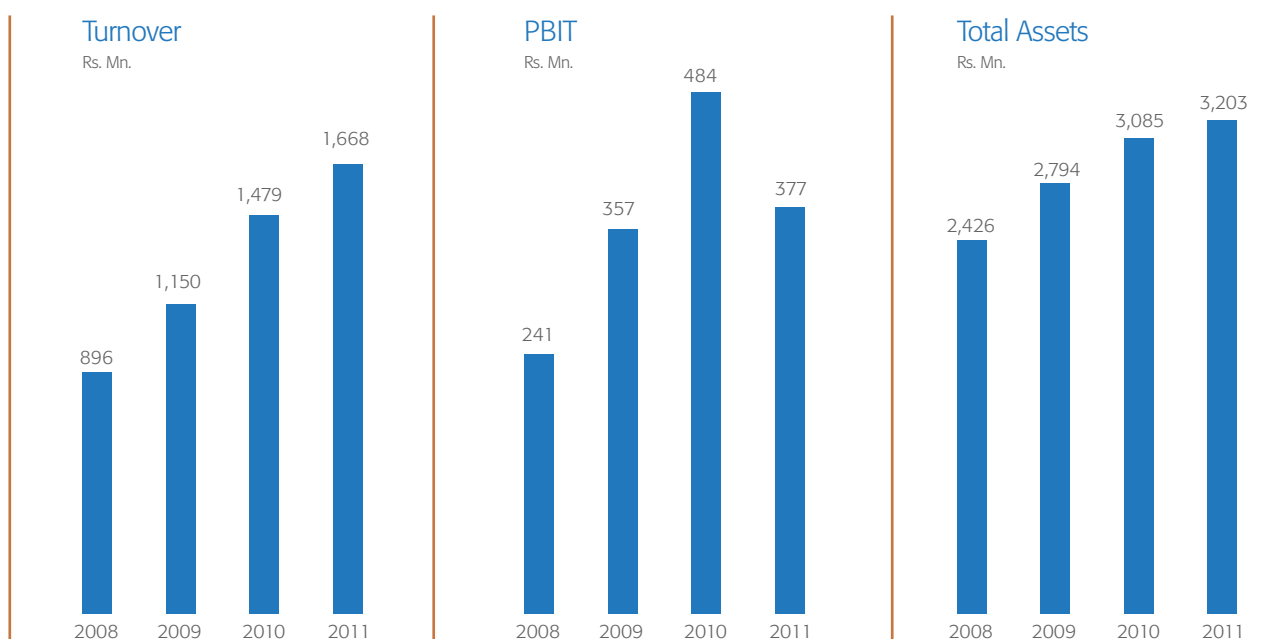
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Financial Highlights

Year Ended 31st March

		<u>2011</u>	<u>2010</u>	<u>% Change</u>
Operating Results				
Revenue	Rs. 000	1,668,484	1,479,344	12.79
Profit before Interest and Tax	Rs. 000	376,966	483,127	(21.97)
Profit after Tax	Rs. 000	267,226	326,836	(18.24)
Cash from Operations	Rs. 000	399,893	468,038	(14.56)
Balance Sheet Highlights				
Total Assets	Rs. 000	3,203,430	3,084,664	3.85
Total Shareholders' Funds	Rs. 000	2,140,807	1,947,429	9.93
Gearing	%	29%	33%	(12.12)
Shareholder Information				
Return on Total Equity	%	13%	18%	(29.41)
Earnings per Share	Rs.	0.47	0.59	(20.34)
Net Assets per Ordinary Share	Rs.	3.65	3.29	10.94
Market Price of a Share as at 31st March	Rs.	8.5	9.5	(10.53)
Market Capitalisation as at 31st March	Rs. 000	4,491,889	5,020,342	(10.53)





Exceptional Performance

Management Information

Chairman's Message

On behalf of the Board of Directors, I am pleased to welcome you to the Annual General Meeting of the Asiri Surgical Hospital PLC and to place before you the annual report and audited accounts for the year ended 31st March 2011.

Overview of Sri Lankan Economy

Sri Lanka's economic situation experienced a virtual turnaround in the year 2010 as compared to the serious economic slowdown experienced through 2009. The year under review witnessed a groundswell of economic activity in the agriculture, tourism, telecommunications and the manufacturing sectors, which performed exceedingly well during this period. The lowering of interest rates has ushered in greater business confidence - and while the economy is still to witness a substantial inflow of Foreign Direct Investment (FDIs), the impressive performance of the key economic indicators should speed up this process in the near future.

Healthcare Sector

The Government of Sri Lanka has identified the health sector as a key aspect of social infrastructure which can directly contribute to inclusive growth in the future. However, budgetary constraints have made it difficult for the state to make the required systemic changes in the country's healthcare system. Although the sector performed well in relation to regional counterparts, the ground reality is highly skewed in terms of distribution of key health personnel islandwide. Colombo has the highest health personnel-to-population ratio of doctors, nurses and midwives, while remote provinces suffer from the lowest, notes the Central Bank of Sri Lanka. The health sector has to focus on targeted intervention to overcome malnutrition and micro nutrition deficiencies which are significant in lagging areas and to introduce tailored policies to overcome area-specific health needs.

Strong Group Performance

The Asiri Group of Hospitals, which includes Asiri Hospital, Asiri Surgical Hospital and The Central, have

exceeded our financial projections for the period under review to post record profits. Significantly, Gross Profit of the group increased by 27% to reach Rs 2.2Bn.

As the largest private healthcare group in the country, we are in the process of further consolidating the group position through a series of acquisitions and enhancements of our facilities in all three hospitals. In its second year of existence, The Central recorded strong profits within a year of beginning operations, which has further boosted group earnings. Now that all three of the Asiri Group hospitals are profit-making ventures, we foresee 2011/12 to be a landmark year in terms of further growth in profitability. Some of the milestones for the group in 2010/11 were the acquisition of a 100-bed hospital in Kandy, which commenced reconstruction from June 2011 and will be completed within two years.

The Asiri Group is committed to making healthcare affordable and accessible islandwide, and has taken on the mantle of bringing healthcare closer to people by reaching out beyond the lucrative Western Province. Meanwhile, our bid to establish a wider footprint has led us to set up a much-needed pathology laboratory in Jaffna to serve the area with hi-tech healthcare diagnostics expertise. Our newest laboratory will be opened in Batticaloa later this year.

Profitable Year for Asiri Surgical Hospital

The hospital gross profit recorded an increase of 8.5 % over the previous year. The institution's cardiac centre was our best performing business unit, generating the highest revenues consistently. The cardiac centre is gaining credence in the country because of its professional team of cardiac surgeons, cardiac specialised nurses and superior post-operative care.

Asiri Surgical Hospital leads the industry with advanced technology in keeping with the group vision and is in the process of installing the first PET Scan in Sri Lanka. This equipment, hitherto unavailable in the country, will be a source of great relief for cancer patients who are forced to travel overseas to avail of this service.

By bringing down such technology to Sri Lanka we are hopeful that the segment of the population that travels abroad for health care will instead avail of our specialized and advanced facilities.

Future Outlook

I have immense confidence in the economic outlook for the country in the short and long term. The rise in disposable income is already becoming evident as a result of the increased economic activity. A resultant growth in GDP will boost spending on healthcare, thereby, directly benefitting the Asiri Group. The government is committed to doubling per capita income to US\$ 4,000 by the year 2016, and we view this goal as one that will have a positive impact on our operations as well. Although Sri Lanka has the potential to become a hub for medical tourism in the future, as a leading private healthcare group we will remain committed to enhancing the local healthcare industry further.

Appreciation

I would like to take this opportunity to thank the Board of Directors for the trust and confidence that they have placed in my leadership. I am impressed by the performance delivered by all employees of the Asiri Surgical Hospital and I believe that the entire team is well poised to transform Asiri Surgical Hospital into a centre of excellence in healthcare in the country.

(Sgd.)

A. K. Pathirage

Chairman

10th May 2011

The Board of Directors

Mr. Ashok Pathirage

Chairman/Managing Director

Mr. A K Pathirage was appointed to the Board as the Managing Director in July 2006 and appointed as the Chairman in March 2008. Mr. Pathirage, is the Chairman/Managing Director of the Softlogic Group which is a leading diversified corporate entity in the Country, and is also the Chairman of Softlogic Finance PLC, Hotel Ceysands, Uniwalkers and its subsidiaries. He is a Director at National Development Bank. He is also the Chairman/Managing Director of Asiri Central Hospitals PLC and Central Hospital (Pvt) Ltd. He is the Managing Director of Asiri Hospital Holdings Plc, Asiri Diagnostic Services (Pvt) Ltd and other subsidiaries of the Asiri Group.

Dr. S Selliah *MBBS, M.Phil (Col)*

Deputy Chairman

Dr. S Selliah holds a MBBS degree and a Masters Degree (M.Phil). He has over 19 years of experience in various fields.

Dr. S Selliah is currently the Deputy Chairman of Asiri Hospital Holdings PLC. He is also the Deputy Chairman of Lanka Walltiles PLC and Lanka Tiles PLC. He is also a Director of Horana Plantation PLC, Softlogic Holdings Limited, Parquet (Ceylon) PLC and Expolanka PLC. He is also the Deputy Chairman of Central Hospitals Private Ltd

He also serves on the Remuneration Committees of Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC, Lanka Walltiles PLC and Lanka Tiles PLC.

He is a member of the Audit Committee of the following listed companies; Lanka Walltiles PLC, Lanka Tiles PLC, Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC.

In addition to the above companies he also serves as a Director of other unlisted companies too.

Dr. Manjula Karunaratne *MBBS, M.Sc*

(Trinity, Dublin), MSOrth Med. (Eng)

Director (Medical)/Chief Operating Officer

Appointed to the Board of Asiri Hospital Holdings PLC and Asiri Surgical Hospital PLC in 2006. Had previously also held the post of Medical Director of Asiri Hospital Holdings PLC. A Specialist in Sports/Orthopaedic Medicine, with over 20 years professional experience is responsible for the overall medical policy of the Group. He also serves on the Boards of Asiri Central Hospital PLC, Asiri Hospital Matara (Pvt) Ltd, Matara Medi House (Pvt) Ltd, Asiri Diagnostic Services (Pvt) Ltd. and Central Hospital (Pvt) Ltd.

Mrs. D Wimalasundera

Director - Administration

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

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

Director

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

Mr. G L H Premaratne

Director

Was appointed to the Board in March 2008 after 40 years of banking experience with Commercial Bank. Mr. Premaratne is specialized in Corporate Banking, and is an Associate of the Institute of Bankers of London. He also serves on the Board of Asiri Hospital Holdings PLC and Central Hospital (Private) Limited.

He functions as the Chairman of the Remuneration Committee and also a member of the Audit Committee of all three Hospitals. Presently he is the Managing Director of Sampath Bank PLC.

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

Director

Mr. Samantha Rajapaksa has more than 20 years of both local and international experience in finance, venture capital, information technology, consulting and communication sectors. He was appointed to the Board in March 2008 and he also serves on the board of Asiri Hospital Holdings PLC, Asiri Central Hospitals PLC and Central Hospital (Pvt) Limited. He is currently a Director of Softlogic Holdings Limited and also holds the position of Director/Chief Executive Officer of Softlogic Communications (Pvt) Ltd. Mr. Rajapaksa is a Fellow of the Institute of Chartered Accountants of Sri Lanka and of the Chartered Institute of Management Accountants of UK. He is also a Member of the Chartered Institute of Marketing - UK, and holds an MBA from the Post Graduate Institute of Management of the University of Sri Jayawardenapura.

Mr. Sunil G Wijesinha

Director

Mr. Sunil G Wijesinha is considered one of Sri Lanka's leading promoters of productivity, quality management, and Japanese style management. At present he is the Chairman and Managing Director of Dankotuwa Porcelain PLC. and the Deputy Chairman of Sampath Bank. He is the Deputy President of the National Chamber of Commerce of Sri Lanka He is also in the Committee of the Ceylon Chamber of Commerce and on the Council of the Employers' Federation of Ceylon. He is a member of many national advisory and business councils. Mr. Wijesinha has a multi-disciplinary background with qualifications in Engineering, Accountancy, and Management Services and has a Masters Degree in Business Administration.

The Post Graduate Institute of Management Alumni Association too conferred the "Distinguished Service to Society" Award on Mr. Wijesinha. The Institute of Personnel Management conferred on him Honorary Membership. He is a member of the Presidential Task Force on National Productivity and also the National Organizer of the Productivity Association of Sri Lanka.

Corporate Governance

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

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

Board of Directors

The Board establishes broad corporate policies, sets strategic direction and oversees management, which is responsible for Company's day-to-day operations. The Board comprises of three Executive Directors and four non-executive Directors. Their profiles appear on page 6 of the Annual Report.

Board Meetings and Attendance

The Board generally meets once a month. Special Board Meetings are also held as and when needed.

Over the past year the Board held 10 meetings and the attendance is given below.

Mr. A K Pathirage	ED	(Chairman/Managing Director)	10/10
Dr. S Selliah	I	(Deputy Chairman)	9/10
Dr. K M P Karunaratne	ED		10/10
Mrs. D Wimalasundera	ED		9/10
Mrs. S D Nimalasuria	ED	(Resigned w.e.f. 31st May 2011)	8/10
Dr. D S Rajapaksa	I		8/10
Mr. C D Weerasinghe	NED	(Expired on 19th December 2010)	2/8
Mr. G L H Premaratne	NED		9/10
Mr. S A B Rajapaksa	NED		9/10
Mr. S G Wijesinha	I	(Appointed w.e.f. 26th May 2010)	7/8
Key			
ED	– Executive Director		
I	– Independent non-executive Director		
NED	– Non-executive Director		

To facilitate active and informed discussion at Board and committee meetings, directors receive background materials in advance 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 of the Board

The Board generally believes that the Managing Director should also serve as the Chairman of the Board. The Chairman's main responsibility is to lead and manage the work of the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities.

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. The Board may select directors to fill vacancies in existing or new director positions. Such directors serve until the next AGM and seek re-election. The Managing Director is not subject to retirement by rotation.

Independence of the Directors

Mr. S G Wijesinha, Dr. S Selliah and Dr. D S Rajapaksa function as independent directors of the Company.

As per the Rules issued by the Colombo Stock Exchange, Mr. S G Wijesinha meets all the criteria of independence. Dr. S Selliah meets all the criteria of independence except one. Dr. D S Rajapaksa meets all the criteria of independence except two.

Dr. S Selliah and Dr. D S Rajapaksa are also Directors of Asiri Hospital Holdings PLC and Asiri Central Hospitals PLC, in which majority of other Directors of Asiri Surgical Hospital PLC are employed as directors.

Dr. D S Rajapaksa was appointed to the Board on 3rd March 2000 and therefore has been serving on the Board for more than 9 years.

The Board having evaluated all the factors concluded that their independence had not been impaired due to

them serving on the Board for more than 9 years and serving on the Boards of other companies in which majority of other Directors of Asiri Surgical Hospital PLC were employed and/or directors.

Access to independent professional advice

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

Remuneration of the Directors

The remuneration of the Directors is determined by the Board and disclosed on page 43 Note 16 of the Annual Report.

Company Secretary

Messrs Secretaries & Registrars (Private) Limited, act as the Company Secretaries. The role of the secretary is to deal with directors at board meetings and with shareholders. The Company Secretary attends Board Meetings and ensures that minutes are kept of all proceedings at the Board Meetings. The Company Secretary advises the Board and ensures that proper procedures and applicable rules and regulations are followed by the Board.

Board Committees

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

The Audit and the Remuneration Committee of the parent company (i.e. Asiri Hospital Holdings PLC) act as the Audit and the Remuneration Committee of the Company.

Audit Committee

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

Corporate Governance

The Audit Committee meets at least four times a year with the Finance Director and the external/internal auditors to monitor the Company's financial reporting processes and systems of internal accounting 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. D S Rajapaksa

Dr. S Selliah

The Remuneration Committee regularly takes advice from external consultants acknowledged as experts in their fields. The Remuneration Committee usually meets at least two times 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 terms incentive schemes

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

Responsibilities

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

- Exercise leadership, enterprise, integrity and judgment in directing the Company so as to achieve continuing prosperity in a manner based on transparency, accountability and responsibility.

- Ensure a managed and effective process of board appointments
- Determine the Company's purpose and values, strategies and ensure that procedures and practices are in place
- Monitor and evaluate the implementation of strategies and policies for better management performance
- Ensure compliance with the relevant laws, regulations and codes of best practice
- Communicate with shareholders effectively and serve the legitimate interest of the shareholders
- Periodic and timely reporting to shareholders on the progress and performance of the Company
- Review processes and procedures regularly and ensure that internal control is effective
- Identify key risk areas and ensuring that these risks are addressed and managed effectively
- Appoint and evaluate the performance of the Managing Director
- Approve the Annual Budget
- Authorisation of Directors' conflicts or possible conflicts of interest
- Determination of independence of non-executive Directors
- Ensure the continuation of the Company as a going concern

Investor relations

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

Compliance with the Corporate Governance Rules of the Colombo Stock Exchange

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

Section	Criteria	Has the Company met the Criteria
7.10.1	Non-executive directors	Complied with. Out of 8 directors 5 are non-executive directors.
7.10.2	Independent Directors	Complied with. There are three independent directors on the Board. Please refer page 9.
7.10.3	Disclosures relating to directors	Mr. S G Wijesinha meets all the criteria set out in Rule 7.10.4 for determining the independence of directors. Dr. S Selliah meets all the criteria except one. Dr. D S Rajapaksa meets all the criteria except two. Please refer to Page No 9.
7.10.5	Remuneration Committee	Complied with. Comprises of three non-executive directors including two independent directors. The remuneration committee of Asiri Hospital Holdings PLC (parent company) acts as the remuneration committee of Asiri Surgical Hospital PLC. The names of the members of the committee are given in the page 10 of the Annual Report.
7.10.6	Audit Committee	Complied with. Comprises of four non-executive directors including two independent directors. The audit committee of Asiri Hospital Holdings PLC (parent company) acts as the audit committee of Asiri Surgical Hospital PLC. The Group Finance Director attends all the meetings. The report of the committee is given on page 13.

Ethics Committee

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

Members:

Prof. Rohan W. Jayasekara, (Chairperson)
Professor of Anatomy and Director of Human Genetics Unit, Faculty of Medicine, University of Colombo.

Mr. Arittha Wickramanayake,
Attorney at Law, Nithya Partners.

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

Dr. Fred Perera,
Consultant Neurosurgeon.

Prof. Kemal I Deen,
Professor of Surgery, Department of Surgery, Faculty of Medicine, University of Kelaniya, (Ragama.)

Dr. Siva Selliah,
Deputy Chairman of Asiri Group of Hospitals.

Mrs. Varuni Amunugama Fernando,
Attorney-at-Law. Co-founder and Jt. Managing Director of Triad Pvt Ltd and their Group of subsidiary companies

Dr. Indrani Amarasingha
Consultant Surgeon

Audit Committee Report

The Audit Committee appointed by the Board of Directors and comprises of two Independent Directors and two Non-Executive Directors. The Names of the Committee members are stated in the Corporate Governance Report on Page 8.

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 examine the effectiveness of the Company's internal control system and the system for monitoring compliance with laws and regulations.

The Audit committee also reviewed and approved the Annual and Interim financial statements prior to 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 2012, subject to the approval of the shareholders at the Annual General Meeting.

(Sgd.)

Samantha Rajapaksa

Chairman - Audit Committee

10th May 2011

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 1 Non-Executive Independent Director and 2 Non-Executive Directors. The names of the Committee members are stated in the Corporate Governance Report on page 8.

The Directors' emoluments are disclosed on page 43.

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

(Sgd.)

G.L.H. Premaratne

Chairman - Remuneration Committee

10th May 2011

Risk Management

Risk is associated with any business. The type of risk and the degree to which it affects a particular business varies. Uncertainties provide both risk and opportunity with a potential to erode or enhance the enterprise value. The Board of Directors is mindful of these uncertainties and through the Management at various levels have put in place adequate systems to identify in advance occurrence of such risks and to exercise remedial measures to minimize the impact. Regular reviews are done to ensure that the systems introduced function effectively and the impact, if any, on the performance of the assets of the Company.

Service Quality and Reputation Risk

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

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

Clinical Risk

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

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

Operational Risk

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

Credit Risk

The company admits any patient on placement of a deposit or at 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 bills 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 being delayed or non payment of a bill. The Company evaluates credit worthiness of companies before granting credit facilities to corporate clients.

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.

Compliance with Laws and Regulations

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

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

Technological Obsolescence

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

Investment Risk

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

Information Security and Loss of Data

The environment that the Company operates is getting more and more computerized. Loss of important data or inability to access systems due to technical failures is another risk that we need to be mindful of. Regular maintenance of equipment, daily backups, off-site storage and round the clock IT support are some of the strategies adopted to mitigate such risk.

The hospital maintains a lot of confidential data of its patients. Employees are made aware of the importance of the security of such information. The Company has introduced a password policy in this regard.



Exceptional Results

Financial Information

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 2011.

Principal Activities and Nature

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

There has been no significant change in the nature of the Company's principal activities during the year. The Company commenced operations of its heart center in November 2008.

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 4 to 5 of the Annual Report. This review together with the Financial Statements reflects the state of affairs of the Company. These reports form an integral part of the Directors' Report.

Financial Statements

The financial statements of the Company are given on pages 24 to 47.

Auditor's Report

The Auditor's Report on the financial statements is given on page 23.

Accounting Policies

The accounting policies adopted in the preparation of the financial statements are given on pages 28 to 32. There was no change in the accounting policies adopted.

Internal Control

The Board has overall responsibility for the Company's system of internal control and reviews 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

Mrs. D Wimalasundera

Dr. D S Rajapaksa

Mrs. S D Nimalasuria

Mr. C D Weerasinghe

(expired on 19th December 2010)

Mr. G L H Premaratne

Mr. S A B Rajapaksa

Mr. S G Wijesinha

It is with a deep sense of regret that the Directors wish to inform the shareholders of the sudden demise of Mr. C D Weerasinghe on 19th December 2010.

In terms of Article 24(6) of the Articles of Association of the Company, Messrs G L H Premaratne and S A B Rajapaksa retire by rotation and being eligible offer themselves for re-election with the unanimous support of the Board.

Directors' Shareholding

Directors' interest in shares of the Company as at 31st March 2011 were as follows.

Name of Director	No. of shares as at 31/03/2011
Mr. A K Pathirage	-
Dr. S Selliah	170,000
Dr. K M P Karunaratne	33
Mrs. D Wimalasundera	1,200,013
Mrs. S D Nimalasuria	-
Dr. D S Rajapaksa	150,014
Mr. G L H Premaratne	-
Mr. S A B Rajapaksa	-
Mr. S G Wijesinha	-

Interest Register

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

Directors' interests in contracts and proposed contracts with the Company

Directors' interests in contracts with the Company, both direct and indirect are given below. 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.

Company	Particulars of Transaction	Name Of Directors	Nature of Interest Received	Amounts (paid) Received
Asiri Hospital Holdings PLC	Repayment of Temporary Finance Obtained & Fund Transfers Temporary Finance Obtained Debtors Related Income/Expenses Chanelling Fee Expenses Reimbursed	Note 01	Common Directors	163,424,875 (156,174,696) 5,995,241 13,096,400 481,142
Asiri Matara Hospital (Pvt) Ltd.	Repayment of Temporary Finance Obtained & Fund Transfers Debtors Related Income/Expenses Expenses Reimbursed	Note 02	Common Directors	3,700,804 (3,828,507) 247,395
Medi House (Pvt) Ltd.	Debtor Related Income/Expenses Expenses Reimbursed	Note 02	Common Directors	(8,952) 237,358
Asiri Central Hospital PLC	Repayment of Temporary Finance Obtained & Fund Transfers Debtors Related Income/Expenses Chanelling Fee Expenses Reimbursed	Note 03	Common Directors	54,239,412 440,032 29,750 21,743
Central Hospital (Pvt) Ltd.	Repayment of Temporary Finance Obtained & Fund Transfers Debtors Related Income/Expenses Chanelling Fee Expenses Reimbursed	Note 04	Common Directors	990,784 79,495,240 448,060 (190,924)

Annual Report of the Board of Directors

Company	Particulars of Transaction	Name Of Directors	Nature of Interest Received	Amounts (paid) Received
Asiri Diagnostic Services Pvt Ltd.	Temporary Finance Obtained Debtors Related Income/Expenses Expenses Reimbursed	Note 05	Common Directors	(2,000,000) 2,583,629 48,541
Softlogic Holdings LTD & Subdiaries	Purchase of Computers & Software Maintanace	Note 06	Common Directors	(7,180,107)
Uniwalkers Ltd	Purchase of Electronic Items	Note 07	Common Directors	(4,098,142)
D Samson & Sons Pvt Ltd	Shoes Supplier	Dr. D S Rajapaksha	Director	(860,460)
Mount Spring Water Pvt Ltd	Drinking Water Supplier	Dr. D S Rajapaksha	Director	(2,109,391)

Common Directors

Note 01 : Messrs. A K Pathirage, Dr. D S Rajapaksa, S D Nimalasuria, Dr. S Selliah, Dr. K M P Karunaratne, D Wimalasundera, G L H Premarathna, S A B Rajapaksa

Note 02: Messrs. A K Pathirage, Dr. S Selliah, Dr. D S Rajapaksa, Dr. K M P Karunaratne, D Wimalasundera

Note 03: Messrs. A K Pathirage, Dr. S Selliah, D Wimalasundera, Dr. K M P Karunaratne, S D Nimalasuria, G L H Premaratne, S A B Rajapakse,

Note 04: Messrs. A K Pathirage, Dr. S Selliah, D Wimalasundera, Dr. K M P Karunaratne, S D Nimalasuria, G L H Premaratne, S A B Rajapakse

Note 05: Messrs. A K Pathirage, Dr. K M P Karunaratne, D Wimalasundera

Note 06: Messrs. A K Pathirage, S A B Rajapaksa, G L H Premarathna

Note 07: Messrs A K Pathirage

Directors' Remuneration

Directors' remuneration in respect of the Company for the financial year 2010/2011 are given in note 16 to the Financial Statements on page 43.

The following payments were made to them during the year.

Audit Fees - Rs.745,000/-

Fees for other Services - Rs.273,956/-

Donations

The donations made by the Company during the year amounted to Rs.49,354/- (2009/2010 Rs.1,205,303/-).

Other services consisted tax related work.

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.

Auditors

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

Financial Statements

The financial statements which include the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes to the financial statements are given on pages 24 to 47.

Mandatory Offer by Asiri Hospital Holdings PLC

Asiri Hospital Holdings PLC (the offeror) acquired 26,064,449 (4.93%) ordinary shares of the Company at the Mandatory Offer, which was expired on 17th December 2010. The offeror held 209,037,541 (39.56%) before the offer period.

Capital Expenditure

The capital expenditure of the Company during the year amounted to Rs.143,473,575/- (2009/2010 – Rs.127,657,799/-) details of which are given in note 3 and 4 to the financial statements.

Property, Plant & Equipment

The movement in property, plant and equipment during the year under review is set out in note 3 to 4 the financial statements.

Dividends

The Directors recommend to the shareholders that the Interim Dividend of Rs.0/10 per share paid on 21st May 2010 be considered as the Final Dividend for the year ended 31st March 2011.

Stated Capital

The stated capital of the Company as at 31st March 2011 was Rs.1,393,327,565/-. There was no change in the stated capital of the Company during the year under review.

Reserves

The total reserves of the Company as at 31st March 2011 amounted to Rs.747,479,062/- The composition of reserves is shown in the Statement of Changes in Equity in the financial statements.

Shareholders' Information

The twenty largest shareholders of the Company as at 31st March 2011 are given on page 50-51 together with an analysis of the shareholding. There were 2,888 registered shareholders as at 31st March 2011.

Share Information

Information on share trading is given on page 51 of the Annual Report.

Post Balance Sheet Events

No circumstances have arisen and no material events have occurred since the Balance Sheet date, which would require adjustments to, or disclosure in the accounts other than those disclosed in the note 23 of the Financial Statements and this Report.

Statutory Payments

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

Going Concern

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

Annual General Meeting

The Eleventh Annual General Meeting of the Company will be held at Hotel Janaki, Fife Road, Colombo 05 on 29th day of September 2011 at 11.30 a.m. The Notice of the 11th Annual General Meeting is on page 54 of the Annual Report.

For and on behalf of the Board

(Sgd.)	(Sgd.)	(Sgd.)
Ashok Pathirage	Dr. Manjula Karunaratne	Secretaries & Registrars (Pvt.) Ltd.
<i>Director</i>	<i>Director</i>	<i>Secretaries</i>

10th May 2011
Colombo

Statement of Directors' Responsibility

The responsibility of the Directors, in relation to the financial statements of the Company differ from the responsibilities of the Auditors, which are set out in the Report of the Auditors on page 23.

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

The Directors consider that, in preparing financial statements set out on pages 24 to 47 of the Annual Report, appropriate accounting policies have been selected and applied in a consistent manner and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed. The Directors confirm that they have justified in adopting the going concern basis in preparing the financial statements since adequate resources are available to continue operations in the foreseeable future.

The Directors are responsible for keeping proper accounting records, which disclose reasonable accuracy, at any time, the financial position of the Company and to enable them to ensure the financial statements comply with the Companies Act No. 7 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 Balance Sheet date have been paid or, where relevant provided for, in arriving at the financial results for the year under review.

For and on behalf of the Board

(Sgd.)

SECRETARIES & REGISTRARS (PRIVATE) LIMITED
Secretaries

Colombo

25th August 2011

Independent Auditors' Report



Chartered Accountants

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

Tel : (0) 11 2463500
Fax Gen : (0) 11 2697369
Tax : (0) 11 5578180
eysl@lk.ey.com

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 ("Company"), which comprise the Balance Sheet as at 31 March 2011, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Scope of Audit and Basis of Opinion

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

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

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

Opinion

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31 March 2011 and the Financial Statements give a true and fair view of the Company's state of affairs as at 31 March 2011 and its profit and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

In our opinion, these financial statements also comply with the requirements of Section 151(2) of the Companies Act No. 7 of 2007.

(Sgd.)

Ernst & Young

10 May 2011

Colombo

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

Balance Sheet

As at 31 March 2011

	Note	2011 Rs.	2010 Rs.
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	3	1,638,948,155	1,723,213,080
Leasehold Property	4	91,422,977	92,459,910
Investment in Associate	5	726,994,222	784,732,679
Investments in Equity Securities	6	216,973,011	216,973,011
		2,674,338,365	2,817,378,680
Current Assets			
Inventories	7	105,885,729	113,672,941
Trade and Other Receivables	8	409,988,593	130,697,548
Short Term Deposit		5,000,000	5,000,000
Cash and Bank Balances	20.1	8,217,563	17,915,352
		529,091,885	267,285,841
Total Assets		3,203,430,249	3,084,664,521
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated Capital	9	1,393,327,565	1,393,327,565
Retained Earnings		747,479,062	554,101,630
Total Equity		2,140,806,627	1,947,429,195
Non-Current Liabilities			
Amount due on Leasehold Property	10	50,560,667	54,632,667
Interest Bearing Loans and Borrowings	11	320,787,514	521,309,518
Retirement Benefit Liability	12	19,037,974	12,537,625
		390,386,155	588,479,810
Current Liabilities			
Trade and Other Payables	13	126,375,875	110,376,745
Tax Payable		2,472,246	124,532
Amount due on Leasehold Property	10	5,113,277	5,113,277
Dividend Payable		1,181,820	960,457
Interest Bearing Loans and Borrowings	11	537,094,248	432,180,505
		672,237,467	548,755,516
Total Equity and Liabilities		3,203,430,249	3,084,664,521

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

(Sgd.)

Priyal De Silva

Group Financial Controller

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

(Sgd.)

Ashok Pathirage

Director

(Sgd.)

Mrs. Sharmini Nimalasuria

Director

The Accounting Policies and Notes on pages 28 through 47 form an integral part of these Financial Statements.

10 May 2011

Colombo

Income Statement

Year ended 31 March 2011

	Note	2011 Rs.	2010 Rs.
Revenue		1,668,484,233	1,479,344,211
Cost of Services		(890,041,290)	(762,292,875)
Gross Profit		778,442,943	717,051,336
Other Income and Gains	14	11,053,132	6,865,648
Administrative Expenses		(360,227,004)	(327,106,276)
Selling and Distribution Costs		(5,374,469)	(11,977,517)
Finance Cost	15.1	(103,119,411)	(152,944,455)
Finance Income	15.2	10,808,514	3,486,455
Share of Loss of an Associate	5.2	(57,738,457)	(9,475,627)
Deemed Disposal Profit		-	104,283,390
Profit Before Tax	16	273,845,248	330,182,954
Income Tax Expense	17	(6,619,197)	(3,346,838)
Profit for the Year		267,226,051	326,836,116
Earnings Per Share-Basic	18	0.47	0.59
Dividend Per Share - Ordinary Shares	19.1	0.10	0.075
- Preference Shares	19.2	0.10	0.075

The Accounting Policies and Notes on pages 28 through 47 form an integral part of these Financial Statements.

Statement of Changes in Equity

Year ended 31 March 2011

	Note	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01 April 2009		1,393,327,565	282,649,830	1,675,977,395
Profit for the Year		-	326,836,116	326,836,116
Dividend Paid - Ordinary Shares	19.1	-	(39,634,316)	(39,634,316)
- Preference Shares	19.2	-	(15,750,000)	(15,750,000)
Balance as at 31 March 2010		1,393,327,565	554,101,630	1,947,429,195
Profit for the Year		-	267,226,051	267,226,051
Dividend Paid - Ordinary Shares	19.1	-	(52,848,619)	(52,848,619)
- Preference Shares	19.2	-	(21,000,000)	(21,000,000)
Balance as at 31 March 2011		1,393,327,565	747,479,062	2,140,806,627

The Accounting Policies and Notes on pages 28 through 47 form an integral part of these Financial Statements.

Cash Flow Statement

Year ended 31 March 2011

	Note	2011 Rs.	2010 Rs.
Cash Flows From Operating Activities			
Profit Before Income Tax Expense		273,845,248	330,182,954
Adjustments for			
Amortisation of Leasehold Land	4	1,036,933	1,036,933
Depreciation	3.3	151,457,613	148,334,105
Share of Loss of an Associate	5.2	57,738,457	9,475,627
Net Gain on Deemed Disposal of Investment		-	(104,283,390)
Gain on Transfer of Assets	14	(2,819,689)	(13,650)
Provision for Bad Debts	8	1,542,623	2,424,621
Provision for Obsolete Stocks		1,933,992	1,933,257
Finance Costs	15	103,119,411	152,944,455
Gratuity	12	7,017,271	9,456,975
Operating Profit Before Working Capital Changes		594,871,860	551,491,887
(Increase)/Decrease in Inventories		5,853,221	(25,769,397)
(Increase)/Decrease in Trade and Other Receivables		(217,548,668)	(27,064,598)
Increase/(Decrease) in Trade and Other Payables		16,716,250	(30,619,444)
Cash Generated From Operations		399,892,663	468,038,448
ESC/Income Tax paid		(4,271,483)	(3,659,190)
Finance Costs paid		(103,836,531)	(150,886,967)
Defined Benefit Plan Costs paid	12	(516,922)	(564,660)
Net Cash From Operating Activities		291,267,727	312,927,631
Cash Flows From/(Used in) Investing Activities			
Acquisition of Property, Plant & Equipment		(127,657,999)	(143,482,599)
Acquisition of Investments in Associate and Other Investment		-	(145,595,208)
Net Cash Flows Used in Investing Activities		(127,657,999)	(289,077,807)
Cash Flows from/(Used in) Financing Activities			
Proceeds From Interest Bearing Loans & Borrowings	11.2	607,549,000	813,086,098
Repayment of amount due on leased hold property	10	(4,072,000)	(5,113,276)
Repayment of Interest Bearing Loans & Borrowings	11.2	(808,258,162)	(653,234,904)
Repayment of Finance Lease installment	11.1	(976,134)	-
Dividend Paid		(73,627,256)	(55,332,485)
Net Cash Flows from/(Used in) Financing Activities		(279,384,552)	99,405,433
Net Increase/(Decrease) in Cash and Cash Equivalents		(115,774,824)	123,255,257
Cash and Cash Equivalents at the beginning of the year	20	(14,023,407)	(137,278,664)
Cash and Cash Equivalents at the end of the year	20	(129,798,231)	(14,023,407)

The Accounting Policies and Notes on pages 28 through 47 form an integral part of these Financial Statements.

Notes to the Financial Statements

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

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, up to 03 February 2011 the Company's ultimate parent undertaking and controlling party was Asiri Hospital Holdings PLC and with effect from 03 February 2011 Softlogic Holdings Limited 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 2011 was authorized for issue in accordance with a resolution of the Board of Directors dated 10 May 2011.

2.1 Basis of Preparation

The Financial Statements have been prepared on a historical cost basis unless otherwise stated. The Financial Statements are presented in Sri Lankan Rupees.

2.1.1 Statement of Compliance

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

2.1.2 Change in Accounting Policies and Comparative Information

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

Certain prior year figures and phrases have been rearranged wherever necessary including the reclassification of Professional Services - outside amounting to Rs.1,827,867/- classified (2010 - Rs.4,934,632/-) as an expense under administration expenses from the previous classification under revenue for better presentation purposes.

2.2 Significant Accounting Judgments, Estimates and Assumptions

Estimates and Assumptions

Impairment of Assets

The Company assesses whether there are any indicators of impairment for its long term investment and investment in associate at each reporting date. Such assessment is made as described under accounting policy No. 2.3.10 to these Financial Statements. In this regard, the fair value measurement included the Company's ability to benefit from synergies and value of other tangible/intangible assets that arise from its holding.

Defined Benefit Plans

The cost of defined benefit plans – Gratuity is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertain. All assumptions are reviewed at each reporting date. Assumptions made for the current financial period are disclosed under Note 12.1 to these financial statements.

Depreciation of Property, Plant and Equipment

Provision for Depreciation is calculated on a straight line basis over the useful life of the assets. The useful life of an asset is defined in terms of the asset's expected utility to the entity. Therefore, the useful life of an asset may be shorter than its economic life. The estimation of the useful life of the asset is a matter of

judgment based on the experience of the entity with similar assets. Estimation made over the useful life of the assets are disclosed under Note 3.8 to these financial statements.

Fair value of Property, Plant and Equipment

The property of the Associate Company is reflected at fair value. Current market price of the property has been considered in estimating fair value of the property. Details relating to fair value and impact to the Company's financial statements are disclosed in Note 5.4 to these financial statements.

2.3 Summary of Significant Accounting Policies

2.3.1 Foreign Currency Translation

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

2.3.2 Taxation

a) Income Tax

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 commencing from 31 March 2004. This exemption expires on 31 March 2014.

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

b) Economic Service Charge

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

c) Value Added Tax (VAT)

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

d) Social Responsibility Levy (SRL)

As per the provisions of the Finance Act No. 5 of 2005 and subsequent amendments thereto, the Company is liable to pay SRL at the rate of 1.5% on all taxes and levies chargeable as specified in the first schedule of the Act.

e) Deferred Taxation

As the Inland Revenue Act does not apply as stated above, temporary differences do not exist during the tax exemption period. Therefore deferred tax does not apply.

2.3.3 Borrowing Cost

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

2.3.4 Inventories

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

Notes to the Financial Statements

ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

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

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

2.3.5 Trade and Other Receivables

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

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

2.3.6 Cash and Cash Equivalents

Cash and Cash Equivalents are defined as Cash in hand, Demand Deposits and short-term highly liquid Investments, readily convertible to known amounts of Cash and subject to insignificant risk of changes in value.

For the purpose of Cash Flow Statement, Cash and Cash Equivalents consist of Cash in hand and Deposits in Banks net of outstanding Bank Overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

2.3.7 Property, Plant and Equipment

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

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

When each major inspection is performed, its cost is recognised in the carrying amount of the plant and

equipment as a replacement if the recognition criteria are satisfied.

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

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

2.3.8 Leases

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged and reflected in the income statement.

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

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

2.3.9 Investments

a) Investment in Associates

The Company's investment in associate is accounted for using the equity method of accounting.

An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the balance sheet at cost plus post acquisition changes in the Company's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. The income statement reflects the share of the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Company recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Profits and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate.

The reporting dates of the associate and the Company are identical and the associate's accounting policies conform to those used by the Company for like transactions and events in similar circumstances.

b) Other Investments

Initial Recognition:

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

Measurement

Current Investment:

Current investments are carried at market value.

Unrealized gains and losses on current investments carried at market value are recognised as income or expense.

Long Term Investments

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

2.3.10 Impairment of Assets

The Company assesses at each reporting date whether there is an indication that non financial assets and

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

2.3.11 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.

2.3.12 Retirement Benefit Obligations

a) Defined Benefit Plan – Gratuity

The Group measures the present value of the promised retirement benefits for gratuity, which is a defined benefit plan with the advice of an independent professional actuary at the end of every financial year using the Projected Unit Credit Method (PUC) as required by Sri Lanka Accounting Standard No 16, Employee Benefits (Revised 2006).

The item is stated under Retirement Benefit Liability in the Balance Sheet.

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

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

2.3.13 Income Statement

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company

Notes to the Financial Statements

and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes. The following specific criteria are used for the purpose of recognition of revenue.

a) Rendering of Services

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

b) Interest

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

c) Others

Other income is recognized on an accrual basis.

2.3.14 Effect of Sri Lanka Accounting Standards Issued but not yet Effective

a) The following standards have been issued by the Institute of Chartered Accountants of Sri Lanka.

- Sri Lanka Accounting Standard 44 Financial Instruments; Presentation (SLAS 44)
- Sri Lanka Accounting Standard 45 Financial Instruments; Recognition and Measurement (SLAS 45)
- Sri Lanka Accounting Standard 39 Share Based Payments (SLAS 39)

The effective date of SLAS 44, 45 and 39 was changed during the year to be effective for financial periods beginning on or after 01 January 2012. These three standards have been amended and forms a part of the new set of financial reporting standards mentioned under note (b) below.

b) Following the convergence of Sri Lanka Accounting Standards with the International Financial Reporting Standards, the Council of the Institute of Chartered Accountants of Sri Lanka has adopted a new set of financial reporting standards that would apply for financial periods beginning on or after 01 January 2012. The application of these financial reporting standards is substantially different to the prevailing standards.

Year ended 31 March 2011

	Balance As at 01.04.2010 Rs.	Additions/ Transfers Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2011 Rs.
3. PROPERTY, PLANT AND EQUIPMENT				
3.1 Gross Carrying Amounts				
At Cost				
Building on Leasehold Land	934,417,714	6,100,779	-	940,518,493
Medical Equipment	800,600,602	88,971,503	(108,939,280)	780,632,825
Office Equipment	56,682,483	12,666,849	(865,765)	68,483,567
Furniture and Fittings	94,118,150	4,859,736	(471,518)	98,506,368
Kitchen Equipment	11,836,385	2,548,762	-	14,385,147
Generator	26,535,423	1,069,702	-	27,605,125
Air Conditioners	91,297,292	3,017,853	-	94,315,145
Housekeeping Equipment	2,970,276	236,291	-	3,206,567
Laundry Equipment	8,387,030	-	-	8,387,030
Motor Vehicle	7,421,133	7,597,436	(1,800,000)	13,218,569
Tools and Equipment	35,646,728	1,415,375	-	37,062,103
Fixtures and Fittings	118,321,869	1,010,391	-	119,332,260
Elevators	30,251,505	-	-	30,251,505
	<u>2,218,486,590</u>	<u>129,494,677</u>	<u>(112,076,563)</u>	<u>2,235,904,704</u>
Assets on Finance Leases				
Motor Vehicle	5,577,728	-	-	5,577,728
	<u>5,577,728</u>	<u>-</u>	<u>-</u>	<u>5,577,728</u>
Total Value of Depreciable Assets	<u>2,224,064,318</u>	<u>129,494,677</u>	<u>(112,076,563)</u>	<u>2,241,482,432</u>
	Balance As at 01.04.2010 Rs.	Incurred During the Period Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2011 Rs.
3.2 In the Course of Construction				
Work in Progress	1,836,678	13,978,898	(15,815,576)	-
Total Gross Carrying Amount	<u>2,225,900,996</u>	<u>143,473,575</u>	<u>(127,892,139)</u>	<u>2,241,482,432</u>

Notes to the Financial Statements

	Balance As at 01.04.2010 Rs.	Charge for the period Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2011 Rs.
3.3 Depreciation				
Building on Leasehold Land	71,762,775	18,745,759	-	90,508,534
Medical Equipment	225,995,732	74,628,543	(51,063,588)	249,560,687
Office Equipment	26,735,599	12,782,372	(102,164)	39,415,807
Furniture and Fittings	34,637,185	9,534,196	(41,160)	44,130,221
Kitchen Equipment	5,889,689	1,257,026	-	7,146,715
Generator	5,697,899	2,706,616	-	8,404,515
Air Conditioners	31,126,109	9,299,069	-	40,425,178
Housekeeping Equipment	1,225,029	307,134	-	1,532,163
Laundry Equipment	4,989,818	838,703	-	5,828,521
Motor Vehicles	2,594,828	1,871,477	(404,340)	4,061,965
Tools and Equipments	18,616,950	3,659,031	-	22,275,981
Fixtures and Fittings	62,363,148	11,879,032	-	74,242,180
Elevators	9,995,181	3,025,151	-	13,020,332
	<u>501,629,942</u>	<u>150,534,108</u>	<u>(51,611,252)</u>	<u>600,552,798</u>
Assets on Finance Leases				
Motor Vehicle	1,057,974	923,505	-	1,981,479
	<u>1,057,974</u>	<u>923,505</u>	<u>-</u>	<u>1,981,479</u>
Total Depreciation	<u>502,687,916</u>	<u>151,457,613</u>	<u>(51,611,252)</u>	<u>602,534,277</u>
			<u>2011</u> Rs.	<u>2010</u> Rs.
3.4 Net Book Values				
Building on Leasehold Land			850,009,959	862,654,939
Medical Equipment			531,072,138	574,604,870
Office Equipment			29,067,760	29,946,884
Furniture and Fittings			54,376,147	59,480,965
Kitchen Equipment			7,238,432	5,946,696
Generator			19,200,610	20,837,524
Air Conditioners			53,889,967	60,171,183
Housekeeping Equipment			1,674,404	1,745,247
Laundry Equipment			2,558,509	3,397,212
Motor Vehicles			9,156,604	4,826,305
Tools and Equipments			14,786,122	17,029,778
Fixtures and Fittings			45,090,080	55,958,721
Elevators			17,231,174	20,256,324
			<u>1,635,351,906</u>	<u>1,716,856,648</u>
Assets on Finance Leases				
Motor Vehicles			3,596,249	4,519,754
			<u>3,596,249</u>	<u>4,519,754</u>
In the Course of Construction/Installation				
Building			-	1,836,678
Total Carrying Amount of Property, Plant and Equipment			<u>1,638,948,155</u>	<u>1,723,213,080</u>

- 3.5** During the year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs.129,494,677/- (2010-Rs.147,124,479/-). Cash payments amounting to Rs.127,657,999/- (2010-Rs.143,482,599/-) were made during the year for purchase of Property, Plant & Equipment.
- 3.6** The Company has received the leasehold right to the land, for a period of 99 years from the BOI and the lease-hold right of the property vested with the Company along with the building has been mortgaged to Hatton National Bank PLC as security for the loan facility of Rs.200 Mn obtained by Asiri Hospitals PLC on July 09, 2004 with the approval of the BOI.
- 3.7** Secondary mortgage of the land and building referred to under Note 3.6 has been given in favour of Commercial Bank of Ceylon PLC and Hatton National Bank PLC for a syndicated loan of Rs.350 Mn obtained by Asiri Surgical Hospital PLC.

3.8 Depreciation

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

	<u>2011</u>	<u>2010</u>
Buildings on Leasehold Land	Over 50 Years	Over 50 Years
Medical Equipment	Over 10 Years	Over 10 Years
Office Equipment	Over 05 Years	Over 05 Years
Furniture and Fittings	Over 10 Years	Over 10 Years
Kitchen Equipment	Over 10 Years	Over 10 Years
Generator	Over 10 Years	Over 10 Years
Air Conditioners	Over 10 Years	Over 10 Years
Housekeeping Equipment	Over 10 Years	Over 10 Years
Laundry Equipment	Over 10 Years	Over 10 Years
Motor Vehicles	Over 05 Years	Over 05 Years
Tools and Equipments	Over 10 Years	Over 10 Years
Fixtures and Fittings	Over 10 Years	Over 10 Years
Elevators	Over 10 Years	Over 10 Years

	<u>2011</u>	<u>2010</u>
	<u>Rs.</u>	<u>Rs.</u>
4. LEASEHOLD PROPERTY		
Balance as at the beginning of the year	92,459,910	93,496,843
Amortization for the year	(1,036,933)	(1,036,933)
Balance as at the end of the year	<u>91,422,977</u>	<u>92,459,910</u>

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.

Refer Note 3.6 to these Financial Statements.

5. INVESTMENT IN ASSOCIATE

a) Asiri Central Hospitals PLC

The Company has a 32.71% (2010 - 32.71%) interest in Asiri Central Hospital PLC which is involved in the hospital and healthcare service industry.

Notes to the Financial Statements

	Number of Shares		2011 Rs.	2010 Rs.
	2011	2010		
5.1 Carrying Value of the Investment				
Quoted				
Asiri Central Hospitals PLC	7,303,257	7,303,257	727,563,277	727,563,277
Post acquisition profit net of dividends (5.3) (2010 - including net gain on Deemed Disposal)			(569,055)	57,169,402
Carrying Value of the Investments			<u>726,994,222</u>	<u>784,732,679</u>
Share of Associate's Balance Sheet				
Current Assets			2,814,592	23,042,391
Non- Current Assets			868,456,387	646,586,624
Current Liabilities			(283,458,534)	(294,083,286)
Non- Current Liabilities			-	(8,702,344)
Net Assets			<u>587,812,445</u>	<u>366,843,384</u>
Fair value, Goodwill and other adjustments on acquisition			417,889,295	417,889,295
Fair value incorporated in the books of the Associate Company (5.4)			(278,707,518)	-
Carrying amount of the Investment			<u>726,994,222</u>	<u>784,732,679</u>
			<u>2011 Rs.</u>	<u>2010 Rs.</u>
5.2 Share of the Associates Revenue and Loss				
Revenue			9,708,448	213,494,680
Loss before Income Tax			(57,510,072)	(4,358,993)
Income Tax			(228,384)	(5,116,634)
			<u>(57,738,457)</u>	<u>(9,475,627)</u>
			<u>2011 Rs.</u>	<u>2010 Rs.</u>
5.3 Post Acquisition Profit Net of Dividends as of the end of the period				
Post acquisition operational Profit/(Loss)			(569,055)	57,169,402
			<u>(569,055)</u>	<u>57,169,402</u>

5.4 "The Property of Asiri Central Hospital PLC located at No 37, Horton Place Colombo 07, was revalued on 30 November 2010 by an independent valuer and the results of such valuation were incorporated in the financial statements of Asiri Central Hospital PLC from the effective date 30 November 2010.

Accordingly, in the Company's books of accounts the effect of such valuation was transferred from the fair value considered at the time of acquiring the underlying Investment in Associate to non current assets.

	Number of Shares		2011 Rs.	2010 Rs.
	2011	2010		
6. INVESTMENT IN EQUITY SECURITIES				
Non Quoted				
Central Hospitals (Pvt) Ltd				
Carrying amount as at the beginning of the period	15,883,567	-	216,973,011	-
Transferred from Investment in Associate	-	7,319,143	-	69,048,698
Investment made during the period	-	8,564,424	-	145,595,208
Net Gain on Deemed Disposal Profit	-	-	-	2,329,105
Carrying amount as at the end of the period				
Directors Valuation: Rs.216,973,011/- (31 March 2010 - Rs.216,973,011)	15,883,567	15,883,567	216,973,011	216,973,011

The Company has a 7.38% (2010 - 7.38%) interest in Central Hospitals (Pvt) Ltd which is involved in the hospital and healthcare service industry.

	2011 Rs.	2010 Rs.
7. INVENTORIES		
Pharmaceuticals	24,363,094	27,311,932
Surgical	61,143,357	71,783,441
Genetic Lab	8,217,070	6,047,929
X-Ray and Radiology Consumables	3,481,788	1,189,587
Kitchen/ Canteen	618,800	545,618
House Keeping Consumables	784,406	754,295
Stationery	4,540,968	4,249,903
Others	6,603,495	3,723,493
	109,752,977	115,606,198
Less: Provision for Obsolete Stocks	(3,867,249)	(1,933,257)
	105,885,729	113,672,941
	2011 Rs.	2010 Rs.
8. TRADE AND OTHER RECEIVABLES		
Trade Debtors	70,183,618	64,357,090
Less: Provision for Bad Debts	(4,138,810)	(2,596,187)
	66,044,808	61,760,903
Other Debtors - Related Party (8.1)	303,482,560	46,057,615
Advances, Deposits and Prepayments	40,461,225	22,879,030
	409,988,593	130,697,548

Notes to the Financial Statements

		2011 Rs.	2010 Rs.
8.1 Other Debtors - Related Party	Relationship		
Asiri Hospitals PLC	Parent Company	67,231,466	40,408,504
Asiri Central Hospitals PLC	Associate Company	60,207,270	5,476,333
Asiri Diagnostic Services (Pvt) Ltd	Fellow Subsidiary	804,036	171,866
Central Hospital (Pvt) Ltd	Fellow Subsidiary	175,011,382	912
Matara Medi House (Pvt) Ltd.	Fellow Subsidiary	228,406	-
		<u>303,482,560</u>	<u>46,057,615</u>

		2011		2010	
		Number	Rs.	Number	Rs.
9. STATED CAPITAL					
Fully Paid Ordinary Shares (9.1)		528,457,545	1,183,327,565	528,457,545	1,183,327,565
Fully Paid Cumulative Non Redeemable Preference Shares (9.2)		210,000,000	210,000,000	210,000,000	210,000,000
			<u>1,393,327,565</u>		<u>1,393,327,565</u>
9.1 Fully Paid Ordinary Shares					
Balance at beginning of the period		528,457,545	1,183,327,565	469,740,040	772,305,030
Issues of shares for cash		-	-	58,717,505	411,022,535
Balance at end of the period		<u>528,457,545</u>	<u>1,183,327,565</u>	<u>528,457,545</u>	<u>1,183,327,565</u>
9.2 Fully Paid Cumulative Non Redeemable Preference Shares					
Balance at beginning of the period		210,000,000	210,000,000	210,000,000	210,000,000
Balance at end of the period		<u>210,000,000</u>	<u>210,000,000</u>	<u>210,000,000</u>	<u>210,000,000</u>

9.3 Rights, Preferences and Restrictions of Classes of Capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at a meeting of the Company.

Holders of preference shares will confer the right to a dividend which will be equal to any dividend declared on the ordinary shares. The holders of preference shares will have a priority right over the ordinary shareholders to the payment of such dividend. The preference shareholders do not carry the right to vote at a general meeting.

In a winding-up the preference shares will confer the right to the payment of the paid preference share capital to the holders thereof in priority to the payment of the paid up ordinary share capital to the holders of such capital. Thereafter, all shares rank equally with regard to the Company's residual assets, after the return to the ordinary shareholders of the paid up ordinary shares.

	2011 Amount Repayable Within 1 Year Rs.	2011 Amount Repayable Within 2-5 Years Rs.	2011 Amount Repayable After 5 Years Rs.	2011 Total Rs.	2010 Total Rs.
10. AMOUNT DUE ON LEASEHOLD PROPERTY					
Board of Investment of Sri Lanka					
Gross Liability on Leasehold Land	4,275,600	17,102,400	35,986,300	57,364,300	62,776,666
Less: Finance Charges allocated to future periods	(203,600)	(814,400)	(1,713,633)	(2,731,633)	(4,072,000)
Net Liability on Leasehold Land	4,072,000	16,288,000	34,272,667	54,632,667	58,704,666
On-re-location (10.1.3)	1,041,277	-	-	1,041,277	1,041,277
	5,113,277	16,288,000	34,272,667	55,673,944	59,745,943

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

10.1.1

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

10.1.2 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 whichever is lower. Accordingly, BOI has increased the annual lease rent by 10% in the financial year 2009/10. Accordingly, the finance cost amounting to Rs.203,600/- has been recognised as an expense in 2010/11.

- If BOI exercises same right, at the end of 5 years (i.e. after the financial year of 2013/14) and every 5 years thereafter at the maximum allowed rate of 10%, the Company would have to incur a gross liability of Rs.113,100,004/- including future finance costs of Rs.8,363,870/-.
- Due to the uncertainty of exercising such right, the Company has not accounted for future finance costs pertaining to the above lease which would amount to approximately Rs.570,264/- for the year ended 31 March 2011.
- All payments are subject to taxes prevailing at the time of payment.

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

	2011 Amount Repayable Within 1 Year Rs.	2011 Amount Repayable After 1 Year Rs.	2011 Total Rs.	2010 Amount Repayable Within 1 Year Rs.	2010 Amount Repayable After 1 Year Rs.	2010 Total Rs.
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11. INTEREST BEARING LOANS AND BORROWINGS

Finance Leases (11.1)	1,151,672	1,392,444	2,544,116	963,774	2,556,476	3,520,250
Bank Loans (11.2) Short Term	198,608,810	-	198,608,810	200,000,000	-	200,000,000
Long Term	199,317,972	319,395,070	518,713,042	199,277,972	518,753,042	718,031,014
Bank Overdraft (20.2)	138,015,794	-	138,015,794	31,938,759	-	31,938,759
	537,094,248	320,787,514	857,881,762	432,180,505	521,309,518	953,490,023

Notes to the Financial Statements

	As at 01.04.2010 Rs.	New Leases Obtained Rs.	Repayment Rs.	As at 31.03.2011 Rs.
11.1 Finance Leases				
Hatton National Bank PLC	4,528,375	-	(1,515,996)	3,012,379
Gross Liability	4,528,375	-	(1,515,996)	3,012,379
Finance Charges allocated to future periods	(1,008,125)			(468,263)
Net liability	3,520,250			2,544,116
	As at 01.04.2010 Rs.	Loans Obtained Rs.	Repayments Rs.	As at 31.03.2011 Rs.
11.2 Bank Loans				
Commercial Bank of Ceylon PLC	499,520,000	-	(114,840,000)	384,680,000
Hatton National Bank PLC	164,100,000	157,549,000	(192,349,000)	129,300,000
Nations Trust Bank PLC	24,750,000	-	(9,000,000)	15,750,000
DFCC Bank	179,661,014	-	(40,677,972)	138,983,042
Pan Asia Banking Corporation PLC	50,000,000	450,000,000	(451,391,190)	48,608,810
	918,031,014	607,549,000	(808,258,162)	717,321,852

11.3 Details of the Long Term Loans;

Details of the Long Term Loans;	Approved Facility	Purpose	Repayment Terms	Security	Security Amount Rs.
Commercial Bank of Ceylon PLC	Rs.300 Mn	Part finance the cost of construction of Phase 2 of the hospital complex	60 equal monthly installments Commencing from 12 Months after first disbursement	Corporate Guarantee from Asiri Hospitals PLC	300 Mn
Commercial Bank of Ceylon PLC	Rs.100 Mn	Establishment of irrevocable documentary Letters of Credits for the importation of medical equipment	60 equal monthly installments with one year grace period Commencing from 25th December 2009	Primary Mortgage over machinery to be imported & Corporate Guarantee from Asiri Hospitals PLC	350 Mn
Commercial Bank of Ceylon PLC	Rs.175 Mn	To part refinance the term loan granted to finance the Purchase of 6,577,981 Shares of Asiri Central Hospitals PLC	59 Equal monthly installment of Rs.2.9 Mn each and final installment of Rs.3.9 Mn	Secondary Concurrent Mortgage Bond with Hatton National Bank PLC over property of the Company	175 Mn
Commercial Bank of Ceylon PLC	Rs.100 Mn	To finance the working capital requirements of the Company	Each loan will be repaid in 30 days	Secondary Concurrent Mortgage Bond with Hatton National Bank PLC over property of the Company & Corporate Guarantee from Asiri Hospitals	225 Mn

Details of the Long Term Loans;	Approved Facility	Purpose	Repayment Terms	Security	Security Amount Rs.
Hatton National Bank PLC	Rs.175 Mn	To part settle temporary facilities obtained to purchase stake in Asiri Central Hospitals PLC	59 Equal monthly installment of Rs.2.9 Mn each and final installment of Rs.3.9 Mn	Leased hold Land and Buildings	175 Mn
Hatton National Bank PLC	Rs.50 Mn	Operational requirements	Each loan will be repaid in 30 days	Corporate Guarantee from Asiri Hospitals PLC	150 Mn
Nations Trust Bank PLC	Rs.36 Mn	For importation of Cardiac Monitoring and Resuscitation system	48 equal monthly installments Commencing from January 2009	"Mortgage over Equipment Corporate Guarantee from Asiri Hospital PLC"	36 Mn
Pan Asia Banking Corporation PLC	Rs.50 Mn	To finance the working capital requirements of the Company	Each loan will be repaid in 90 days	Corporate Guarantee from Asiri Hospitals PLC	100 Mn
DFCC Bank	Rs.200 Mn	Settle part of the short term borrowings	50 equal monthly installments (capital) after a grace period of one month commencing from 25 December 2009	66,000,000 ordinary shares of Asiri Surgical Hospital PLC held by Asiri Hospitals PLC	200 Mn

<u>2011</u> Rs.	<u>2010</u> Rs.
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12. RETIREMENT BENEFIT LIABILITY

12.1 Retirement Benefit Obligations- Gratuity

Balance as at the beginning of the year	12,537,625	3,645,310
Charge/(Reverse) for the year	7,017,271	9,456,975
Benefits Paid	(516,922)	(564,660)
Balance as at the end of the year	<u>19,037,974</u>	<u>12,537,625</u>

Messrs. Actuarial and Management Consultants (Pvt) Ltd Actuaries, carried out an actuarial valuation of the defined benefit plan gratuity on 31 March 2011. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used are as follows:

Principal Actuarial Assumption

The principal financial assumptions underlying the valuation are as follows:

	<u>2011</u>	<u>2010</u>
Discount Rate	11.5% p.a.	12% p.a.
Salary Increases	10.5% p.a.	10% p.a.
Staff Turnover	Up to 45 years - 10%	Up to 50 years 10%

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

Notes to the Financial Statements

	2011 Rs.	2010 Rs.
13. TRADE AND OTHER PAYABLES		
Trade Payables	55,836,885	47,404,644
Contract Retention	4,473,213	9,746,560
Sundry Creditors including Accrued Expenses	50,494,266	50,485,194
Other Liabilities	11,990,400	-
Other Payable - Related Party (13.1)	3,581,112	3,700,804
	<u>126,375,875</u>	<u>111,337,202</u>
13.1 Other Payable - Related Party		
	Relationship	
Asiri Hospital Matara (Pvt) Ltd	Fellow Subsidiary	
	3,581,112	3,700,804
	<u>3,581,112</u>	<u>3,700,804</u>
	2011 Rs.	2010 Rs.
14. OTHER INCOME AND GAINS		
Car Park Rental	4,800,000	3,900,000
Dialog Antenna Rental	1,607,143	1,607,143
Restaurant Rental	1,101,800	876,493
Hostel Fees	-	118,612
Mobitel Income Account	720,000	-
Gain on Transfer of Assets	2,819,689	-
Sundry Income	4,500	363,400
	<u>11,053,132</u>	<u>6,865,648</u>
	2011 Rs.	2010 Rs.
15. FINANCE COST AND INCOME		
15.1 Finance Cost		
Interest Expense on Overdrafts	10,329,861	10,964,006
Interest Expense on Loans, Borrowings & Finance Leases	92,789,550	141,980,449
	<u>103,119,411</u>	<u>152,944,455</u>
15.2 Finance Income		
Interest Income	<u>10,808,514</u>	<u>3,486,455</u>

	2011 Rs.	2010 Rs.
16. PROFIT BEFOR TAX		
Stated after Charging/(Crediting)		
Included in Cost of Sales		
Depreciation	74,628,395	78,341,852
Employee Benefits including the following	227,865,165	192,398,660
- Defined Contribution Plan Costs - EPF & ETF	20,377,325	17,049,641
Included in Administrative Expenses		
Depreciation	76,828,922	69,992,253
Employee Benefits including the following	40,550,682	36,093,421
- Defined Benefit Plan Costs - Gratuity	7,017,271	9,456,975
- Defined Contribution Plan Costs - EPF & ETF	2,264,147	1,894,405
Directors' Fees and Remuneration	10,467,000	9,786,981
Amortisation of Leasehold Property	1,036,933	1,036,933
Donations	49,354	1,205,303
Legal Fees	900,603	1,385,953
Audit Fees and Reimbursable expense	745,000	589,208
Included in Selling and Distribution Costs		
Advertising Costs	3,831,845	9,552,896

	2011 Rs.	2010 Rs.
17. INCOME TAX EXPENSE		
Income Tax on Other Income	6,619,197	3,346,838
	6,619,197	3,346,838

18. EARNINGS PER SHARE

Basic Earnings Per Share is calculated by dividing the net profit for the year attributable to ordinary shareholders (after deducting preference share dividends) 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.

	2011 Rs.	2010 Rs.
Profit for the year	267,226,051	326,836,116
Dividend on Preference Shares	(21,000,000)	(15,750,000)
Profit Attributable to Ordinary Shareholders for Basic Earnings Per Share	246,226,051	311,086,116
	2011 Number	2010 Number
Number of Ordinary Shares used as the Denominator		
Weighted Average number of Ordinary Shares in issue applicable to Basic Earnings Per Share	528,457,545	528,457,545

Notes to the Financial Statements

	2011 Rs.	2010 Rs.
	<u> </u>	<u> </u>
19. DIVIDENDS PAID AND PROPOSED		
Declared and paid during the year	-	-
19.1 Equity dividends on ordinary shares :		
Interim dividend for 2010/2011 : Rs.0.10-per share (2009/2010: Rs.0.075 per share)	52,848,619	39,634,316
	<u>52,848,619</u>	<u>39,634,316</u>
19.2 Dividends on Preference shares :		
Interim dividend for 2010/11 : Rs.0.10-per share (2009/10: Rs.0.075 per share)	21,000,000	15,750,000
	<u>21,000,000</u>	<u>15,750,000</u>
	<u>73,848,619</u>	<u>55,384,316</u>
	<u> </u>	<u> </u>
	2011 Rs.	2010 Rs.
	<u> </u>	<u> </u>
20. CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT		
Components of Cash and Cash Equivalents		
20.1 Favourable Cash and Cash Equivalents Balance		
Cash and Bank Balances	8,217,563	17,915,352
	<u>8,217,563</u>	<u>17,915,352</u>
20.2 Unfavourable Cash and Cash Equivalents Balance		
Bank Overdraft	(138,015,794)	(31,938,759)
Total Cash and Cash Equivalents for the Purposes of the Cash Flow Statement	<u>(129,798,231)</u>	<u>(14,023,407)</u>
	<u> </u>	<u> </u>
	2011 Rs.	2010 Rs.
	<u> </u>	<u> </u>
21. COMMITMENTS AND CONTINGENCIES		
21.1 Capital Expenditure Commitments		
Contracted but not provided for	-	2,000,000
	<u> </u>	<u> </u>

	2011 Rs. Mn.	2010 Rs. Mn.
21.2 Contingent Liabilities		
(a) Legal Claims		
There is no significant legal claims as at Balance sheet date.	-	-
(b) Guarantees		
The Directors of the Company have signed Corporate Guarantee Bonds with the following banks securing the following banking facilities obtained by Asiri Hospitals PLC.		
Sampath Bank PLC	60	175
Seylan Bank PLC	25	10
Nations Trust Bank PLC	377	180
Hatton National Bank PLC	200	180
Commercial Bank of Ceylon PLC	280	280
Bank of Ceylon	30	24
	972	849

22. ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

Nature of Assets	Nature of liability	Carrying Amount Pledged	
		2011 Rs.	2010 Rs.
Lease hold Land and Buildings	Primary/Secondary Mortgage Bond for loans and borrowings	941,432,936	955,114,849
Inventories and Trade debtors	Primary Mortgage Bond for overdraft facility	171,930,537	113,672,941
Cardiac Monitoring and Resuscitation System	Primary Mortgage for finance facility	25,200,000	28,800,000
Medical Equipment	Primary Mortgage Bond for loans and borrowing	80,000,000	90,000,000
		1,218,563,472	1,187,587,790

Refer Note 3.6, 3.7 and 11.3 to these financial statements for assets pledged.

23. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There have been no material events occurring after the Balance Sheet date that require adjustments to or disclosure in the financial statements.

24. RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows.

24.1 Transactions with Parent and Related Entities

a.

Nature of Transaction	Asiri Hospitals Holdings PLC Parent Company		Transactions with Affiliate Companies*		Total	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
As at 1 April	40,408,504	(59,969,700)	1,948,308	4,373,959	42,356,812	(55,595,741)
Repayment of Temporary Finance Obtained, Fund transfers and Interest Charged	163,424,875	172,705,688	153,198,310	236,725,220	316,623,185	409,430,908
Temporary Finance Obtained	(156,174,696)	(104,300,000)	(2,000,000)	(246,834,162)	(158,174,696)	(351,134,162)
Sale/(Purchase) of goods/services including staff related items	5,995,241	13,335,451	10,297,311	2,412,678	16,292,552	15,748,129
Sale/(Purchase) of Non-Current Assets	-	-	68,384,131	-	68,384,131	-
Channeling fee collected by Related Party/the Company on behalf of the Company/Related Party respectively	13,096,400	15,986,318	477,810	(22,100)	13,574,210	15,964,218
Expenses incurred by the Company on behalf of Related Party	481,142	2,650,747	364,113	5,292,712	845,255	7,943,460
As at 31 March	67,231,466	40,408,504	232,669,983	1,948,308	299,901,448	42,356,812
Included under Trade and Other Receivables	67,231,466	40,408,504	236,251,094	5,649,112	303,482,560	46,057,616
Included under Trade and Other Payables	-	-	(3,581,112)	(3,700,804)	(3,581,112)	(3,700,804)
	67,231,466	40,408,504	232,669,982	1,948,308	299,901,448	42,356,812

* Affiliate Companies include Asiri Hospital Matara (Pvt) Ltd, Asiri Central Hospitals PLC, Asiri Diagnostics Services (Pvt) Ltd, Matara Medi House (Pvt) Ltd and Central Hospital (Pvt) Ltd.

b. The Company has invested in equity shares of Asiri Central Hospitals PLC and Central Hospital (Pvt) Ltd as disclosed in Note 5 & 6 of these financial statements.

c. During the year, the Company has paid Rs.15,614,094/- as dividends to Asiri Hospital Holdings PLC.

24.2 Off Balance Sheet Items

Guarantees made on behalf of Asiri Hospitals PLC, has been given in Note 21.2.(b) and Note 3.6 to these Financial Statements.

a) Asiri Hospitals PLC has granted Corporate Guarantees to Commercial Bank of Ceylon PLC, Hatton National Bank PLC, Nations Trust Bank PLC, Pan Asia Banking Corporation PLC and Seylan Bank PLC to secure the banking facilities obtained by the Company, for the value of Rs.630 Mn, Rs.150 Mn, Rs.36 Mn, Rs.100 Mn and Rs.25 Mn respectively.

b) Refer Note 11.3 to these Financial Statements for assets pledged by Asiri Hospital PLC to DFCC Bank in order to obtain a loan of Rs.200 Mn by Asiri Surgical Hospital PLC.

24.3 Transactions with Key Management Personnel of the Company or its parent

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

a) Key Management Personnel Compensation

	2011 Rs.	2010 Rs.
Short Term Employment Benefits	10,467,000	9,786,981
Total Compensation Paid to Key Management Personnel	10,467,000	9,786,981

b) Share Transactions and Dividends

During the year 2010/11 Key Management Personnel and their close family members have sold 4,633,872 shares of the Company. Dividends have been paid amounting to Rs.1,005,403/-

c) 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 2011 Rs.	Services (Obtained)/ Rendered 2010 Rs.
		Softlogic Trading (Pvt) Ltd	Purchase of Computers and Accessories
Softlogic Computers (Pvt) Ltd	Purchase of Computers and Accessories	(881,500)	(54,090)
Softlogic Information Systems (Pvt) Ltd	Software Maintenance	(2,016,000)	(1,760,250)
Softlogic Communications (Pvt) Ltd	Purchase of Mobile Phones	(455,155)	(107,396)
Uniwalkers Ltd	Purchase of Electronic Equipment	(4,098,412)	(1,996,878)
D.Samson and Sons (Pvt) Ltd	Supply of Goods	(860,460)	(679,919)
Samson Information Technologies (Pvt) Ltd	Purchase of Computers and Accessories	-	(138,600)
Mount Spring Water (Pvt) Ltd	Purchase of Drinking water	(2,109,391)	-

As at the balance sheet date; Softlogic International (Private) Limited, Softlogic Communication (Pvt) Ltd and Softlogic Trading (Pvt) Ltd hold 31,783,299 shares of the Company.

24.4 Other Transactions

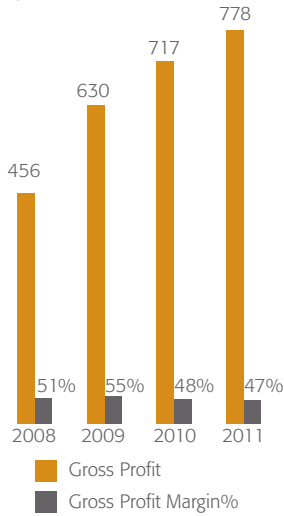
The shareholders of the Company are eligible for a 50% discount on the hospital bills excluding the charges for drugs, medical consumables, professional fees, and blood charges up to a limit of 12.5% per annum of the nominal value of the shares held for a minimum period of three months. Discounts are 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.

Graphical Review

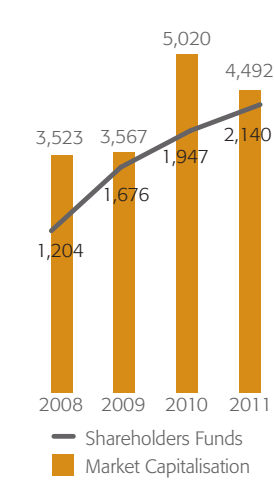
Gross Profit

Rs. Mn.



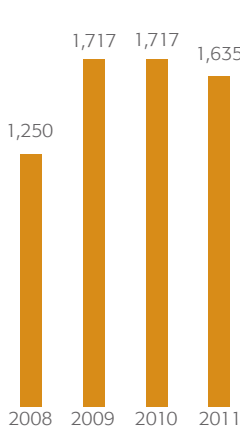
Shareholders Funds Vs. Market Capitalisation

Rs. Mn.



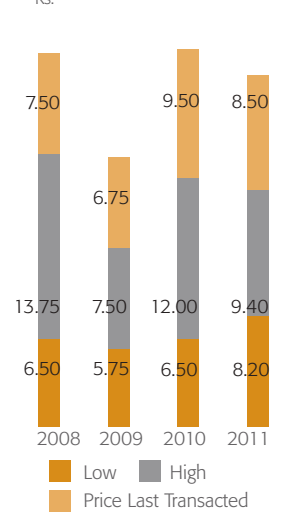
Plant, Property & Equipment

Rs. Mn.



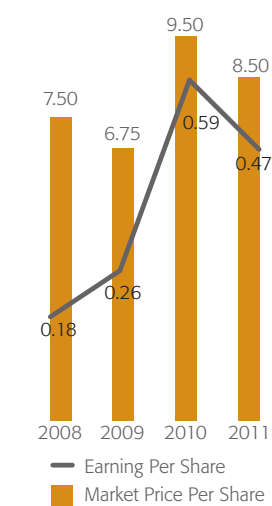
Share Price

Rs.



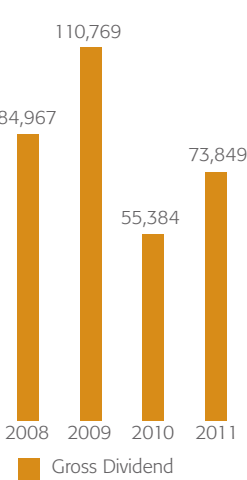
Earning and Market Value

Rs.



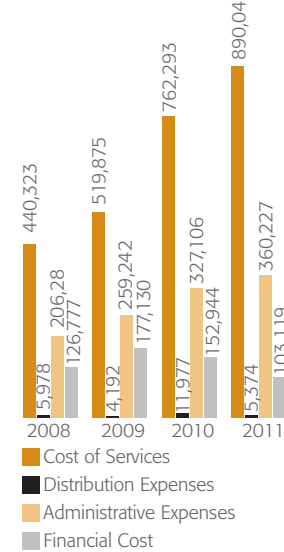
Dividend Paid

Rs.'000



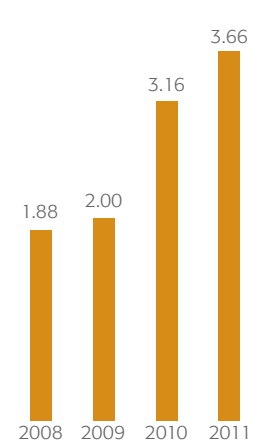
Expenses Analysis

Rs.'000

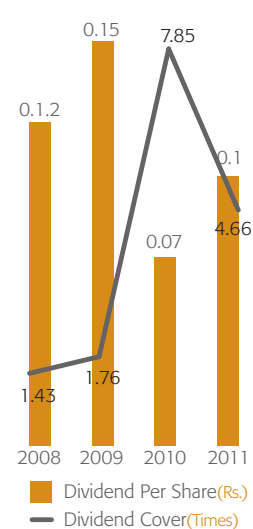


Interest Cover

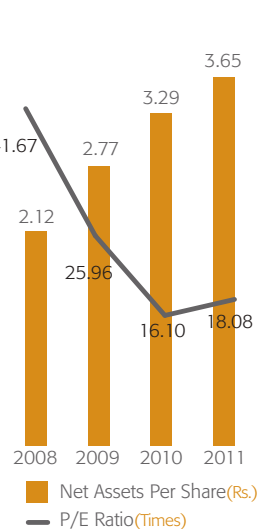
Times



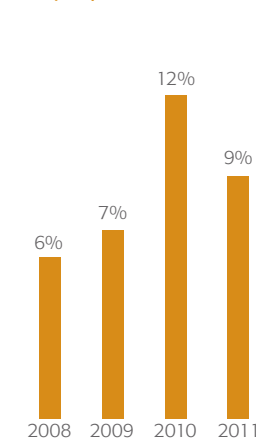
Dividends



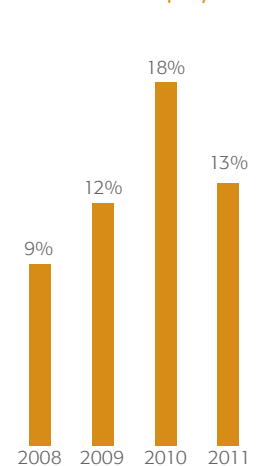
Share Value



Return On Capital Employed



Return On Equity



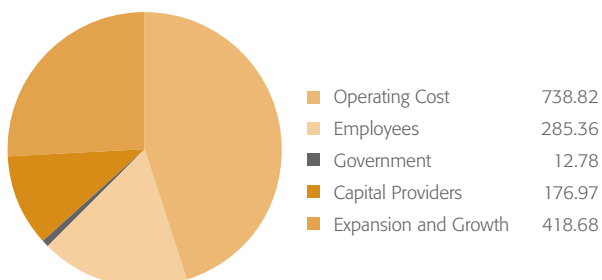
Economic Value Added Statement

		2010/11 Rs.'000		2009/10 Rs.'000
Direct economic value generated				
Revenue		1,668,484		1,479,344
Other Income		11,053		6,866
Finance Income		10,808		3,486
Share of loss of an Associate		(57,738)		(9,476)
Net gain on Deemed Disposal Of Investment		-		104,283
		<u>1,632,607</u>		<u>1,584,503</u>
Economic Value Distributed				
	%		%	
Operating Cost	45.31	738,820	40.85	647,328
Employees				
Employee wages & Benefits	17.48	285,358	15.24	241,515
Government				
All Taxes	0.78	12,777	0.77	12,162
Capital Providers				
Interest on loan	6.32	103,119	9.65	152,944
Shareholders	4.52	73,849	3.50	55,384
Expansion and Growth				
Depreciation	9.22	151,458	9.36	148,334
Retained Profit	16.37	267,226	20.63	326,836
	100.00	<u>1,632,607</u>	100.00	<u>1,584,503</u>

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 operation during the financial year 2010/11, the company created a total wealth of Rs.1.6 billion, which was a 3% increase over the previous year.



Shareholder Information

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

The Audited Financial Statements of the Company for the year ended March 31, 2011 and copies of this annual report have been submitted to the Colombo Stock Exchange

Distribution of Shareholders

Shareholdings	31st March 2011			31st March 2010		
	No of Shareholders	Total Holding	Holding %	No of Shareholders	Total Holding	Holding %
1 to 1000 shares	1,279	451,239	0.09	1,119	371,750	0.07
1001 to 10,000 shares	899	3,744,318	0.71	790	3,053,141	0.58
10001 to 100,000 shares	558	16,220,558	3.07	576	16,644,215	3.15
100001 to 1,000,000 shares	124	35,163,500	6.65	130	34,898,500	6.60
Over 1,000,001 shares	28	472,877,930	89.48	32	473,489,939	89.60
Total	<u>2,888</u>	<u>528,457,545</u>	<u>100.00</u>	<u>2,647</u>	<u>528,457,545</u>	<u>100.00</u>

Composition of Shareholders

Individual	2,787	169,095,910	32.00	2,572	188,727,118	35.71
Institutional	101	359,361,635	68.00	75	339,730,427	64.29
Total	<u>2,888</u>	<u>528,457,545</u>	<u>100.00</u>	<u>2,647</u>	<u>528,457,545</u>	<u>100.00</u>
Resident	2,867	527,711,415	99.86	2,622	527,988,582	99.91
Non-Resident	21	746,130	0.14	25	468,963	0.09
Total	<u>2,888</u>	<u>528,457,545</u>	<u>100.00</u>	<u>2,647</u>	<u>528,457,545</u>	<u>100.00</u>

Major Shareholdings

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

	<u>31st March 2011</u>	<u>%</u>	<u>31st March 2010</u>	<u>%</u>
1 Asiri Hospitals PLC	235,225,553	44.51	156,140,941	29.55
2 Sri Lanka Insurance Corporation Ltd-General Fund	60,070,498	11.37	121,040,898	22.9
3 Mr. D K Subasinghe/Mrs. S N Subasinghe	52,446,653	9.92	52,159,753	9.87
4 Softlogic International (Pvt) Ltd	20,337,133	3.85	20,337,133	3.85
5 Sri Lanka Insurance Corporation Ltd-Life Fund	15,493,000	2.93	15,493,000	2.93
6 Mr. P P Subasinghe	9,000,014	1.7	9,000,014	1.7
7 Mr. T Weerasinghe/Mrs. N Weerasinghe	7,500,015	1.42	7,500,015	1.42
8 Mrs. N Weerasinghe/Miss. T H Weerasinghe	7,499,999	1.42	7,499,999	1.42
9 Mrs. N Weerasinghe/Mr. C D Weerasinghe	7,499,999	1.42	7,499,999	1.42
10 Mr. C D Weerasingha/Mrs. N Weerasinghe	6,666,666	1.26	6,666,666	1.26
11 Softlogic Communications (Pvt) Ltd	6,543,966	1.24	6,543,966	1.24
12 Mr. Kailasapillai Aravithan	6,000,000	1.14	6,280,000	1.19
13 Softlogic Trading (Pvt) Ltd	4,902,200	0.93	4,902,200	0.93
14 Mr. V Kailasapillai	3,500,000	0.66	7,500,000	1.42
15 Miss. Sivamalar Subramaniam	3,500,000	0.66	6,300,000	1.19
16 Mrs. A Kailasapillai	3,500,000	0.66	6,300,000	1.19
17 Mrs. A Selliah	3,500,000	0.66	7,100,000	1.34
18 Mr. M R Weerasinghe	3,333,333	0.63	3,333,333	0.63
19 Mr. D M Rajapaksa	3,010,850	0.57	2,764,350	0.52
20 Dr. M D N Jayarathne	2,249,998	0.43		
	<u>461,779,877</u>	<u>87.38</u>	<u>456,762,267</u>	<u>86.43</u>
Shares held by the other shareholdings	<u>66,677,668</u>	<u>12.62</u>	<u>71,695,278</u>	<u>13.57</u>
Total No. of Shares issued	<u>528,457,545</u>	<u>100.00</u>	<u>528,457,545</u>	<u>100.00</u>
Public Shareholding	<u>213,630,586</u>	<u>40.43</u>	<u>230,957,416</u>	<u>43.70</u>

	<u>2010/11</u>		<u>2009/10</u>	
Share Trading				
Market Price (Rs.)				
Highest	9.40	(10/01/11)	12.00	(03/12/09)
Lowest	8.20	(23/03/11)	6.50	(01/04/09)
As at year end	8.50	(31/03/11)	9.50	(26/03/10)
No of Trades	604		674	
No of Shares Traded	1,654,700		1,597,500	
Value of the Shares Traded (Rs.)	14,711,120		16,235,650	
Earnings per Share (Rs.)	0.47		0.59	
Dividends per Share (Rs.)	0.10		0.15	
Net Assets per Ordinary Share (Rs.)	3.65		3.29	

Five Year Summary

Year ended 31 March 2011

Rs. '000

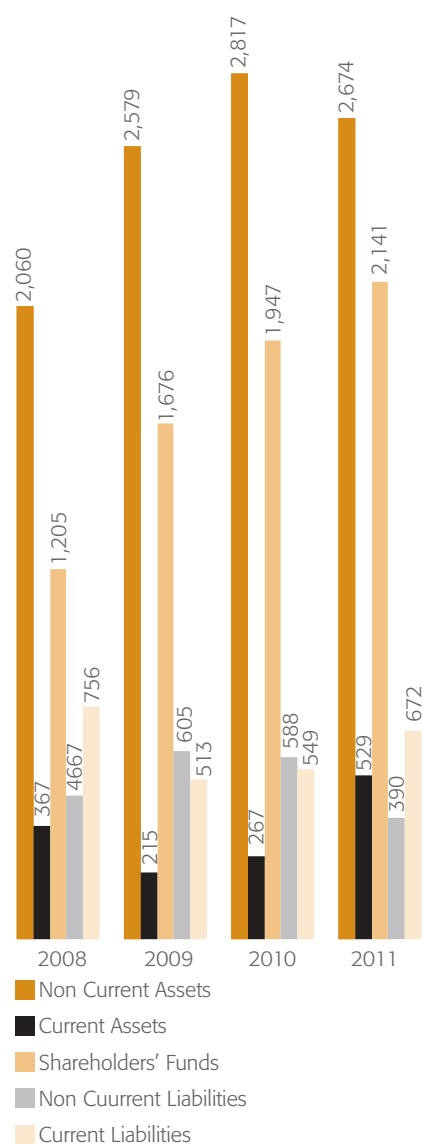
	2011	2010	2009	2008	2007
Income Statements					
Revenue	1,668,484	1,479,344	1,149,832	896,373	718,972
Cost of Services	(890,041)	(762,293)	(519,875)	(440,323)	(334,930)
Gross Operating Profit	778,443	717,051	629,957	456,050	384,042
Other Income	21,862	10,352	15,176	4,808	3,736
Administration and Distribution Expenses	(365,601)	(339,083)	(263,434)	(212,259)	(162,267)
Profit Before Interest	434,703	388,320	381,699	248,599	225,511
Finance Cost	(103,119)	(152,944)	(177,130)	(126,777)	(4,248)
Share of Loss of an Associate	(57,738)	(9,476)	(27,640)	(9,838)	-
Net Gain on Deemed Disposal of Investment	-	104,283	-	-	-
Profit before Tax	273,845	330,183	176,929	111,983	221,263
Income Tax Expense	(6,619)	(3,347)	(5,717)	(1,700)	(566)
Net Profit for the year	267,226	326,836	171,212	110,284	220,697
Balance Sheet					
Property Plant & Equipment	1,730,371	1,815,673	1,818,179	1,415,826	1,225,578
Investment in Associates	726,994	784,733	761,303	643,772	-
Investment in Equity Securities	216,973	216,973	-	-	-
Inventories	105,886	113,673	89,837	61,545	55,240
Receivables	409,989	130,697	111,057	294,724	44,308
Cash and Bank balance	13,218	22,915	13,978	10,606	6,725
Total Assets	3,203,430	3,084,664	2,794,354	2,426,476	1,331,851
Stated Capital	1,393,328	1,393,328	1,393,328	982,305	982,305
Accumulated Profits	747,479	554,102	282,650	222,206	196,890
Shareholders' Funds	2,140,807	1,947,430	1,675,978	1,204,511	1,179,196
Non Interest Bearing Long Term Liabilities	50,561	54,633	59,746	64,248	69,565
Interest Bearing Long Term Liabilities	320,788	521,309	541,512	398,024	-
Deferred Retirements Obligations	19,038	12,538	3,645	3,783	1,953
Trade Creditors	127,558	111,337	139,734	57,656	34,819
Other Payables	2,472	124	437	-	-
Non Interest Bearing Loans and Borrowings	5,113	5,113	5,113	5,317	5,317
Interest Bearing Short Term Borrowings	537,094	432,180	368,189	692,935	41,002
Total Equity & Liabilities	3,203,430	3,084,664	2,794,354	2,426,474	1,331,852
Cash Flow					
Net Cash Flow from operating activities	291,268	312,928	478,714	(19,528)	190,245
Net Cash Flow used in Investing activities	(127,658)	(289,078)	(587,030)	(936,264)	(63,582)
PBIT/Turnover	23%	26%	33%	28%	31%
GP Margin	47%	48%	55%	51%	53%
Gearing	29%	33%	35%	48%	3%

Financial Position, Liquidity and Capital Resources

	%	2011	%	2010
<i>Rs.Mn.</i>				
Item				
Non current assets				
Property, Plant and equipment	54.01	1,730	58.85	1,815
Investment in associates	29.47	944	32.46	1,001
Current assets				
Inventories	3.31	106	3.70	114
Trade and other receivable	12.80	410	4.25	131
Short term investment and cash in hand	0.41	13	0.75	23
	<u>100.00</u>	<u>3,203</u>	<u>100.00</u>	<u>3,084</u>
Shareholder's funds	66.82	2,141	63.13	1,947
Non current liabilities				
Non Interest Bearing Loans	1.59	51	1.78	55
Retirement Benefits Liability	0.59	19	0.39	12
Interest bearing borrowings	10.02	321	16.89	521
Current liabilities				
Trade and other payables	4.06	129	3.63	112
Current Portion of interest bearing borrowings	16.76	537	14.01	432
Current Portion of Non interest bearing borrowings	0.16	5	0.16	5
	<u>100.00</u>	<u>3,203</u>	<u>100.00</u>	<u>3,084</u>

Financial Position, Liquidity and Capital Resources

Rs. Mn.



Notice of Meeting

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of Asiri Surgical Hospital PLC will be held at HOTEL JANAKI, Fife Road, Colombo 05 on Thursday the 29th day of September 2011 at 11.30 a.m. for the following purposes:

- 1) To receive and consider the Annual Report of the Board of Directors, Statements of Accounts and the Balance Sheet of the Company for the year ended 31st March 2011 together with the Report of the Auditors thereon.
- 2) To ratify the Interim Dividend of Rs.0/10 per share paid on 21st May 2010 as the Final Dividend for the year ended 31st March 2011.
- 3) To re-elect Mr. G L H Premaratne who retires by rotation in terms of Article 24(6) of the Articles of Association, as a Director of the Company.
- 4) To re-elect Mr. S A B Rajapaksa who retires in terms of Article 24(6) of the Articles of Association, as a Director of the Company.
- 5) To re-appoint Messrs Ernst & Young as Auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration.
- 6) Special Business
 - I. To authorize the Directors to determine and make donations for the year ending 31st March 2012 and up to the date of the next Annual General Meeting.

By Order of the Board
SECRETARIES & REGISTRARS (PRIVATE) LIMITED

(Sgd.)
SECRETARIES

Colombo
25th August 2011

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.

IMPORTANT NOTICE

PLEASE NOTE THAT THE SHAREHOLDERS IN POSSESSION OF SHARE CERTIFICATES/S [I.E. SHAREHOLDERS WHOSE SHARES ARE NOT LODGED WITH THE CENTRAL DEPOSITORY SYSTEMS (PRIVATE) LIMITED (CDS)] ARE KINDLY REQUESTED TO LODGE THEIR SHARE CERTIFICATES WITH THE CDS BEFORE 31ST OF DECEMBER 2011 AS PER THE CIRCULAR NO. 13/2010 ISSUED BY THE CDS.

Form of Proxy

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

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

as *my/our Proxy to represent me/us and to speak and vote for *me/us on *my/our behalf at the 11th ANNUAL GENERAL MEETING OF THE COMPANY to be held at HOTEL JANAKI, Fife Road, Colombo 05 at 11.30 a.m. on Thursday the 29th of September 2011 and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

	FOR	AGAINST
1) To receive and consider the Annual Report of the Board of Directors, Statements of Accounts and the Balance sheet of the Company for the year ended 31st March 2011 together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2) To approve the interim dividend of Rs.0/10 per share paid on 21st May 2010 as the final dividend for the year ended 31st March 2011.	<input type="checkbox"/>	<input type="checkbox"/>
3) To re-elect Mr. G L H Premaratne who retires by rotation in terms of Article 24(6) of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4) To re-elect Mr. S A B Rajapaksa who retires by rotation in terms of Article 24(6) of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
5) To re-appoint retiring Auditors Messrs Ernst & Young and to authorize the Directors to fix their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
6) Special Business I. To authorize the Directors to determine and make donations.	<input type="checkbox"/>	<input type="checkbox"/>

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

*Signature/s

Note:

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

INSTRUCTIONS AS TO COMPLETION

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

Please provide the following details :

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

Corporate Information

Name of the company

Asiri Surgical Hospital PLC

Registered office

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

Legal form

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

The Company has re-registered under the Companies
Act:7 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. K. M. P. Karunaratne - *Director (Medical)/Chief
Operating Officer*
Mrs. D. Wimalasundera - *Director Administration*
Dr. D. S. Rajapaksa
Mr. G. L. H. Premaratne
Mr. S. A. B. Rajapaksa
Mr. S. G. Wijesinha

Auditors

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

Secretaries

Messrs Secretaries & Registrars (Private) Limited
No. 32 A, 1st Floor,
Sir Mohamed Macan Markar Mawatha,
Colombo 03.

