



ASIRI SURGICAL HOSPITAL PLC

Annual Report 2021/22

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About Us

Asiri Surgical Hospital leads the field in specialised surgical care, a vital component of Asiri Health's proposition in Sri Lanka.

Fully geared to handle an array of surgeries, we provide a complete range of services under one roof. Driven by the latest technology and renowned for our dedicated nursing team, Asiri Surgical Hospital couples high-tech treatment with exemplary patient-care. We meet the highest standards for pre-surgical evaluation and diagnostics, employ a diverse and extremely qualified panel of surgeons, and ensure high-tech post-operation management.

At Asiri Surgical Hospital, we are continually improving processes, customising our care to meet changing needs, and optimising our patient experience; for truly world-class surgical care.

155
Beds

450+
Consultants

24-hour

Emergency Treatment Unit (ETU) and Ambulance Service

World-class

Heart Centre and Comprehensive Cancer Care Centre

Centres of Excellence

Cardiology, Oncology, Orthopedics, Urology and Gastroenterology



Vision

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



Mission

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



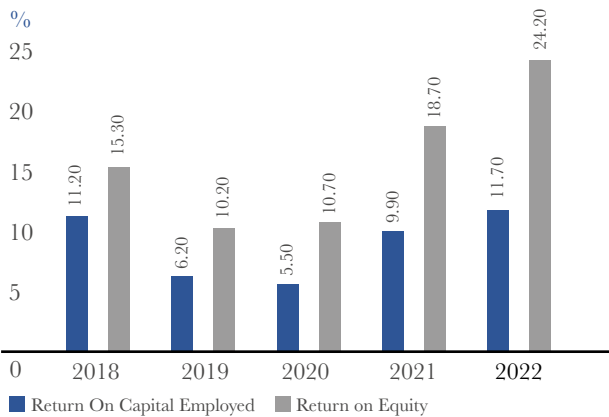
Values

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

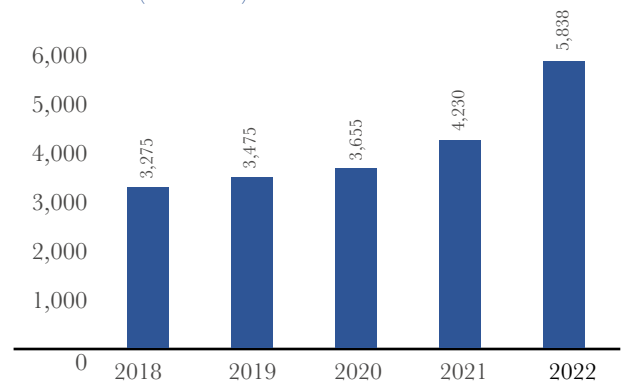
Highlights of the Year

Year ended 31 March	Group		
	2022	2021	
Operating Results			
Revenue	Rs. 000	5,837,833	4,229,712
Profit before Interest and Tax	Rs. 000	1,718,727	962,278
Profit after Tax	Rs. 000	1,246,317	859,667
Return on Equity	%	24.22	18.71
Balance Sheet Highlights			
Total Assets	Rs. 000	10,626,278	8,643,691
Total Equity	Rs. 000	5,146,206	4,594,341
Shareholder Information			
Earnings per Share	Rs.	2.36	1.63
Net Assets per Share	Rs.	9.74	8.69
Dividend per Share	Rs.	2.10	0.85
Share Price (31st March)	Rs.	15.00	13.80

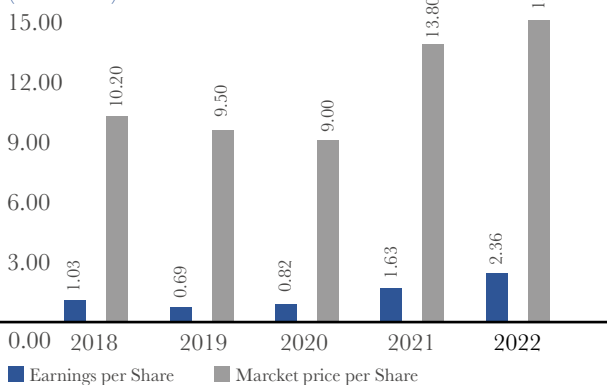
PROFITABILITY



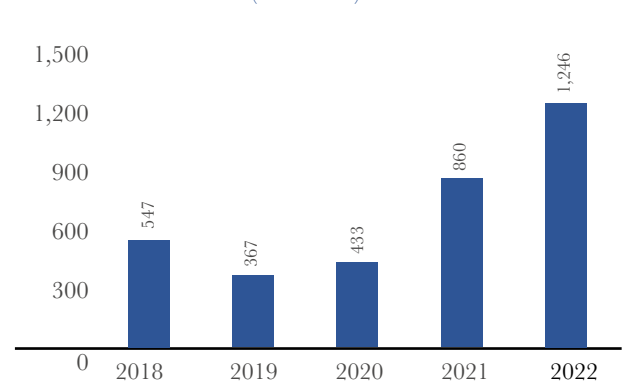
REVENUE (LKR Mn.)



EARNINGS AND MARKET VALUE (LKR Mn.)



PROFIT AFTER TAX (LKR Mn.)



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Chairman's Review



“Given our commitment to medical excellence through innovation and continuous improvement in quality and patient care, ASH is already ahead in terms of readiness to meet the changing trends.”

The past year was a challenging yet fulfilling one for Asiri Surgical Hospital (ASH). We contributed on various fronts to support national efforts to combat the COVID-19 pandemic, while at the same time pressing ahead with our core promise to bring world class healthcare services to both COVID and non-COVID patients.

In response to the rapid surge in COVID case numbers, we moved without hesitation to expand our infrastructure and capabilities. Our in-house lab continued to function 24 hours, and together with our

newly set up drive through facility and mobile testing unit, ASH was conducting on average approximately 1,000 PCR and Rapid Antigen Tests per day at the height of the pandemic in mid-2021.

You may recall, in the previous year when our operations were severely curtailed by pandemic related lockdowns, that ASH was quite limited in its ability to provide healthcare services to non-COVID patients. However, the gradual easing of COVID restrictions allowed us to resume full operations in all disciplines this year. After fully opening its doors to non-COVID patients in early 2021, ASH remained operational throughout the current year, offering the full range of healthcare services to all patients. On this basis, we were able to catch up with the backlog of elective surgeries that were postponed due to pandemic restrictions in the previous year. In fact our theatre utilisation was at an all-time high in FY 2021/22.

On a related note, we also saw the Asiri AOI Cancer Centre attracting more and more patients. Many patients who would otherwise have gone overseas for such treatment, it seems, are realising that they have access to the same or even better facilities at ASH, and at a significantly lower cost compared to the cumulative expenses typically associated with seeking overseas treatment. Aside from the cost benefits, the obvious home ground advantages for continuity of aftercare too is proving to be a key deciding factor for patients to opt for our services.

Following the resumption of full operations, our consultation and OPD services were also very well patronised throughout this past year amidst an influx of patients returning for routine medical needs. This was reflected in the higher average footfall at the hospital. For the most part, average monthly footfall from mid-2021 onwards was on par with pre-pandemic levels.

LOOKING AHEAD

It is no secret that the pandemic has had a profound impact on global healthcare systems, especially the way healthcare is perceived and consumed by patients. In this context, it appears the future is trending towards tele-medicine and other integrated solutions that offer greater convenience and improved patient experiences.

Given our commitment to medical excellence through innovation and continuous improvement in quality and patient care, ASH is already ahead in terms of readiness to meet these changing trends.

Nevertheless, I believe it is imperative that we remain proactive in our efforts to evolve, by anticipating the next big trend rather than just following it. In doing so, we will aim to reach out more frequently and interact more deeply with our patients to understand their needs so that we may invest in developing solutions that not only satisfy their current needs but their future ones as well.

APPRECIATIONS

In conclusion, I would like to thank all our staff, our consultants, nurses and all other medical and non-medical professionals who without being asked, have continued to go beyond the call of duty to serve every patient who walks in through ASH's doors. Your compassion and commitment to serve, can only be described as truly inspirational.

To our patients - thank you for making ASH your preferred choice in healthcare services.

I also wish to thank my colleagues on the ASH Board and Board of the Asiri Group for their unwavering support at all times.

Let me also take this opportunity to express my appreciation for the support and guidance received from the Ministry of Health and other health regulatory bodies.

And finally, the Board joins me in thanking ASH's valued shareholders for their confidence and trust. Let me reassure you that delivering your expectations will keep us motivated to strive for greater heights in the years ahead.

Sgd.

Ashok Pathirage

Chairman/Managing Director

26 July 2022

Management Discussion and Analysis



REVIEW OF OPERATIONS

ASH remained the second largest hospital within the Group in terms of capacity, with 155 beds, 3 surgical theatres and 07 General ICU beds, 08 CTICU beds and 10 CCU beds.

The year under review saw the resumption of normal operations at Asiri Surgical Hospital (ASH) as government health authorities began relaxing COVID-19 related mobility restrictions. Consequently, average footfall at ASH increased by 12% year on year, while the volume of OPD and consultation patients rose sharply by 28% compared to previous year. Surgical and other in-patient admissions reported a 7% increase compared to previous year, while day admissions for outpatient procedures grew by 12% year on year.

Among the most notable capacity expansions at ASH in the current year was the new 07-bed COVID ICU that was set up in mid 2021. In response to the rapid rise in case numbers at the time, steps were taken to boost ASH's COVID capability, with necessary approvals obtained to set up a Drive-through PCR testing facility and launch Mobile PCR testing capabilities. At the height of the COVID third wave in mid-2021, the drive-thru and mobile testing units were carrying out on average approximately 1,000 PCR and Rapid Antigen tests per day. ASH also secured the exclusive contract to conduct PCR testing for departing passengers at the BIA.

It was a very successful year for ASH's Asiri AOI Cancer Centre. The center reaffirmed its status as the top cancer care facility in Sri Lanka by going above and beyond to implement additional COVID protocols for the safety of its patients and to ensure their scheduled treatments could continue without interruption even during the pandemic period. Daily COVID tests were carried out on all patients prior to admission for treatment, while separate treatment rooms were arranged for COVID positive, but asymptomatic patients to continue with their scheduled treatments. Continuous awareness on mass media and social media to educate patients on the COVID safety protocols in place, also helped in building confidence among patients regarding their ability to continue treatment safely. In this way the Asiri AOI Cancer Centre continued to operate at full capacity throughout the year, treating on average between 40 to 50 patients daily, even during lockdown periods.

Furthermore, work commenced during the year on a major refurbishment of the busy ETU at ASH. This will be completed by July 2022.

ASIRI AOI CANCER CENTRE

The Asiri AOI Cancer Centre is a collaboration between the Asiri Surgical Hospital and the American Oncology Institute (AOI), whose vision it is to bring the latest US treatment protocols in Cancer Care to the Indian subcontinent.

Based on these principles, Asiri AOI, takes a comprehensive approach to cancer care that aims to support patients through every step of their journey. Asiri AOI's precision-driven cancer treatment regime is based on collaborative protocols developed by the University of Pittsburgh Medical Centre (UPMC), one of the leading providers of oncology treatment in the United States.

Asiri AOI offers best in class care across Medical, Radiation and Surgical Oncology backed by high end radio-diagnosis



PET services and pathology services. The centers' equipment, including the new generation Radiation Therapy Linear Accelerator is the most advanced in Sri Lanka and amongst a few in South Asia. The AOI Cancer Centre is the only cancer treatment facility in Sri Lanka to house a PET Scanner with Powerful 4 Dimensional imaging technology to help the doctors examine tumors in great detail, enabling them to plan and deliver precisely targeted radiation treatment. Asiri AOI is also the only facility in the country providing a Radiotherapy machine using TrueBeam Technology, ensuring pinpoint accuracy of treatment aimed directly at the tumor, while safeguarding the healthy tissue around it.

Another unique feature is the collaborative multidisciplinary approach, wherein the Medical Oncologist, Radiation

Oncologist and the Surgeons, collaborate together to determine the best protocol on a case by case basis. The International Tumor Board also plays a vital role in planning and monitoring of individual care plans on an ongoing basis. Asiri AOI is among the few or possibly the only cancer hospital in South Asia where an International Tumor Board is conducted weekly, during which leading Oncologists from UPMC join for case discussions along with the local clinical experts to plan treatment for specific cases.

The Center's advanced technology, world-class treatment management protocols and the commitment to deliver personalized and compassionate care has earned the trust and respect of the Country's leading oncologists, who continue to refer an increasing number of patients to receive treatment at the Asiri AOI Cancer Centre.

QUALITY IMPROVEMENT MEASURES

Maintaining global healthcare quality standards have always been an important part of the ASH value proposition. In this regard, the successful completion of the annual process audit enabled ASH to be re-certified under the ACHSI (Australian Council on Healthcare Standard International). ASH has been an ACHSI accredited hospital since March 2020.

Meanwhile ASH participated in the Group-wide study aimed at evaluating the adequacy of existing structural systems and processes in relation to Clinical Outcomes, Patient Safety and Patient Care. As part of the study, the following statistical indicators are monitored.

Quality Improvement Framework - FY 2021/22

Indicator	Objective
Mortality rates such as inpatient mortality rate, ICUs mortality rate, mortality rate within 24 hours of admission, CABG – deaths	Determine Clinical Outcomes
Return to ICU in the same admission, Number of unplanned returns to the Operating theater on the same admission	Evaluate process efficiency in relation to Clinical Outcomes & Patient Care
Hospital acquired infection rate, Surgical site infection rate	Evaluate process efficiency in relation to Clinical Outcomes, Patient Safety & Patient Care
Hand hygiene compliance, Rapid response system attendances within 5 minutes	Evaluate process efficiency in relation to Patient Safety
Patient Falls, Bedsores	Evaluate process efficiency in relation to Patient Safety & Patient Care

PEOPLE ENGAGEMENT INITIATIVES

Amidst the pandemic related strict social distancing protocols, digital tools were leveraged to stay connected with consultants and employees. ASH's consultant databases were used to keep consultants updated through SMS, while a series of special engagement programmes were developed and launched, mostly through the Group's FB page to motivate and uplift employees.

Another significant gesture was over 400 school bags & stationary packs being gifted to staff for their children under the Sisu Diriya programme.

Management Discussion and Analysis

Steps taken to improve overall patient experience

1

The patient discharge workflow system was further strengthened with new timelines established for certain critical areas, including computation of the final bill, time taken to complete the settlement of the final bill, time taken for room cleaning, time taken to discharge drugs through the pharmacy, etc. An automated dashboard was also introduced to enable proactive monitoring of timelines and highlight variances

2

The OPD pharmacy process was revamped, with a maximum allowable timeline established for issuing of medication. A new digital tool to capture and sort prescriptions was also introduced in order to facilitate real time tracking of overall processing speed.

3

The theater booking procedure was digitised to enable more effective allocation of theater resources through surgeon-wise booking and online real time updating of cancellations

4

The existing patient feedback system was updated with the inclusion of an online information management system to handle patient complaints. The objective of this intervention was to support the organizational leadership for strategic decision making to improve quality of service

FOCUS ON SUSTAINABILITY

Led by the Group-wide focus on sustainable operations, ASH initiated some key energy management initiatives, where the existing chiller network was upgraded and reconfigured to achieve specific energy reduction targets, while Variable Frequency Drivers (VFD) were installed to improve energy efficiency of water pumps.

Steps were also taken to align with the new Group-wide waste disposal guidelines. Accordingly, mixed waste is now handed over to the Municipal Council, while Recyclable waste such as cardboard, glass and PET bottles are disposed of through a CEA-registered waste collector and E-waste is disposed of through a relevant CEA-registered service provider.

FOCUS ON THE COMMUNITY

ASH's free healthcare clinics for the community continued to be in place with all necessary COVID prevention protocols in place. These included clinics for Breast Care, Hernia, Urology, Mindfulness and Cosmetic Surgery.

LEADERSHIP & GOVERNANCE

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Board of Directors



1

2

3

4

5

1 MR. ASHOK PATHIRAGE

Chairman/Managing Director

Mr. Ashok Pathirage, recognised as a visionary leader of Sri Lanka’s corporate world, is the founding member and Chairman/Managing Director of Softlogic Group, one of Sri Lanka’s leading conglomerates. He manages over 50 companies with a pragmatic vision providing employment to more than 11,000 employees. Mr. Pathirage manages and gives strategic direction to the Group which has a leading market presence in three core verticals, namely Retail, Healthcare Services and Financial Services and in three non-core verticals namely, IT, Leisure & Automobiles.

Asiri Hospital chain is the country’s leading private healthcare provider which has achieved technological milestones in medical innovation and reliability in Sri Lanka’s private healthcare services.

Softlogic Holdings PLC, Softlogic Capital PLC, Softlogic Life Insurance PLC, Asiri Hospital Holdings PLC and Odel PLC where he serves as Chairman/Managing Director are listed companies in the Colombo Stock Exchange.

He is the Chairman of NDB Capital Holdings Ltd. He also served as the Deputy Chairman of National Development Bank PLC until completion of his full tenure in terms of the regulatory guidelines.

Mr. Pathirage serves as the Chairman of Sri Lankan Airlines Limited an airline where the Government of Sri Lanka is the principle shareholder. He is also the Chairman of Sri Lankan Catering Limited.

2 DR. SIVAKUMAR SELLIAH

Deputy Chairman

MBBS, M Phil

Dr. Selliah holds an MBBS degree and a Master’s Degree (M.Phil). He has over two decades of diverse experience in varied fields including Manufacturing, Healthcare, Insurance, Logistics, Packaging, Renewable Power , Plantation, Retail, etc. He serves on the Boards of many Public listed and Private companies.

Dr. Selliah is currently the Deputy Chairman of Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC and Central Hospitals Private Ltd and Chairman of JAT Holdings PLC. Some of the other listed companies he serves as a Director are: Lanka Tiles PLC, Commercial Bank of Ceylon PLC, Lanka Walltiles PLC, ACL Cables PLC, HNB Assurance PLC, Softlogic Holdings PLC , Odel PLC, Swisstek (Ceylon) PLC. He has also served on many other Boards in the past. Currently, he also serves as a Member or Chairman of many Board sub committees such as: Human Resource and Remuneration Committee, Related party Transaction Committee, Audit Committee, Investment Committee and Strategic Planning Committee.

Dr. Selliah has served as a Senior Lecturer in the Faculty of Medicine, University of Kelaniya for many years in the past and served on several committees. He has also been Head of the Department of Physiology for many years during this period at the Faculty.

3 DR. MANJULA KARUNARATNE

Group Chief Executive Officer

MBBS, MSc (Trinity, Dublin), Dip. MS Med (Eng)
MSOrth Med. (UK)

Dr. Karunaratne was appointed to the Board of Asiri Hospital Holdings PLC and Asiri Surgical Hospital PLC in 2006, and currently serves as the Chief Executive Officer of the Asiri Group. He also serves on the Boards of Central Hospital Ltd., Asiri Central Hospitals Ltd., Asiri Hospital Matara (Pvt) Ltd., Asiri Hospital Galle (Pvt) Ltd., Asiri Diagnostic Services (Pvt) Ltd., Asiri A O I Cancer Centre (Pvt) Ltd., Jendo Innovations (Pvt) Ltd., Softlogic Pharmaceuticals (Pvt) Ltd., Softlogic Healthcare Holdings (Pvt) Ltd. He previously held the positions of Medical Director, Asiri Hospital Holdings PLC (1996-2000) and was Chief Operating Officer, Asiri Hospitals Group during the period 2006-2014. He possesses over 30 years of experience in the field of healthcare and is responsible for the overall medical policy of the Group. Under his guidance the Group has introduced over twenty new medical procedures and technologies to Sri Lanka amongst which are the country's first Bone Marrow Transplant Unit, first Stem Cell Laboratory, first Minimally Invasive Cardiac Surgery service, first fully fledged Stroke Unit with facilities for 'clot retrieval' and a high end Interventional Radiology service. In addition, a 'live donor' Liver Transplant service is currently being set up.

4 MR. HARRIS PREMARATNE

Non-Executive Independent Director

Mr. Premaratne was appointed to the Board in March 2008 after 40 years of banking experience with Commercial Bank of Ceylon PLC. He is specialised in Corporate Banking, and is an Associate of the Chartered Institute of Bankers of London. He served as the Managing Director of Sampath Bank PLC from 2009 to December 2011. He was the Managing Director of Cargills Bank Limited from 2012 to 2014. He held the position of Chairman of Sri Lanka Banks' Association. He was the Deputy Chairman of Pan Asia Banking Corporation PLC in the year 2017 and Deputy Chairman of Softlogic Finance PLC during 2015 - 2017. He was a Director of Softlogic Holdings PLC during 2008 - 2020 and Softlogic Capital PLC during 2014 - 2020. He serves on the Board of Asiri Surgical Hospitals PLC, Central Hospital Limited and Asiri Central Hospitals Limited. He functions as the Chairman of the Remuneration Committee and also a member of the Audit Committee and Related Party Transactions Review committee of the above hospitals.

5 MR. SAMANTHA RAJAPAKSA

Non-Executive Independent Director

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

He began his career at Messrs. Ernst & Young and went on to serve as Director/General Manager at Informatics International. Thereafter, he took on the appointment of Director/Chief Executive Officer of CF Venture Fund Ltd. He was also appointed as a Group Director of Central Finance Co. PLC during the same period. He thereon took a posting overseas as Senior Project Manager at AT&T Inc. USA. He returned to Sri Lanka in 2008 to take up the appointment as Group Director of Kshatriya Holdings PLC and thereafter joined as a Group Director of the Softlogic Group responsible for Group Business Development and as Director/Chief Executive Officer of Softlogic Communications (Pvt) Ltd. Mr. Rajapaksa thereafter held the position of Group Managing Director of Associated Motorways (Pvt) Ltd. and also served as a Director of Bank of Ceylon.

Mr. Rajapaksa currently serves as the Chairman of Kitra Holdings (Pvt) Ltd. and the Rakuen Group of Hotels. He also currently serves as a Director of Asiri Hospital Holdings PLC & Asiri Surgical Hospital PLC. Mr. Rajapaksa is the recipient of the Platinum Honours Award in recognition of Professional Excellence in the Field of Management from the Postgraduate Institute of Management of University of Sri Jayewardenepura.

He functions as the Chairman of the Related Party Transactions Review Committee.

Senior Management



1 MR. AJITH KARUNARATHNE
Director Finance

2 MRS. HASANTHI DE SARAM KARANDAGASPITIYA
Director Human Resources

3 MS. MIHIRI CABANDUGAMA
Director Strategic Planning and Laboratory Development

4 MS. INDRESH PUVIMANASINGHE FERNANDO
Chief Process Officer

5 MRS. ROCHELLE RODÉ DE SILVA
Director Marketing

6 MR. SUDATH HEWAGE
Director Pharmacy Operations

7 MS. NANDIKA SENANI DEEGALA
Chief Nursing Officer



8 **DR. MANJULA KARUNARATNE**
Group Chief Executive Officer

9 **MRS. THELANI WEERASINGHE**
Director Nursing

10 **DR. CHAMPIKA BOGAHAWATTE**
Medical Director

11 **DR. ARUNI MUNASINGHE**
Chief Medical Officer

12 **DR. SEWWANDHI DASANAYAKA**
Chief Medical Officer

13 **DR. GAWRIE GALAPPATHTHY**
Head of Healthcare Quality & Safety

14 **MR. N P JOHN**
Director Laboratory Services

Consultant Medical Team



Prof. L R Amarasekara
Consultant Histopathologist



Dr. Chrisantha Mendis
Consultant / Head Dept. of
Anaesthesiology - Asiri Central
Hospital



Dr. Darshani Amarasinghe
Consultant Anaesthesiologist



Dr. Gayani Senanayake
Consultant Anaesthesiologist



Dr. Stella Fernando
Consultant Anaesthesiologist



Dr. Dinesh De Silva
Consultant Eye Surgeon



Dr. Rangika Goonaratne
Consultant Eye Surgeon



Dr. Lakmali Paranehewa
Consultant / Head Dept. of
Radiology - Asiri Central Hospital



Dr. Gulpa Subasinghe
Consultant Radiologist



Dr. Saman Perera
Consultant Radiologist



Dr. Gamini Jayaweera
Consultant /Head Dept. of
Transfusion Medicine - Asiri Group



Dr. Natasha Peiris
Consultant Resident Physician



Dr. Vivek Gupta
Senior Consultant Cardiothoracic Surgeon



Dr. Thurul Attygalle
Resident Physician Stroke Unit



Dr. Thushara Fernando
Consultant Anaesthesiologist



Prof. Vajira Dissanayake
Consultant Medical Geneticist



Dr. Ajith Karunaratne
Consultant Cardiothoracic Surgeon



Dr. Rajeeva Pieris
Consultant Cardiothoracic Surgeon



Dr. Philomena Chandrasiri
Consultant Microbiologist/Head of infection Control



Prof. Lallindra Virajan Gooneratne
Director- Bone Marrow Transplant & Clinical Haematology Unit, Asiri Central Hospital



Dr. Rohini Ranwala
Clinical Director - Dept. of Neuro Science, Asiri Central Hospital



Dr. Sunil Perera
Consultant/Head - Dept. of Neuro Science, Asiri Central Hospital



Dr. Dishna De Silva
Consultant Pediatrician



Dr. Sumedha Amarasekara
Consultant Orthopaedic Surgeon

Consultant Medical Team



Mrs. Gitanjali Jayathilaka
Consultant Anaesthesiologist



Dr. Hiranthi Abeysinghe
Consultant Anaesthesiologist



Dr. Kalyani Miranda
Consultant Radiologist



Dr. Vernon Manil Fernando
Consultant Orthopaedic Surgeon



Dr. Romanie Nishanthi Fernando
Consultant Obstetrician and Gynaecologist



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



Dr. Himaru Wirithamulla
Consultants General Surgeon



Dr. Udeni Dissanayake
Consultant Eye Surgeon



Dr. Sujatha Pathirage
Consultant Microbiologist



Dr. Champika Abeysinghe
Consultant Anaesthesiologist



Dr. Nimali Puwakwaththa
Consultant Anaesthesiologist



Dr. Nirodhika Dayaratne
Consultant Paediatrician



Dr. Duminda Kaluthanthri
Consultant Physician



Dr. Chamara Ratnayake
Consultant Cardiologist



Dr. Iranga Perera
Resident Consultant Radiologist



Dr. Asitha Dassanayake
Consultant Anaesthetist



Dr. Nilwala Jayasinghe
Resident Consultant Physician



Dr. Manoj Christopher Medagama
Consultant Resident Anaesthetist



Dr. Suvini Wijesinghe
Consultant Radiologist



Dr. Saman Hewamana
Consultant Haematologist &
Haemato - Oncologist



Dr. Medhani Hewagama
Consultant Psychologist



Dr. Milanka Wattagama
Consultant Endocrinologist



Dr. Hasantha Ranawaka
Consultant Cardiologist

Corporate Governance

The fundamental relationship between the Board, Management, Shareholders and other Stakeholders are established by our governance structure.

Corporate Governance (CG) is a framework of rules and practices by which an organisation is directed, controlled and managed. The CG framework provides an overview of the Corporate Governance structures, principles, policies and practices of the Board of Directors of Asiri Surgical Hospital PLC (ASH). At Asiri Surgical, the approach to CG is guided by ethical culture, stewardship, accountability, independence, continuous improvement, oversight of strategy and risk. The fundamental relationship between the Board, Management, Shareholders and other Stakeholders are established by our governance structure, through which the ethical values and corporate objectives are set and plans for achieving those objectives and monitoring performances are determined. To serve the interests of shareholders and other stakeholders, the Company's Corporate Governance system is subject to ongoing review, assessment and improvement. The Board of Directors proactively adopts good governance policies and practices designed to align the interests of the Board and Management with those of shareholders and other stakeholders and to promote the highest standards of ethical behaviour and risk management at every level of the organisation.

BOARD OF DIRECTORS

The Board of Directors is responsible for setting the strategic direction, safeguarding assets, managing risks and setting the tone at the top. They have set in place governance frameworks to facilitate achievement of strategic goals and compliance with regulatory frameworks while balancing stakeholder interests.

Composition of the Board is set out graphically on the previous page while profiles of the Directors are given on pages 08 to 09. Directors provide annual declarations of their independence in accordance with the requirements of the Listing Rules of the CSE and the guidelines of the Code of Best Practice. Board balance is facilitated with three Non-Executive Independent Directors who are reputed leaders in their fields of expertise. A sufficiency of financial acumen within the Board is assured with the presence of two Directors who are experienced accounting and finance professionals. The skills, experience and standing of the individual Board members ensures sufficient deliberation on matters set before the Board and exercise of independent judgement. Directors can also seek independent professional advice when deemed necessary, for which the expenses are borne by the Group.

The role of the Board is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls facilitating effective risk management. They are collectively responsible for the following:

- Providing strategic direction and establishing performance objectives to monitor the achievement of strategic goals
- Establishing an effective management team
- Establishing appropriate systems of corporate governance in the Group
- Ensuring the adequacy and effectiveness of internal controls, Code of Business Conduct and other policies to facilitate regulatory compliance and risk management.

COMPOSITION OF THE BOARD

Executive Chairman (1)

Independent Non-Executive Directors (3)

Executive Director (1)

COMMITTEES OF THE BOARD

The Board is supported by the following committees which facilitate effective discharge of its responsibilities. Minutes of the sub-committee meetings are circulated to the Board ensuring awareness of the activities of the sub-committees by all Board members.

Governance of the Board Sub Committees

Sub-Committee	Composition	Mandate
Audit Committee	» Mr. S. Ahangama Chairman - Independent Non-Executive Director (Asiri Hospital Holdings PLC) » Mr. G L H Premaratne Independent Non- Executive Director » Mr. S A B Rajapaksa Independent Non – Executive Director	Responsible for ensuring the integrity of the Company's and Group's Financial Statements, appropriateness of accounting policies and effectiveness of internal control over financial reporting. Periodically approve and review the appointment and retirement of External Auditors and their relationship with the Group. Frequency of Meetings: Committee meets quarterly
Remuneration Committee	» Mr. G L H Premaratne Independent Non- Executive Director– Chairman » Dr. S Selliah Independent Non- Executive Director	Responsible for determining remuneration policy and the terms of engagement and remuneration of the Chairman, the Board of Directors and the Executive Committees. Frequency of Meetings: Committee meets annually.
Related Party Transactions Review Committee	» Mr. S A B Rajapaksa Independent Non-Executive Director - Chairman » Mr. G L H Premaratne Independent Non- Executive Director » Mr. S Ahangama Independent Non- Executive Director (Asiri Hospital Holdings PLC)	To assist the Board in reviewing all related party transactions carried out by the Company and its listed companies in the Group in terms of the CSE Listing Rule 9 Frequency of Meetings: Committee meets quarterly

BOARD MEETINGS & ATTENDANCE

The Board meets on a frequent basis and dates for Board meetings are determined and communicated in advance at the beginning of the year with additional meetings being scheduled whenever deemed necessary. Meeting agenda and relevant papers are circulated to all Directors at least 7 days prior to the meeting providing sufficient time for review facilitating the conduct of an effective meeting. Attendance at Board meetings and Sub Committee meetings during the year under review is given below;

Corporate Governance

Director	Board	Board Sub Committees		
		Audit Committee	Remuneration Committee	Related Party Transactions Review Committee
Mr. A.K. Pathirage	2/2			
Dr. K.M.P Karunaratne	2/2			
Dr. S. Selliah	2/2		1/1	
Mr. S.A.B Rajapaksa	2/2	5/6		4/4
Mr. G.L.H Premaratne	2/2	6/6	1/1	4/4
Mr. S. Ahangama (Director Asiri Hospital Holdings PLC)	N/A	6/6		3/4

COMPANY SECRETARIES

Messrs.Softlogic Corporate Services (Pvt) Ltd., function as Company Secretaries to the Group. The Company Secretaries provide guidance to the Board as a whole and to individual Directors with regard to discharging of responsibilities. The Company Secretaries are responsible to ensure that the Board complies with the applicable rules, regulations and procedures and all activities relating to the Board.

RE-APPOINTMENT AND RE-ELECTION TO THE BOARD

- » As per the Articles of Association of the Company one-third of the Directors shall retire from office at each Annual General Meeting (AGM) and offer themselves for re-election. Any Directors appointed during the year seek election at the next AGM. The Managing Director is not subject to retirement by rotation.
- » The following Director thus retire and offer themselves for re-election:
Dr. S. Selliah
Mr. G.L.H Prematathe who is 74 years of age be re-appointed at the Annual General Meeting in teims of Section 211 of the Companies Act. No. 07 of 2007.

CHAIRMAN & MANAGING DIRECTOR

The Chairman's main responsibility is to lead and manage the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. The Chairman also serves as the Managing Director, who is responsible for the recommending of strategy to the Board, leading the Executive Directors and for making and implementing operational decisions.

INDEPENDENCE OF THE DIRECTORS

Dr. S Selliah, Mr. G L H Premaratne and Mr. S A B Rajapaksa function as Independent Directors of the Company. As per the rules issued by the Colombo Stock Exchange, Mr. S A B Rajapaksa and Mr. G L H Premaratne meets all the criteria of Independence except one. Dr. S Selliah meet all the criteria of independence except two. Mr. S A B Rajapaksa, Dr. S. Selliah and Mr. G L H Premaratne had served on the Board of the Company continuously for a period exceeding nine (9) years from the date of their first appointment. Dr. S Selliah is also a Director of Softlogic Holdings PLC which has a significant shareholding in the immediate parent Company. The Board having evaluated all the factors concluded that their independence has not been impaired due to them serving on the Board of another Company which has a significant shareholding in the Company and having served on the Board of the Company continuously for a period exceeding nine (9) years from the date of the first appointment.

DIRECTORS' REMUNERATION

The Remuneration Committee makes recommendations to the Board on remuneration policy and remuneration of the Chairman/Managing Director, Executive Directors, Non-Executive Directors and Key Management Personnel in line with the business goals of the Company.

The Group's Remuneration policy is designed to attract and retain talent which comprises of fixed income and a variable income which is linked to their performance. Non-Executive Directors' remuneration comprises only a fixed fee and does not have any variable component. No Director is able to determine his/her own remuneration as Directors' Remuneration is a matter reserved for the Board as a whole with due consideration given to the recommendations of the Remuneration Committee of the Board.

The Report of Board Remuneration Committee is on page 29 provides further information. The aggregate remuneration paid to the Directors is disclosed in the Notes to the Financial Statements on page 60 of this Report.

SHAREHOLDER RELATIONS

Shareholder relations are managed through a structured process with multiple platforms facilitating shareholder engagement and timely dissemination of information. The Annual General Meeting is the key platform for engagement and notice of the AGM and all relevant documents are circulated among shareholders at least 15 working days prior to the AGM. The Chairman/ Managing Director and Board Members and External Auditors attend the Annual General Meetings to respond to queries that may be raised by the shareholders. In addition to the AGM, shareholder engagement is also facilitated by the Group's investor relations department which maintains a continuous dialogue with shareholders through dissemination of announcements on material developments and quarterly performance. They are also a point of clarification for shareholders.

ACCOUNTABILITY AND AUDIT

Board responsibilities include presenting a balanced assessment of the financial performance, position and prospects on a quarterly and annual basis. This Annual Report has been prepared in discharge of this responsibility and includes the following declarations/ further information required by regulatory requirements and voluntary codes:

- Audited Financial Statements – pages 39 to 92
- Statement of Director's Responsibilities - page 31
- Annual Report of the Board of Directors on the Affairs of the Company – pages 32
- Management Discussion & Analysis – pages 06 to 08

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

The Audit Committee has oversight responsibility for monitoring and supervising financial processes to ensure integrity, accurate and timely financial reporting. The Audit Committee comprises 3 Non-Executive Directors all of whom are Independent. The Terms of Reference of the Audit Committee complies with the recommendations of the Code of Best Practice on Board Audit Committees issued by ICASL and guidelines stipulated by the SEC.

The audit committee of the Company's parent Asiri Hospital Holdings PLC, Functions as Audit committee of the Company as permitted by the Listing Rules of the Colombo Stock Exchange.

The Audit Committee is responsible for approving the terms of engagement of the external auditors including audit fees. The principal auditor has not provided any services which are stipulated as restricted by the SEC and the audit fees and non-audit fees paid by the Company to its auditors are disclosed on page 60 of the Notes to the Financial Statements.

The Board holds overall responsibility for determining the Company's risk appetite and implementing sound risk management and internal control systems to ensure that risk exposures are maintained within defined parameters. The Company's internal control systems are aimed at safeguarding shareholders investments and effectively managing risks that may impact the achievement of its strategic objectives. A discussion on the Company's key risk exposures and mitigation mechanisms are given in the Risk Management Report on page 23 of this Report. The Audit Committee annually reviews the effectiveness of the Company's risk and internal control systems.

A formalised whistle-blowing policy is in place enabling employees to raise concerns anonymously on unethical behaviour, breach of regulations and/ or violations of the Company's Code of Conduct. Such complaints are investigated and addressed through a formalised procedure and brought to the notice of the Board, serving as an overriding control mechanism.

The Board Related Party Transactions Review Committee has been set up in compliance with guidelines stipulated by the CSE. Directors individually declare their relevant transactions with the Company and its subsidiary on a quarterly basis. A formalised process is in place for identifying related party transactions and avoiding conflicts of interest. All Related Party Transactions as defined by the applicable accounting standards are disclosed on Note 29 of the Financial Statements on page 85 to 86 of this Report.

SHAREHOLDERS

All shareholders are encouraged to attend the Annual General Meeting of the Company and vote on the resolutions which form part of the agenda in accordance with matters reserved for shareholders. Extraordinary General Meetings are also called to inform shareholders on material developments that impact their interests and their consent is obtained for the same in accordance with the provisions of the Companies Act.

Corporate Governance

SUSTAINABILITY REPORTING

The Company continues its efforts to embed Sustainability in to its operations and report on how the Company manages risks stemming from economic, environmental and social factors. The Company's Annual Report is used as a platform to provide comprehensive sustainability communication to all stakeholders.

COMPLIANCE WITH CORPORATE GOVERNANCE RULES OF THE CSE

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

Section	Criteria	Status of Compliance	Disclosure Details
7.10.1 (a)	Non-executive Directors	Compliant	Out of 5 Directors 3 are Non -Executive Directors.
7.10.2 (a)	Independent Directors	Compliant	There are 3 Independent Directors on the Board. All Non-Executive Directors have submitted the declaration with regard to their independence/non-independence.
7.10.3	Disclosures relating to Directors	Compliant	Mr. G.L.H Premaratne and Mr. S.A.B Rajapaksa meets all the criteria of independence except one. They have not fulfilled the criteria indicated in the Listing Rule 7.10.4 (e). However, the Board taking into account all the circumstances, the Board of Directors considered that the said Directors are Independent. Dr. S. Selliah meets all the criteria of independence except two. He has not fulfilled the criteria indicated in the Listing Rule 7.10.4 (d) and (e). However, the Board taking into account all the circumstances, the Board of Directors considered that the said Director is Independent.
7.10.3 (c)	Disclosures relating to Directors. A brief resume of each Director should be included in the Annual Report including his/her area of expertise	Compliant	A brief profile of each Director is available in the Board profile presented on pages 10 to 11.
7.10.3 (d)	Appointment of new Directors. A brief resume of any new Director appointed to the Board	-	Not applicable. This requirement is not applicable as there were no appointments to the Board during the year.
7.10.5	Remuneration Committee	Compliant	Comprises two Independent Non-Executive Directors. The Remuneration Committee of Asiri Hospital Holdings PLC (parent company) acts as the Remuneration Committee of Asiri Surgical Hospital PLC The names of the members of the Committee are given on page 29 of the Annual Report.
7.10.6	Audit Committee	Compliant	Comprises three Non-Executive Directors all of whom are Independent Directors. The Audit Committee of Asiri Hospital Holdings PLC (parent company) acts as the Audit Committee of Asiri Surgical Hospital PLC. The Director Finance attends all the meetings. The report of the Committee is given on pages 27 to 28.

Risk Management Report

Risk management is a fundamental responsibility of the Board of Directors. The Asiri Group Board of Directors has established a robust Risk management framework which empowers all employees of the group to effectively manage risk in their day to day business activities. Being the key player in the private Healthcare industry in Sri Lanka, our main focus is on Health & safety of patients and the wellbeing of our employees, where we strive to improve the quality of human life, through the provision of ethical healthcare solutions together with cutting-edge technology. Driving towards a culture of safety, the Board is regularly reviews the adequacy of risk management controls in line with the defined risk appetite and to determine the Group's ability to fulfill operational and clinical compliance requirements. These risk assessments provide greater insights on the areas of improvements while the Risk scoring matrix helps top priorities the Group's key risks.

The Asiri Group keeps a keen eye on emerging Risks and has adopted number of Risk mitigation strategies to strengthen the Group's resilience. This includes ensuring the highest

level of industry standards and best practices are followed to eliminate expensive lawsuits and undue damages to the Group's reputation.

The Asiri Group has adopted an integrated Risk Management framework to identify, assess, prioritize the significant risks and manage those with appropriate risk mitigation actions. In this regard, the Risk Management Committee is assisted by special sub-committees that focus on Quality & Patient safety, Facility management, Incidents review, patient feedback & complaints review and Mortality & Morbidity review. Heads of the business unit act as the first line of defense, while financial controls, Information Security practices and Compliance functions serve as the second line of defense. The third line of defense comprises of Assurance services and internal controls as well as the Internal & External Auditors. Adequacy and effectiveness of the Risk management framework is periodically reviewed by the Board Audit Committee and required changes are recommended to Board of Directors.

PERCEIVED RISKS

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

Risk	Potential Impact	Mitigation Strategy
<p>ADVERSE CLINICAL OUTCOMES RATED AS ISR 1 OR 2</p> <p>Any event or incident that leads to an adverse outcome for a patient rated as Incident severity rating 1 or 2 would be detrimental to the reputation of the organization. Examples- death of a patient due to negligence of the clinical team, surgical complications, hospital acquired infections of an immunocompromised patient, patient fall leading to head injury or fracture.</p>	<p>As a hospital, Risks associated with patient care are extremely imperative. Clinical risks can lead to other risks including reputation and legal risk in addition to causing financial losses.</p> <p>The likelihood and consequences of Clinical Risks may vary time to time. However it is the most significant and vulnerable area to Asiri Group of Hospitals in terms of Risk.</p>	<p>Regular supervision of all clinical work at unit level to ensure competent staff are deployed and instructions followed at all times.</p> <p>Abide by the clinical guidelines, SOP's and unit protocols to ensure consistency of services, Regular training and evaluation of clinical staff to ensure competency and update of knowledge</p> <p>Strict credentialing and evaluation process of all clinical staff at point of recruitment to ensure appropriate skill and competency, while practicing privileges granted accordingly to all clinicians, nurses and para medical staff.</p> <p>Timely preventive repair, replacement of medical equipment, instruments through comprehensive service contracts for critical equipment.</p> <p>Strict infection control program Monthly patient feedback, complaint review and Incident review as a continuous improvement process</p> <p>Subcommittee on Clinical Risk Management fully operates within its sphere to ensure that all clinical Risks that are reported, are addressed adequately and appropriate controls are in place to prevent additional Clinical Risk events. Frequent monitoring and review of Clinical Risks to ensure the Group's Clinical Risk Management plan is adequate and effective.</p>

Risk Management Report

Risk	Potential Impact	Mitigation Strategy
STRATEGIC RISK		
<p>Strategic Risk is the risk that arises due to the timeliness and accuracy of the Group's strategy, and objectives, as well as the effectiveness of the strategy execution process. It is a possible source of loss that might arise from pursuing of an unsuccessful business plan.</p> <p>Strategic Risk might also arise from inadequate resource allocation or from a failure to respond well to changes in the business environment.</p>	<p>Strategic risk is often a major factor in determining a Group's worth and may lead to a complete failure if not addressed accordingly.</p> <p>Incompetent strategic decisions will adversely affect shareholder objectives while failure to execute innovative decisions will hinder the expansion and opportunities in the emerging markets.</p>	<p>Annual business planning sessions which involve brain storming with cross functional teams from senior management and heads of departments to staff members.</p> <p>Monthly reviews with sales and marketing teams to understand and take appropriate action based on market behaviour and competitor activity.</p> <p>Regular follow up/ review on all new projects with the Group CEO and MD.</p> <p>All strategic decisions are scrutinized by the Board of Directors who have expertise knowledge and vast experience in the industry.</p>
OPERATIONAL RISK		
<p>These are the Risk of losses resulting from inadequate or failed internal processes, people and systems or from external events.</p>	<p>Operational risk exists in the natural course of business activity. Failure to manage operational risks can expose the Group to significant losses.</p>	<p>The Group is committed to enhance the effectiveness of Operational Risk Management process through identification, assessment, treatment, monitoring and control of all operational aspects of the business.</p> <p>Regular review of processes and redesign to ensure smooth operation from customer's point of view.</p> <p>Our Risk management framework has been designed to promptly detect deficiencies in the policies, procedures and processes. However, some Risks may be latent and we have crisis management processes designed to improve our resilience to unforeseen events.</p> <p>Business continuity arrangements are in place to address supply chain disruption, employee repatriation, natural disasters, cyber-attacks, technical mishaps and can minimize their impact on our stakeholders as well as the Group's reputation and performance.</p> <p>Robust policies for IT Security have been implemented and frequent IT audits and reviews are conducted to ensure the adequacy of controls and areas of improvements.</p>

Risk	Potential Impact	Mitigation Strategy
HUMAN RESOURCES (PEOPLE)		
<p>Service industry, in which the Group operates, is heavily dependent on human resources.</p> <p>Risks may arise from employee negligence, conflict of interest, fraud or misappropriation and due to poorly trained employees.</p> <p>Human capital may affect by failure to attract, develop and retain skilled workforce.</p>	<p>Human resource issues could affect the continuity of business operations. The consequences could be serious, when loss of key executives without suitable replacement.</p> <p>Thus the ability to recruit and retain qualified and skilled healthcare professionals are crucial for the Group's success.</p>	<p>The Group has introduced a comprehensive recruitment and retention process. Clinical staff are recruited following a thorough evaluation of their credentials and regulatory requirements. While ensuring the safety and welfare of the employees, our risk management approach is directed towards minimizing the Human related concerns. A succession planning program is in place which includes; regular trainings, developments, promotions, KPI and supervision.</p> <p>Recognition and reward schemes to encourage and promote desirable behaviour is in place.</p> <p>Retaining key talent with appropriate incentive schemes and periodic review of performance if in place.</p>
TECHNOLOGICAL & INFORMATION SECURITY		
<p>The healthcare industry is exposed to frequent technological change and failure to adopt these latest technologies will drive the Group towards technological obsolescence.</p> <p>Increasing use of technology has hosted new levels of complexity and threats such as: security breaches, system failures, malicious attacks, IT fraud and many other issues.</p>	<p>If systems are disrupted over the internet, by an adversary or an accident, that can have a profound impact on patient care.</p> <p>Inability to adopt the latest pioneering technology could result in loss of customers, leading to fall in revenue and loss of market leadership.</p>	<p>Research and innovations in the healthcare industry are regularly perused as the Group is intent on adopting most innovative & advance technologies for diagnostics and treatments.</p> <p>Preventive maintenance of IT infrastructure, scheduled data backups, offsite storage and round-the-clock IT support by the parent Group are some of the strategies adopted to ensure zero losses of data during a system failure.</p> <p>The Asiri Group makes regular investments in pioneering technology and training of staff for optional application of existing technology.</p>

Risk Management Report

Risk	Potential Impact	Mitigation Strategy
LEGAL AND COMPLIANCE RISK		
<p>In a highly regulated, high Risk industry such as healthcare, compliance is especially important.</p>	<p>The Group will be exposed to legal penalties, financial forfeiture and material losses and the consequences of litigation are difficult to predict or quantify.</p>	<p>Regulatory compliance is ensured with check lists, timely renewal of licenses, regular inspection and review of practices and training of staff in HR, Finance, waste management, pharmacy and laboratory services etc.</p>
<p>Compliance risk arises when the Group fails to act in accordance with industry laws and regulations, internal policies or prescribed best practices.</p>	<p>In addition to complying with the Colombo Stock Exchange, Securities and Exchange Commission and Companies Act disclosure requirements, the Group also complies with Sri Lanka Accounting Standards. Non-compliance would cause severe reputation damages as well.</p>	<p>The Group's corporate governance framework ensures the transparency, compliance with laws & regulation and ethical business in all affairs with stakeholders. The Related Party Transaction Review committee has been established to assure the highest level of integrity and transparency.</p>

Audit Committee Report

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

The Audit Committee of the company's parent, Asiri Hospital Holdings PLC, functions as Audit Committee of the company, as permitted by the Listing Rules of the Colombo Stock Exchange.

The Audit Committee is appointed by the Board of Directors and comprises three independent Non-Executive Directors. Their names are stated in the Corporate Governance Report on Page 19.

MEETING AND ATTENDANCE

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

The attendance at Audit Committee meetings was as follows:

- Mr. S. Ahangama (Chairman) - Non-Executive Independent Director (Asiri Hospital Holdings PLC), 6 of 6 meetings.
- Mr. S A B Rajapaksa (Member) - Non-Executive Independent Director, 5 of 6 meetings
- Mr. G L H Premaratne - (Member) - Non-Executive Independent Director, 6 of 6 meetings

The Director Finance and the Group Manager - Audit of Asiri Group were permanent attendees at these meetings, as were the Group Head of Risk & Audit and the Group Finance Director of Softlogic Group. The External Auditors attended meetings by invitation when required and the Company Secretaries, Softlogic Corporate Services (Pvt) Ltd served as secretary to the committee.

THE AUDIT COMMITTEE CARRIED OUT THE FOLLOWING ACTIVITIES TO FULFILL ITS OBLIGATIONS,

The Audit Committee reviewed and discussed with the company's management and the Independent Auditors, the accounting policies, disclosures and fair presentation of the Consolidated Financial Statements for the financial year ended 31 March 2022.

The activities of the Audit Committee included:

- Reviewed and discussed the Management's representations to ensure that the Consolidated Financial Statements are prepared in accordance with Sri Lanka Financial Reporting Standards, applicable laws and regulations, truly and fairly present the results of operations and the financial position of the company.
- Reviewed the processes directed towards ensuring operational effectiveness of internal controls and the risk management procedures are adequate and effective.
- Reviewed internal audit reports and findings of the External Auditor in support of the integrity of reported results.
- Reviewed the compliance reports presented by the Management for monitoring the compliances with laws and regulations.
- Reviewed the Company's ability to continue as a going concern in the foreseeable future by assessing the budgets and discussing with management of mitigating actions.
- Reviewed and discussed with the Management, the annual and the quarterly Financial Statements prior to their release, including the extent of compliance with the Sri Lanka Financial Reporting Standards and the Companies Act No. 7 of 2007.

EXTERNAL AUDITORS

M/s Ernst and Young, the Auditors of the company retire and offer themselves for re-appointment. The Board recommends their re-appointment for the year 2022/2023 subject to the approval of the shareholders at the Annual General Meeting.

The Committee also reviewed the arrangements made by the

Audit Committee Report

Auditors to maintain their independence and confirmation has been received from the Auditors of their compliance with the independence.

Therefore, the Board has determined that the External Auditors are independent as they are not engaged in providing any non-audit services and the fees charged for audit assignments are not significant to impair their judgement/independence.

As far as the Directors are aware, the Auditors do not have any other relationship with the Company or any interest in contracts with the Company.

CONCLUSION

The Committee is of the view that adequate controls and procedures are in place to provide reasonable assurance that the Company's assets are safeguarded, and the reported financial results present a true and fair view. The Audit Committee concurs that the adoption of the going concern premise in the preparation of the Financial Statement is appropriate. The Audit Committee recommended to the Board of Directors that the Financial Statements as submitted be approved.

On behalf of the Audit Committee.

Sgd,

S. Ahangama

Chairman – Board Audit Committee

26 July 2022

Colombo

Remuneration Committee Report

PURPOSE

The principal purpose of the Committee is to consider, agree and recommend to the Board a remuneration policy that is aligned with its long-term business strategy, objectives, risk appetite, values and the long term interests of the Group whilst also recognising the interests of stakeholders. The responsibilities of the Committee are laid out in its written Terms of Reference (TOR).

COMMITTEE COMPOSITION AND MEETING

The Remuneration Committee consists of 2 Non-Executive Independent Directors. The members of the Remuneration Committee as at 31 March 2022 and the attendance at the meeting held is as below:

ATTENDANCE AT MEETINGS

Name of Director	Category	Attended/ Eligible to attend
Mr. G.L.H Premaratne - Non-Executive Independent Director	Chairman	1/1
Dr. S. Selliah - Non- Executive Independent Director	Member	1/1

The Committee spent time understanding the interaction of remuneration and culture of the organisation and how our remuneration structures influence our chosen strategic behaviours. We performed a comprehensive review of our executive remuneration offering in order to optimise the structure of our package to enhance competitiveness.

ACTIVITIES OF THE YEAR

We continued to ensure that our remuneration policies were consistent with our strategic objectives, and were designed with the long term success of the Group in mind. This was particularly so when considering how our remuneration schemes can drive behaviour in line with our chosen objectives and in line with industry best practices.

Our investment in a renowned HR platform, will continue to strengthen the effectiveness and efficiency of the systems and processes.

OUR REWARD FRAMEWORK

The Committee focused on delivering a reward framework that is transparent, tailored to individual roles and provide a clear link to the Company's strategic objectives. The objective is to drive performance to the highest standards while rewarding both performance and value behaviours. It seeks to be sufficiently competitive in order to attract, retain and motivate employees of the highest calibre.

SUMMARY

The Remuneration Committee will continue to monitor the remuneration policy to ensure that it is correctly aligned with the Group's strategy. The Committee's policy aims to properly reward performance in line with the Company's business objectives and growth to enrich shareholder value

Sgd.

G L H Premaratne

Chairman – Remuneration Committee

26 July 2022

Colombo

Related Party Transactions Review Committee Report

PURPOSE

The purpose of the Related Party Transactions Review Committee is to conduct an appropriate review of Asiri Company's related party transactions and to ensure that interests of shareholders and other stakeholders are considered when engaging in related party dealings, hence preventing Directors, Key Management Personnel or substantial shareholders taking advantage of their positions. The Committee ensures adherence to the Rule 9 of the Listing Rules and guided by the Code of Best Practices on related party transactions issued by the Securities & Exchange Commission of Sri Lanka (SEC) and CA Sri Lanka. The Committee states opinions in accordance with the charter of the Related Party Transaction Review Committee. It reviews the charter and policies while making recommendations to the Board as and when deemed necessary.

COMPOSITION

The Related Party Transactions Review Committee comprises three Non-Executive Independent Directors.

- Mr. S.A.B Rajapaksa - Chairman - Independent Non-Executive Director
- Mr. G.L.H Premaratne - Member - Independent Non-Executive Director
- Mr. S. Ahangama - Member - Independent Non-Executive Director (Asiri Hospital Holdings PLC)

The Director Finance attends the meeting by invitation. Softlogic Corporate Services (Pvt) Ltd, serves as Secretaries to the Committee.

ATTENDANCE AT MEETINGS

Name	Attended/Eligible to attend
Mr. S.A.B Rajapaksa	4/4
Mr. G.L.H Premaratne	4/4
Mr. S. Ahangama	3/4

ROLES AND RESPONSIBILITIES

1. Reviewing in advance all proposed related party transactions of the Company in compliance with the Code.
2. Adopting policies and procedures to review related party transactions of the Companies Subsidiaries and reviewing and overseeing existing policies and procedures.
3. Determining whether related party transactions that are to be entered into by the Company require the approval of the Board or Shareholders of the respective Companies.

4. If related party transactions are ongoing (recurrent related party transactions) the Committee establishes guidelines for senior management to follow in its ongoing dealings with the relevant related party.
5. Ensuring that no Director of the Company shall participate in any discussion of a proposed related party transaction for which he or she is a related party, unless such Director is requested to do so by the Committee for the express purpose of providing information concerning the related party transaction to the Committee.
6. If there is any potential conflict in any related party transaction, the Committee may recommend the creation of a special committee to review and approve the proposed related party transaction.
7. Ensuring that immediate market disclosures and disclosures in the Annual Report as required by the applicable rules/regulations are made in a timely and detailed manner.

REVIEW OF THE RELATED PARTY TRANSACTIONS DURING THE YEAR

The Committee reviewed all proposed Related Party Transactions of Asiri Surgical Hospital PLC and scrutinised such transactions to ensure that they are no less favourable to the Group than those generally available to an unaffiliated third party in a similar circumstance. The activities of the Committee have been communicated to the Board quarterly through tabling minutes of the meeting of the Committee at Board Meetings. Relevant disclosures have been made to the Colombo Stock Exchange in compliance with regulations. Details of Related Party Transactions entered by the Group during the above period are disclosed in Note 29 to the Financial Statements.

During the year 2021/22, there were no non-recurrent or recurrent related party transactions that exceeded the respective thresholds mentioned in the Listing Rules of the Colombo Stock Exchange.

Sgd.

S A B Rajapaksa

Chairman – Related Party Transactions Review Committee

26 July 2022

Colombo

Statement of Directors' Responsibilities

The responsibilities of the Directors, in relation to the financial statements of the Company differ from the responsibilities of the Auditors, which are set out in the Report of the Auditors on page 36 to 38. The Companies Act No. 07 of 2007 stipulates that the Directors are responsible for preparing the Annual Report and the financial statements. Company law requires the Directors to prepare financial statements for each financial year, giving a true and fair view of the state of affairs of the Company at the end of the financial year, and of the Statement of Comprehensive Income of the Company and the Group for the financial year, which comply with the requirements of the Companies Act.

The Directors consider that, in preparing financial statements set out on pages 39 to 92 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. 07 of 2007 and are prepared in accordance with Sri Lanka Accounting Standard (SLFRS/ LKAS).

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

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

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

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and other known statutory dues as were due and payable by the Company as at the date of the Statement of Financial Position have been paid or, where relevant provided for, in arriving at the financial results for the year under review except as specified in Note 27 to the Financial Statements covering contingent liabilities.

For and on behalf of the Board of Asiri Surgical Hospital PLC.

Sgd.
Secretaries
Softlogic Corporate Services (Pvt) Ltd.

26 July 2022
Colombo

Annual Report of the Board of Directors on the Affairs of the Company

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 2022.

GENERAL

Asiri Surgical Hospital PLC is a public company incorporated in Sri Lanka on 30th of March 2000, under the Companies Act No.17 of 1982, with limited liability.

The Company has re-registered on 13th October 2008 under the Companies Act No. 07 of 2007. An undertaking approved by the Board of Investment of Sri Lanka (BOI) under the Board of Investment of Sri Lanka Law No. 04 of 1978.

PRINCIPAL ACTIVITIES AND NATURE

The principal activity of the Company continues to be carrying out Healthcare and Hospital Services. There has been no significant change in the nature of the Company's principal activities during the year.

REVIEW OF OPERATIONS

A review of the operations of the Company and its performance during the year is contained in the Operations Review on page 06 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 which include the Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements are given on pages 39 to 92.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of the Financial Statements of the Company to reflect a true and fair view of the state of affairs. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Companies Act No. 07 of 2007 and the Sri Lanka Accounting Standards. A statement in this regard is given on page 31.

AUDITOR'S REPORT

The Auditor's Report on the financial statements is given on pages 36 to 38 of the Annual Report.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Financial Statements are given on pages 45 to 57. There was no change in the accounting policies adopted other than those disclosed in Note 2.4 to the Financial Statements.

PROPERTY, PLANT & EQUIPMENT

The details and movement of property, plant and equipment during the year under review is set out in Note 9 to the Financial Statements on pages 64 to 67.

CAPITAL EXPENDITURE

The capital expenditure of the Group and the Company during the year amounted to LKR 265,316,568/- and LKR 264,542,608/- respectively (2020/2021 - Group LKR 206,502,369/- Company LKR 196,453,120/-) details of which are given in Note 09 to the Financial Statements.

RESERVES

The total reserves of the Group and the Company as at 31st March 2022 amounted to LKR 3,752,878,865/- and LKR 3,695,177,387/- respectively. The composition of reserves is shown in the Statement of Changes in Equity in the Financial Statements.

DONATIONS

The donations made by the Company during the year amounted to LKR 1,355,000/- 2021/22. (1,985,000/- 2020/21).

DIVIDENDS

The Directors recommended that to the shareholders that the first interim dividend of LKR 1.20 per share paid on 05th November 2021. The Directors recommended that to the shareholders that the second interim dividend of LKR 0.90 per share paid on 25th March 2022.

STATED CAPITAL

The stated capital of the Company as at 31st March 2022 was LKR 1,393,327,565/-. There was no change in the stated capital of the Company during the year under review.

EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL PERFORMANCE

No circumstances have arisen, and no material events have occurred after the date of the Statement of Financial Position, which would require adjustments to, or disclose in the accounts other than those disclosed in Note 28 to the Financial Statements.

STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief are satisfied that all taxes, duties and levies payable by the Company and the Group, all contributions, levies and taxes payable on behalf of, and in respect of, the employees of the Company and the Group, and all other known statutory dues as were due and payable by the Company and the Group as at the date of the Statement of Financial Position have been paid or, where relevant provided for, except as specified in Note 27 to the Financial Statements, covering contingent liabilities.

MATERIAL ISSUES PERTAINING TO THE EMPLOYEES AND INDUSTRIAL RELATIONS

There have been no material issues pertaining to the employees and industrial relations of the Company.

RELATED PARTY TRANSACTIONS

The Company's transactions with Related Parties, given in Note 29 to the Financial Statements. No related party transaction exceeded the limits of 10% of equity or 5% of total assets requiring immediate disclosure to CSE and a separate disclosure in the Annual Report. As required by Section 9.3.2 (d) of the Listing Rules, the Board confirms that the Company has complied with all requirements as per Section 9 of the Listing Rules. The Directors have disclosed the transactions with Related Parties in terms of Sri Lanka Accounting Standard (LKAS 24), Related Party Disclosures in Note 29 on pages 85 to 86 which is adopted in the preparation of these Financial Statements.

DIRECTORATE

The following Directors held Office during the year under review. The biographical details of the Board members are set out on pages 10 to 11.

Mr. A.K. Pathirage - (Chairman/ Managing Director)

Dr. S. Selliah – Deputy Chairman

Dr. K.M.P Karunaratne – Group Chief Executive Officer

Mr. G.L.H. Premaratne

Mr. S.A.B Rajapaksa

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

The Directors have recommended the reappointment of Mr G L H Premaratne who is 74 years of age, as a Director of the Company; and accordingly a resolution will be placed before the

shareholders in terms of Section 211 of the Companies Act in regard to the reappointment of Mr G L H Premaratne.

DIRECTORS' SHAREHOLDING

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

Name of Director	Number of shares as at 31 March 2022	Number of shares as at 31 March 2021
Mr. A K Pathirage	-	-
Dr. S. Selliah	17,000	17,000
Dr. K.M.P Karunaratne	133	133
Mr. G.L.H Premaratne	-	-
Mr. S.A.B Rajapaksa	-	-

DIRECTORS' REMUNERATION

Directors' remuneration in respect of the Company for the financial year ended 31 March 2022 was Rs. 9,993,000 Mn(2021 – Rs. 8,245,200 Mn).The remuneration of the Directors is determined by the Board.

DIRECTORS' INTERESTS IN CONTRACTS AND PROPOSED CONTRACTS WITH THE COMPANY

Directors' interests in contracts, both direct and indirect are referred to in Note 29 to the Financial Statements. The Directors have no direct or indirect interest in any other contract or proposed contract with the Company.

INTERESTS REGISTER

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

SHAREHOLDERS' INFORMATION

The distribution of shareholders is indicated on page 94 of the Annual Report. There were 3,342 registered shareholders as at 31 March 2022 (31 March 2021 – 3,257).

SHARE INFORMATION

Information on share trading is given on page 95 of the Annual Report.

Annual Report of the Board of Directors

INTERNAL CONTROL

The Directors are responsible for the governance of the Company including the establishment and maintenance of the Company's system of internal control. Internal control systems are 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 misstatement or loss. The Directors are satisfied that a strong control environment is prevalent within the Company and that the internal control systems referred to above are effective.

RISK MANAGEMENT

The Group's risk management objectives and policies and the exposure to risks, are set out in page 23 to 26 of the Annual Report.

CORPORATE GOVERNANCE

The report on Corporate Governance is given on pages 18 to 22 of the Annual Report.

DIVIDENDS

The Directors recommended that to the shareholders that the first interim dividend of LKR.1.20 per share paid on 7th December 2021.

The Director recommended that to the shareholders that the second interim dividend of LKR.0.90 per share paid on 28th April 2022.

THE AUDITORS

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

The following payments were made to them during the year:

* Audit fees - LKR 1,045,000/-

* Fees for other services - Nil

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

RELATED PARTY TRANSACTIONS

During the year 2021/22, there were no non- recurrent or recurrent related party transactions that exceeded the respective thresholds mentioned in the Listing Rules of the Colombo Stock Exchange

GOING CONCERN

The Directors having assessed the environment within which it operates, the Board is satisfied that the Company and the Group have adequate resources to continue its operations in the foreseeable future. Therefore, the Directors have adopted the going-concern basis in preparing the financial statements.

ANNUAL GENERAL MEETING

The Twenty Second Annual General Meeting of the Company will be held either physically or electronic means on Friday, the 19th August 2022 at 10.00 am. The Notice of the 22nd Annual General Meeting is on Page 99 of the Annual Report.

Sgd.

Ashok Pathirage

Chairman/Managing Director

Sgd.

Dr Manjula Karunaratne

Group Chief Executive Officer

Sgd.

Secretaries

Softlogic Corporate Services (Pvt) Ltd.

26 July 2022

Colombo

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Independent Auditors' Report



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TO THE SHAREHOLDERS OF ASIRI SURGICAL HOSPITAL PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Asiri Surgical Hospital PLC (“the Company”) and the consolidated financial statements of the Company and its subsidiary (“the Group”), which comprise the statement of financial position as at 31 March 2022, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2022, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Code of

Key audit matters

Key audit matter	How our audit addressed the key audit matter
<p>Assessment of fair value of buildings</p> <p>Property, Plant and Equipment includes Buildings carried at fair value as disclosed in Note 9.1 to the financial statements.</p> <p>This was a key audit matter due to:</p> <ul style="list-style-type: none"> Materiality of the reported buildings balances which amounted to Rs. 3.2 Bn and represented 30.9% of the total assets as of 31 March 2022. The degree of assumptions, judgements and estimation uncertainties associated with fair valuation of buildings in the current market conditions. <p>Key areas of significant judgments, estimates and assumptions used in the valuation of the buildings included the following:</p> <ul style="list-style-type: none"> Estimate of the per square foot value of the Buildings. 	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Assessed the competency, capability and objectivity of the external valuer engaged by the Group. Read the external valuer’s report and understood the key estimates made and the approach taken by the valuer in determining the valuation of each Building. Assessed the reasonableness of the significant judgements made by the valuer relating to valuation techniques, value per square foot used by the valuer in the valuation of each Building. <p>We have also assessed the adequacy of the disclosures made in Notes 2.3.3 and 9 to the financial statements.</p>

Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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

Partners: H M A Jayasinghe FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, W R H De Silva FCA ACMA, Ms. Y A De Silva FCA, Ms. K R M Fernando FCA ACMA, N Y R L Fernando ACA, W K B S P Fernando FCA FCMA, Ms. L K H L Fonseka FCA, D N Gamage ACA ACMA, A P A Gunasekera FCA FCMA, A Herath FCA, D K Hulangamuwa FCA FCMA LLB (London), Ms. G G S Manatunga FCA, A A J R Perera ACA ACMA, Ms. P V K N Sajeewani FCA, N M Sulaiman ACA ACMA, B E Wijesuriya FCA FCMA, C A Yalagala ACA ACMA

Principals: W S J De Silva BSc (Hons)-MIS MSc IT, G B Goudian ACA, D L B Karunathilaka ACA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition</p> <p>The Group's revenue generated from its healthcare services is accounted for and disclosed in Notes 2.3.15 and 3 to the financial statements. We considered revenue as a key audit matter due to:</p> <ul style="list-style-type: none"> • The significance of the balance and high volume of transactions; • Reliance on information Technology (IT);and • Complexity of revenue recognition due to involvement of multiple divisions to provide medical services. 	<p>Our audit procedures included among others the following;</p> <ul style="list-style-type: none"> • Obtained an understanding and tested key controls over revenue recognition in respect of initiation of transactions, the basis of calculation and timing of the recognition. We also tested the general IT control environment relating to the most significant IT systems relevant to revenue recognition and tested relevant IT application controls. • Performed inquiries of management and appropriate analytical procedures to understand and assess the reasonableness of the reported revenues. • Tested the appropriateness of revenue recognised by reviewing the relevant supporting documents. • Discussed with Management regarding the service arrangements particularly relating to involvement of consultant medical personnel and reviewed appropriateness of Management's determination of recognition of underlying revenue on a gross or net basis. <p>We also, assessed the adequacy of the disclosures made in Notes 2.3.15 and 3 in the financial statements.</p>

Other information included in the Group's 2021/22 Annual Report

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

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

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

Responsibilities of management and those charged with governance

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

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Independent Auditors' Report



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

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

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

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2471.

26 July 2022

Colombo

Statement of Profit or Loss

Year ended 31 March	Note	GROUP		COMPANY	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Revenue	3.1	5,837,833,179	4,229,712,085	5,446,729,057	3,898,338,863
Cost of Services		(3,378,050,470)	(2,661,453,819)	(3,192,664,407)	(2,507,690,676)
Gross Profit		2,459,782,709	1,568,258,266	2,254,064,650	1,390,648,187
Other Income	3.4	42,302,149	34,612,085	99,708,754	72,505,135
Administrative Expenses		(898,908,369)	(780,949,064)	(859,024,049)	(746,366,587)
Selling and Distribution Costs		(143,060,329)	(112,192,576)	(123,943,259)	(103,703,174)
Finance Cost	4.1	(248,813,631)	(253,512,516)	(234,501,429)	(230,861,069)
Finance Income	4.2	258,611,320	252,549,112	249,870,361	251,013,609
Change in Fair Value of Investment Property	11	-	-	43,600,000	(734,555)
Profit Before Tax	5	1,469,913,849	708,765,307	1,429,775,029	632,501,546
Tax (Expense)/Reversal	6	(223,596,773)	150,901,543	(223,394,122)	152,145,673
Profit For the Year		1,246,317,076	859,666,850	1,206,380,907	784,647,219
Attributable to:					
Equity Holders of the Parent		1,184,696,950	822,157,035		
Non-Controlling Interest		61,620,126	37,509,815		
		1,246,317,076	859,666,850		
Earnings Per Share - Basic	7	2.36	1.63	2.28	1.48
Dividend Per Share - Ordinary Shares	8	2.10	0.85	2.10	0.85

Figures in brackets indicate deductions.

The Accounting policies and Notes on pages 45 to 92 form an integral part of these Financial Statements.

Statement of Comprehensive Income

Year ended 31 March	Note	GROUP		COMPANY	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Profit for the Year		1,246,317,076	859,666,850	1,206,380,907	784,647,219
Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods (net of tax):					
Revaluation Surplus on Building		685,369,146	37,532,186	638,067,422	34,188,118
Actuarial Gain/(Loss) on Employee Benefit Liability	24	5,959,557	(8,976,377)	6,512,018	(8,947,820)
Share of Joint Venture Other Comprehensive Income (net of tax)		-	-	-	-
Loss on Equity Instrument at Fair Value through Other Comprehensive Income	13.1	(117,850,988)	(66,631,469)	(117,850,988)	(66,631,469)
		573,477,715	(38,075,660)	526,728,451	(41,391,171)
Deferred Tax Charge on Other Comprehensive Income	6.2	(96,786,018)	204,261,592	(90,241,121)	204,725,764
Net Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods (net of tax):		476,691,697	166,185,932	436,487,330	163,334,593
Other Comprehensive Income for the Year, Net of Tax		476,691,697	166,185,932	436,487,330	163,334,593
Total Comprehensive Income for the Year, Net of Tax		1,723,008,773	1,025,852,782	1,642,868,237	947,981,812
Total Comprehensive Income Attributable to:					
Equity Holders of the Parent Company		1,661,626,205	986,917,298		
Non-Controlling Interest		61,382,567	38,935,484		
Total Comprehensive Income Attributable to:		1,723,008,773	1,025,852,782		

Figures in brackets indicate deductions.

The Accounting policies and Notes on pages 45 to 92 form an integral part of these Financial Statements.

Statement of Financial Position

As at 31 March	Note	GROUP		COMPANY	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
ASSETS					
Non-current Assets					
Property, Plant and Equipment	9.3	4,616,830,197	4,029,526,450	4,112,761,975	3,518,805,527
Right-of-Use Asset	10	22,524,524	22,820,900	22,524,524	22,820,900
Investment Property	11	-	-	258,300,000	214,700,000
Investment in Subsidiary	12	-	-	33,800,104	33,800,104
Non Current Financial Assets	13	2,090,928,818	1,882,307,431	2,090,928,818	1,882,307,431
Other Non Current Assets	14	25,982,000	25,982,000	25,982,000	25,982,000
		6,756,265,539	5,960,636,781	6,544,297,421	5,698,415,962
Current Assets					
Inventories	17	303,517,063	203,650,756	301,720,469	199,516,802
Trade and Other Receivables	18	814,435,857	673,224,028	809,023,181	664,121,646
Other Current Assets	19	223,259,631	148,550,036	220,891,318	144,080,478
Loans Granted to Related Parties	13.2	2,213,146,804	1,382,604,006	2,213,146,804	1,382,604,006
Cash in Hand and at Bank	26.1	315,653,331	275,025,608	93,490,665	162,346,153
		3,870,012,686	2,683,054,434	3,638,272,437	2,552,669,085
Total Assets		10,626,278,225	8,643,691,215	10,182,569,858	8,251,085,047
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	20	1,393,327,565	1,393,327,565	1,393,327,565	1,393,327,565
Other Components of Equity	21	1,784,253,033	1,312,686,555	1,740,880,907	1,309,993,912
Retained Earnings		1,968,625,832	1,888,326,949	1,954,296,481	1,852,076,084
Equity Attributable to Equity Holders of the Parent		5,146,206,430	4,594,341,069	5,088,504,953	4,555,397,561
Non-Controlling Interests		134,118,156	72,735,588	-	-
Total Equity		5,280,324,586	4,667,076,657	5,088,504,953	4,555,397,561
Non-current Liabilities					
Lease Liability	22	5,720,650	9,433,234	5,720,650	9,433,234
Interest Bearing Loans and Borrowings	23	1,539,586,363	2,063,326,909	1,462,086,364	1,948,326,909
Employee Benefit Liability	24	147,442,314	148,311,926	145,001,634	146,758,360
Deferred Tax Liability	6.2	405,516,966	315,654,653	393,752,281	310,637,515
		2,098,266,293	2,536,726,722	2,006,560,929	2,415,156,018
Current Liabilities					
Trade and Other Payables	25	755,380,866	704,502,723	656,298,136	628,755,888
Dividend Payable		481,853,921	18,032,679	481,853,921	18,032,679
Lease Liability	22	3,712,584	3,256,652	3,712,584	3,256,652
Interest Bearing Loans and Borrowings	23	1,834,028,796	619,675,589	1,772,928,156	536,066,056
Tax Payable		116,952,138	37,852,336	116,952,138	37,852,336
Bank Overdraft	26.2	55,759,041	56,567,857	55,759,041	56,567,857
		3,247,687,346	1,439,887,836	3,087,503,976	1,280,531,468
Total Equity and Liabilities		10,626,278,225	8,643,691,215	10,182,569,858	8,251,085,047

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

sgd

Ajith Karunarathne

Director Finance

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

sgd

Ashok Pathirage

Director

sgd

Dr. Manjula Karunaratne

Director

The Accounting policies and Notes on pages 45 to 92 form an integral part of these Financial Statements.

26 July 2022

Colombo

Statement of Changes in Equity

GROUP		Stated Capital	Fair Value Reserve of Financial Assets as at FVOCI	Revaluation Reserve	Retained Earnings	Total	Non- Controlling Interest	Total Equity
	Note	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
As at 01 April 2020		1,393,327,565	(106,211,234)	1,245,175,428	1,524,312,903	4,056,612,684	-	4,056,612,684
Profit for the Year		-	-	-	822,157,035	822,157,035	37,509,815	859,666,850
Other Comprehensive Income		-	(66,631,469)	240,353,830	(8,962,096)	164,760,263	1,425,670	166,185,932
Total Comprehensive Income		-	(66,631,469)	240,353,830	813,202,959	986,917,298	38,935,484	1,025,852,782
Acquisition of Subsidiary		-	-	-	-	-	33,800,104	33,800,104
Interim Dividends 2020/21	8	-	-	-	(449,188,913)	(449,188,913)	-	(449,188,913)
As at 31 March 2021		1,393,327,565	(172,842,703)	1,485,529,258	1,888,326,949	4,594,341,069	72,735,588	4,667,076,657
Profit for the Year		-	-	-	1,184,696,950	1,184,696,950	61,620,126	1,246,317,076
Other Comprehensive Income		-	(117,850,988)	589,417,466	5,362,778	476,929,256	(237,558)	476,691,698
Total Comprehensive Income		-	(117,850,988)	589,417,466	1,190,059,728	1,661,626,206	61,382,568	1,723,008,774
Interim Dividends 2021/22	8	-	-	-	(1,109,760,845)	(1,109,760,845)	-	(1,109,760,845)
As at 31 March 2022		1,393,327,565	(290,693,691)	2,074,946,724	1,968,625,832	5,146,206,430	134,118,156	5,280,324,586

Figures in brackets indicate deductions.

The Accounting policies and Notes on pages 45 to 92 form an integral part of these Financial Statements.

Statement of Changes in Equity

COMPANY		Stated Capital	FV Reserve of Financial Assets at FVOCI	Revaluation Reserve	Retained Earnings	Total
	Note	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 31 March 2020		1,393,327,565	(106,211,234)	1,245,175,428	1,524,312,903	4,056,604,662
Profit for the Year		-	-	-	784,647,219	784,647,219
Other Comprehensive Income		-	(66,631,469)	237,661,187	(7,695,125)	163,334,593
Total Comprehensive Income		-	(66,631,469)	237,661,187	776,952,094	947,981,812
Interim Dividends 2020/21	8	-	-	-	(449,188,913)	(449,188,913)
Balance as at 31 March 2021		1,393,327,565	(172,842,703)	1,482,836,615	1,852,076,084	4,555,397,561
Profit for the Year		-	-	-	1,206,380,907	1,206,380,907
Other Comprehensive Income		-	(117,850,988)	548,737,983	5,600,336	436,487,331
Total Comprehensive Income		-	(117,850,988)	548,737,983	1,211,981,242	1,642,868,237
Interim Dividends 2021/22	8	-	-	-	(1,109,760,845)	(1,109,760,845)
Balance as at 31 March 2022		1,393,327,565	(290,693,691)	2,031,574,598	1,954,296,481	5,088,504,953

Figures in brackets indicate deductions.

The Accounting policies and Notes on pages 45 to 92 form an integral part of these Financial Statements.

Statement of Cash Flows

Year ended 31 March	Note	GROUP		COMPANY	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Cash Flows From Operating Activities					
Profit Before Tax		1,469,913,849	708,765,307	1,429,775,029	632,501,545
Adjustments for					
Amortization of Right-of-Use Asset	10	296,376	356,255	296,376	356,255
Depreciation		318,431,989	312,263,503	263,719,759	251,854,447
Profit on Disposal of Property, Plant and Equipment			(860,688)	650,135	(860,688)
Finance Income	3.4	666,293	(860,688)	650,135	(860,688)
Finance Costs	4.2	(258,611,320)	(252,549,112)	(249,870,361)	(251,013,609)
Unrealized Foreign Currency Exchange Gain	4.1	248,813,631	253,512,516	234,501,429	230,861,069
Provision for Gratuity		11,088,051	(236,622)	(6,490,040)	(236,622)
Provision for Bad Debt	24	23,426,404	27,096,866	22,784,683	26,560,453
Inventory Write-off	18.3	(2,645,062)	6,589,684	(2,645,062)	6,589,684
Change in Fair Value of Investment Property	17	7,439,695	4,423,530	7,439,695	4,423,530
	11	-	-	(43,600,000)	734,555
Operating Profit Before Working Capital Changes					
		1,818,819,905	1,059,361,242	1,656,561,645	901,770,620
(Increase)/Decrease in Inventories		(107,306,003)	(70,694,777)	(109,643,362)	(68,570,509)
(Increase)/Decrease in Trade and Other Receivables		(149,654,818)	(211,516,920)	(135,766,432)	(209,661,099)
(Increase)/Decrease in Other Current Assets		(74,709,595)	47,252,668	(76,810,845)	47,252,668
(Decrease)/Increase in Trade and Other Payables		36,172,522	224,113,963	12,984,403	192,252,965
Cash Generated From Operations					
		1,535,112,559	1,048,516,176	1,359,115,956	863,044,645
Income Tax Paid		(151,420,673)	(124,778,490)	(151,420,673)	(124,778,490)
Finance Costs Paid		(239,670,599)	(264,922,048)	(225,367,291)	(242,674,130)
Employee Benefit Paid	24	(15,439,178)	(20,753,772)	(15,262,095)	(20,733,332)
Net Cash From Operating Activities					
		1,128,582,110	638,061,866	967,065,898	474,858,692
Cash Flows From/(Used in) Investing Activities					
Acquisition of Property, Plant and Equipment	9.1	(265,316,568)	(206,502,369)	(264,542,608)	(196,453,120)
Additions of Investment Property	11	-	-	-	(434,555)
Proceeds from Sale of Property, Plant and Equipment		44,283,686	3,540,001	44,283,685	3,540,001
Investment in Financial Assets		309,115,753	-	(119,472,375)	-
Finance Income Received		302,037,611	155,853,954	300,374,794	154,318,452
Loans repayments from Related Parties		300,000,000	293,000,000	300,000,000	293,000,000
Loans Granted to Related Parties		(1,388,047,230)	(434,000,000)	(1,388,047,230)	(434,000,000)
Acquisition of Subsidiary, Net of Cash Acquired		-	27,555,476	-	-
Net Cash Flows From/ (Used in) Investing Activities					
		(1,119,436,734)	(160,552,937)	(1,127,403,734)	(180,029,222)
Cash Flows From/(Used in) Financing Activities					
Payment of Lease Liability	22	(5,033,236)	(5,033,236)	(5,033,236)	(5,033,236)
Repayment of Interest Bearing Loans and Borrowings	23.1	(466,736,000)	(779,290,667)	(406,736,000)	(709,290,667)
Proceeds from Interest Bearing Loans and Borrowings	23.1	1,150,000,000	1,000,000,000	1,150,000,000	1,000,000,000
Dividend Paid		(634,149,054)	(449,188,913)	(634,149,054)	(449,188,913)
Net Cash Flows From/(Used in) Financing Activities					
		32,291,162	(233,512,816)	92,291,162	(163,512,816)
Net Increase/(Decrease) in Cash and Cash Equivalents					
		41,436,539	243,996,109	(68,046,673)	131,316,654
Cash and Cash Equivalents at the Beginning of the Year					
	26	218,457,751	(25,538,358)	105,778,295	(25,538,358)
Cash and Cash Equivalents at the End of the Year					
	26	259,894,290	218,457,751	37,731,622	105,778,296

Figures in brackets indicate deductions.

The Accounting policies and Notes on pages 45 to 92 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 year, principal activities of the Company were to operate a two-tier hospital and provide healthcare services.

1.3 Parent Enterprise and Ultimate Parent Enterprise

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

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

1.4 Date of Authorization for Issue

The Financial Statements of Asiri Surgical Hospital PLC for the year ended 31 March 2022 was authorized for issue in accordance with a resolution of the Board of Directors on 26 July 2022.

2. BASIS OF PREPARATION AND OTHER SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The Consolidated Financial Statements have been prepared on an accrual basis and under the historical cost convention except for buildings, investment properties, fair valued through other comprehensive income financial assets, which have been measured at fair value.

Materiality and Aggregation

Each material class of similar items is presented cumulatively in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard - LKAS 1 ‘Presentation of Financial Statements’.

Going Concern

Management has assessed the existing and potential impact of COVID-19 in determining the basis of preparing financial statements for the year ended 31st

March 2022. The Company evaluated its resilience considering factors such as expected revenue streams, cost management, profitability, ability to defer non-essential capital expenditure etc. and due to the nature of healthcare operations, the Board of Directors is satisfied and confident that the Company will be able to continue in operation for the foreseeable future. In addition, the directors are not aware of any material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern. Accordingly, these financial statements have been prepared on a going concern basis.

Presentation and Functional Currency

The Financial Statements are presented in Sri Lankan Rupees (Rs.) the Company’s functional and presentation currency, which is the currency of the primary economic environment in which the Company operates.

Statement of Compliance

The Financial Statements which comprise the Statement of Financial Position, Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows, together with the accounting policies and notes (the “Financial Statements”) have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs/LKASs) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirement of the Companies Act, No. 07 of 2007.

Comparative Information

The presentation and classification of the Financial Statements of the previous years have been amended, where relevant for better presentation and to be comparable with those of the current year. Certain comparative figures have been reclassified in order to conform to the presentation for the current period. Such reclassifications were made to improve the quality of presentation and do not affect previously reported profit or equity.

The Company presented Consolidated financial statements for the year ended 31 March 2022 based on the determination of the Asiri AOI Cancer Centre (Pvt) Ltd is an investment in subsidiary from 1 April 2020.

2.1.1 Basis of Consolidation

The consolidated financial statements encompass Company, Its Subsidiary (together referred to as the “Group”)

Notes to the Financial Statements

Subsidiary

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

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

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

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

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

The Financial Statements for the year ended 31 March 2022 of the following subsidiary company included in the Consolidated Financial Statements.

Company	Effective Holding 2022	Effective Holding 2021	Principal Activities
1. Asiri AOI Cancer Centre (Pvt) Ltd	50.00%	50.00%	The principal activities of the Company are to carry out cancer treatment services.

The Group management re-assessed the control and operating structure of AOI, following which it was determined a subsidiary of Asiri Surgical Hospital PLC group (with 50% direct shareholding) effective 01 April 2020.

Summary of Significant Accounting Policies

A summary of significant accounting policies has been disclosed along with relevant individual notes in the subsequent pages.

The accounting policies presented with each note, have been applied consistently by the Company.

Current Versus Non-Current Classification

The Group/Company presents assets and liabilities in the statement of Financial Position based on a current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months from the reporting date, or

A cash or cash equivalent unless restricted from exchange or use to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non-current.

A liability is current when it is:

- Expected to be settled in the normal operating cycle,
- Incurred primarily for the purpose of trading,
- Due to be settled within twelve months after the reporting date, and
- Not affected by any unconditional right to defer settlement for at least twelve months after the reporting date.

The Group/Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Foreign Currency Translation

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

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

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

2.2 Summary of Significant Accounting Judgments, Estimates and Assumptions

In preparing these Financial Statements of the Company, the management has made judgements, estimates and assumptions that affect the application of Company's accounting policies and the reported amounts of

assets, liabilities, income, expenses and its disclosure of contingent liabilities. Judgements and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence, actual results may differ from these judgements and estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognised prospectively.

The management considered the following items, where significant judgements, estimates and assumptions have been used in preparing these Financial Statements.

Fair Value of Property, Plant and Equipment

The Group measures buildings at revalued amounts with changes in fair value being recognized in other comprehensive income. The Group/Company engaged an independent valuation specialist to assess fair value of such assets as at 31 March 2022. Refer Note 9.5 to these financial statements for Significant unobservable valuation input.

Fair Value of Investment Property

The Group measures building which are recognised as investment property at fair value amount with change in value being the open market approach in determining the fair value of the building. Further details on fair value of investment property are disclosed in Note 11 to the financial statements.

Taxes

Significant judgement was required to determine the total provision for current and deferred taxes due to uncertainties that exist with respect to the interpretation of the applicability of tax law at the time of the preparation of these financial statements.

Further, judgement has been exercised in relation to the income tax exemption under the agreement entered into between Asiri Surgical Hospital PLC and the Board of Investment, as disclosed in Note 27.3.

Post-Employment Benefit Plan

The cost of the post-employment benefit plan of employees is determined using an actuarial valuation. The actuarial valuation is based on assumptions concerning the rate of interest, rate of salary increases, staff turnover, and retirement age and going concern of the Company. Due to the long-term nature of the plan, such estimates are subject to significant uncertainty. (Refer Note 24 to these Financial Statements)

Notes to the Financial Statements

Provision for Expected Credit Losses of Financial Assets

The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. (Refer Note 2.3.7)

2.3 Summary of Significant Accounting Policies Applied

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

2.3.1 Business Combination and Goodwill

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

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

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

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss recognised in statement of profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SLFRS 9 Financial Instruments, is measured at fair value with

the changes in fair value recognised in the statement of profit or loss in accordance with SLFRS 9. Other contingent consideration that is not within the scope of SLFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in the statement of profit or loss.

The Company has recognized the Investment in Joint venture Asiri AOI Cancer Centre (Pvt) Ltd as a subsidiary and the existing investment which is measured under equity method is recognized as the investment value of the acquire.

2.3.2 Fair Value Measurement

Fair value related disclosures for non-financial assets and financial instruments that are measured at fair value or where fair values are disclosed are summarised in Note 9.5, 11, 13 and 16 to the financial statements.

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

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

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

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

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

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

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

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

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

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

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

2.3.3 Property, Plant and Equipment

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

Buildings are subsequently measured at fair value at the date of revaluation, less accumulated depreciation and accumulated impairment on buildings subsequent to the date of revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

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

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

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

2.3.4 Investment Properties

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

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value

Notes to the Financial Statements

at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2.3.5 Leases

Estimating the Incremental Borrowing Rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Right of Use Assets

The Company recognises right of use assets when the underlying asset is available for use. Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right of use assets are subject to impairment.

Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced

for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-Term Leases and Leases of Low-Value Assets

The Company applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Company as a Lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as in the period in which they are earned.

2.3.6 Borrowing Costs

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

2.3.7 Financial Instruments - Initial Recognition and Subsequent Measurement

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

i) Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under SLFRS 15. Refer to the accounting policies in section 2.3.15 Revenue from contracts with customers.

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

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

Subsequent Measurement

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

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

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

Financial Assets at Amortised Cost (Debt Instruments)

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

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

Financial assets at amortised cost are subsequently measured using the Effective Interest Rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is de-recognised, modified or impaired.

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

Financial Assets Designated at Fair Value through OCI (Equity Instruments)

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

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

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

Notes to the Financial Statements

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised (i.e., removed from the Group's statement of financial position) when:

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

Impairment of Financial Assets

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

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

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

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

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

- Trade receivables Note 30.1.1 to the financial statement

ii) Financial Liabilities

Initial Recognition and Measurement

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

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

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

Subsequent Measurement

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

Loans and Borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

Financial Guarantee Contracts

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

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

Derecognition

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

2.3.8 Equity Accounted Investees

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

The Group's investment in joint venture is accounted for using the equity method till 31st March 2020. The group management re-assessed the control and operating structure of AOI, following which they determined that AOI as a subsidiary of the Asiri Surgical Hospital PLC with effect from 1st April 2020 and accounted as a subsidiary of Asiri Surgical Hospital PLC Group with 50% direct shareholdings.

2.3.9 Inventories

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

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

2.3.9.1 Contract Assets

Contract assets are Group/Company's right to consideration in exchange for goods or services that the Group/Company has transferred to a customer, with rights that are conditioned on some criteria other than the passage of time. Upon satisfaction of the conditions, the amounts recognised as contract assets are reclassified to trade receivables. Contract assets of the Group/Company have been disclosed in trade and other receivable Note 18 to the financial statements.

2.3.10 Impairment of Non-Financial Assets

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

2.3.11 Cash and Cash Equivalents

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

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

2.3.12 Provisions

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

Notes to the Financial Statements

be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement.

2.3.13 Post-Employment Benefits

a. Defined Benefit Plan – Gratuity

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

Provision has been made for retirement gratuities from the beginning of service for all employees, in conformity with LKAS 19 on employee benefit. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

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

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

The Gratuity liability is not externally funded.

b. Defined Contribution Plans

Employees’ Provident Fund and Employee’ Trust Fund

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

2.3.13.1 Contract Liabilities

Contract liabilities are Group’s obligation to transfer goods or services to a customer for which the Group has received consideration (or the amount is due) from the customer. Contract liabilities include long-term advances received to deliver goods and services, short-term advances received to render certain services. Contract liabilities of the Group have been disclosed in trade and other payable Note 25 to the financial statements.

2.3.14 Dividend Payable

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

2.3.15 Revenue

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

The Group/Company recognized the revenue based on SLFRS 15, applies to all contracts with customers to provide goods and services in the ordinary course of business. The Company adopts principle based five steps model for revenue recognition.

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

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

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

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

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

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

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

2.3.16 Other Income

Other income is recognised in the statement of profit or loss as it accrues.

2.3.17 Dividend Income

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

2.3.18 Finance Income

Finance income comprises interest income on funds invested, dividend income and Guarantee fee income. Interest income is recorded as it accrues using the Effective Interest Rate (EIR), which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included under finance income in the income statement. Guarantee fee earned for the provision of guarantee over a period are accrued over that period.

2.3.19 Finance Expense

Finance costs comprise interest expense on borrowings and guarantee cost.

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

2.3.20 Expenditure

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

For the purpose of presentation of the income statement, the "function of expenses" method has been adopted, on the basis that it presents fairly the elements of the Group performance.

2.3.21 Taxation

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group/Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and for items recognised in other comprehensive income is recognised in other comprehensive income and not in the income statement.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Taxation

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial

Notes to the Financial Statements

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

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

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

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

2.3.22 Earnings Per Share (EPS)

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

2.3.23 Segment Reporting

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

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

2.4.1 Amendments to LKAS 16 Property, Plant & Equipment : Proceeds before Intended Use

In 25 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued LKAS 16 Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment

2.4.2 Amendments to SLFRS 3 Business Combinations : Updating a reference to conceptual framework

In 23 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to SLFRS 3 Business Combinations - Updating a Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

An exception was also added to the recognition principle of SLFRS 3 to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of LKAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, it was decided to clarify existing guidance in SLFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively

2.4.3 SLFRS 1 First-time Adoption of Sri Lanka Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to SLFRS standards process, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued an amendment to SLFRS 1 First-time Adoption of International Financial Reporting Standards (SLFRS 1). The amendment permits a subsidiary that elects to apply paragraph D16(a) of SLFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to SLFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of SLFRS 1

As part of its 2018-2020 annual improvements to SLFRS standards process, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued an amendment to SLFRS 1 First-time Adoption of International Financial Reporting Standards (SLFRS 1). The amendment permits a subsidiary that elects to apply paragraph D16(a) of SLFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to SLFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of SLFRS 1

2.4.4 SLFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to SLFRS standards process, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued an amendment to SLFRS 9 Financial Instruments (SLFRS 9). The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted

Notes to the Financial Statements

3. REVENUE AND OTHER INCOME

3.1 Revenue

	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Healthcare Services	5,641,346,587	4,074,578,448	5,250,242,466	3,743,205,226
Sales of Goods	196,486,592	155,133,637	196,486,592	155,133,637
	5,837,833,179	4,229,712,085	5,446,729,057	3,898,338,863

3.2 Segment Information

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

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

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

The following table presents the revenue generated by the Company’s segments for the year ended 31 March 2022 and comparative figures for the year ended 31 March 2021.

	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Pre care	2,786,077,742	1,702,688,533	2,394,973,620	1,371,315,311
Post Care	2,855,268,845	2,371,889,915	2,855,268,845	2,371,889,915
Pharmaceutical	196,486,592	155,133,637	196,486,592	155,133,637
	5,837,833,179	4,229,712,085	5,446,729,057	3,898,338,863

3.3 Timing of Revenue Recognition

	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Services and Goods Transferred at a Point In Time	2,982,564,334	1,857,822,170	2,591,460,212	1,526,448,948
Services Transferred over Time	2,855,268,845	2,371,889,915	2,855,268,845	2,371,889,915
	5,837,833,179	4,229,712,085	5,446,729,057	3,898,338,863

3.4 Other Income

	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Rental Income	22,817,955	20,485,458	63,180,311	58,378,508
Sundry Income	28,157,130	12,321,954	27,607,130	12,321,954
(Loss) / Profit on Disposal of Property, Plant and Equipment	(666,293)	860,688	(650,135)	860,688
Exchange Gain/ (Loss)	(8,006,643)	943,985	9,571,448	943,985
	42,302,149	34,612,085	99,708,754	72,505,135

4. FINANCE COST AND INCOME

4.1 Finance Cost

	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Interest Expense on Overdrafts	881,213	16,378,562	881,213	16,378,562
Interest Expense on Borrowings	225,689,597	212,835,249	211,503,265	190,302,804
Interest on Guarantees	12,037,919	14,143,907	12,037,919	14,143,907
Bank Charges on Interest Bearing Loans	8,428,318	7,978,274	8,302,448	7,859,272
Finance cost on Right-of-Use Asset	1,776,584	2,176,524	1,776,584	2,176,524
	248,813,631	253,512,516	234,501,429	230,861,069

4.2 Finance Income

	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Interest Income	247,393,658	241,130,852	245,730,841	239,595,349
Guarantee Income	4,139,520	6,212,676	4,139,520	6,212,676
Dividend Income on Financial assets	-	5,205,584	-	5,205,584
Increase in Fair Value - Unit Trust (FVTPL)	7,078,142	-	-	-
	258,611,320	252,549,112	249,870,361	251,013,609

Notes to the Financial Statements

5. PROFIT BEFORE TAX

Profit Before Tax stated after charging all Expenses including the following:

	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Included in Cost of Sales				
Depreciation	194,983,449	194,598,379	152,915,788	145,964,822
Staff Expenses	840,772,533	684,826,558	801,453,759	652,450,728
Defined Contribution Plan Costs - EPF and ETF	63,224,320	58,535,860	59,144,182	55,009,247
Included in Administrative Expenses				
Depreciation	120,666,434	117,665,124	110,803,971	105,889,624
Staff Expenses	290,706,308	252,355,061	278,737,678	244,513,419
Defined Benefit Plan Costs - Gratuity	24,250,947	27,096,866	22,784,683	26,560,453
Defined Contribution Plan Costs - EPF and ETF	21,950,091	19,928,712	21,609,507	19,671,199
Directors' Fees and Remuneration	9,993,000	8,245,200	9,993,000	8,245,200
Amortisation of Leasehold Property	296,376	356,255	296,376	356,255
Donations	1,355,000	1,985,000	1,355,000	1,985,000
Legal Fees	4,123,939	5,077,170	4,123,000	5,077,170
Audit Fees and Reimbursable Expenses	1,273,980	1,148,302	1,045,000	935,316
Included in Selling and Distribution Costs				
Advertising Costs	25,136,494	14,244,462	16,326,886	13,846,107
Provision for Bad Debts	(2,645,062)	6,589,684	(2,645,062)	6,589,684

6. TAX EXPENSE

	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Current Income Tax				
Current Income Tax Charge (Note 6.1)	229,591,371	127,071,099	229,591,371	127,071,099
Under/(Over) Provision and Adjustements	929,107	(179,320,327)	929,107	(176,011,491)
	230,520,478	(52,249,228)	230,520,478	(48,940,392)
Deferred Income Tax				
Deferred Taxation Expense (Note 6.2)	(6,923,705)	(98,652,315)	(7,126,356)	(103,205,281)
Income Tax Expenses Reported in the Statement of Profit or Loss	223,596,773	(150,901,543)	223,394,122	(152,145,673)
Deferred Income Tax				
Deferred Tax Expenses Reported in the Other Comprehensive Income (Note 6.2)	96,786,018	(204,261,592)	90,241,121	(204,725,764)
Income Tax Expenses Reported in the Statement of Total Comprehensive Income	320,382,791	(355,163,135)	313,635,243	(356,871,437)

6.1 Reconciliation between Current Tax Expense and Accounting Profit

	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Accounting Profit before Income Tax	1,469,913,849	708,765,307	1,429,775,029	632,501,546
Other Console Adjustements	38,183,659	(1,159,068)	-	-
Profit/(Loss) after Adjustments	1,508,097,508	707,606,239	1,429,775,029	632,501,546
Disallowable Expenses	393,616,849	399,065,100	292,468,038	296,770,625
Allowable Expenses	(392,845,725)	(346,853,934)	(274,792,770)	(228,393,668)
Profit Exempt from Income Tax	(361,129,649)	(305,575,632)	(352,369,490)	(304,040,129)
Unrelieved Business Losses	(52,658,175)	(57,403,399)	-	-
Assessable Income from Business	1,095,080,807	396,838,375	1,095,080,807	396,838,374
Assessable Income from Investment	308,912,153	297,973,857	308,912,153	297,973,857
Taxable Income	1,403,992,960	694,812,231	1,403,992,960	694,812,231
Income Tax Expenses - 14%	150,313,715	55,557,373	150,313,715	55,557,373
Income Tax Expenses - 24%	79,277,656	71,513,726	79,277,656	71,513,726
	229,591,371	127,071,099	229,591,371	127,071,099

6.2 Deferred Tax (Assets)/Liabilities

Group	Statement of Financial Position		Statement of Profit or Loss		Statement of Other Comprehensive Income	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Deferred Tax Liability						
Investment Property	-	-	-	(1,921,171)	-	-
Revaluation of Building	303,519,957	212,357,457	(4,789,180)	(8,095,186)	95,951,680	5,254,506
Right of Use Assets	1,832,781	1,418,342	414,439	197,428	-	-
Accelerated Depreciation for Tax Purposes	137,033,375	138,869,747	(1,836,372)	28,116,605	-	-
Deferred tax reversal due to Tax rate Change	-	-	-	(100,090,938)	-	(208,259,406)
	442,386,113	352,645,546	(6,211,113)	(81,793,262)	95,951,680	(203,004,900)
Deferred Tax Assets						
Tax Losses	(16,227,223)	(16,227,223)	-	(16,227,223)	-	-
Defined Benefit Obligation	(20,641,924)	(20,763,670)	(712,592)	(631,830)	834,338	(1,256,692)
	(36,869,147)	(36,990,893)	(712,592)	(16,859,053)	834,338	(1,256,692)
Deferred Tax Expense			(6,923,705)	(98,652,315)	96,786,018	(204,261,592)
Net Deferred Tax Liability	405,516,966	315,654,653				

Notes to the Financial Statements

6.3 Deferred Tax (Assets) / Liabilities

Company	Statement of Financial Position		Statement of Profit or Loss		Statement of Other Comprehensive Income	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Deferred Tax Liability						
Investment Property	6,207,715	1,891,171	4,316,545	(30,000)	-	-
Revaluation of Building	296,473,002	211,889,287	(4,745,724)	(8,095,186)	89,329,439	4,786,337
Right of Use Assets	1,832,781	1,418,342	414,439	197,428	-	-
Accelerated Depreciation for Tax Purposes	109,539,012	115,984,886	(6,445,874)	5,231,744	-	-
Deferred Tax Reversal due to Tax Rate Change	-	-	-	(100,090,938)	-	(208,259,406)
	414,052,510	331,183,686	(6,460,615)	(102,786,952)	89,329,439	(203,473,069)
Deferred Tax Assets						
Defined Benefit Obligation	(20,300,229)	(20,546,171)	(665,741)	(418,329)	911,682	(1,252,695)
	(20,300,229)	(20,546,171)	(665,741)	(418,329)	911,682	(1,252,695)
Deferred Tax Expense			(7,126,356)	(103,205,281)	90,241,121	(204,725,764)
Net Deferred Tax Liability	393,752,281	310,637,515				

7. EARNINGS PER SHARE

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

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

	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Profit for the Year	1,246,317,076	859,666,850	1,206,380,907	784,647,219
Weighted Average Number of Ordinary Shares in Issue	528,457,545	528,457,545	528,457,545	528,457,545
Basic Earnings Per Share - Continuing Operations (Rs.)	2.36	1.63	2.28	1.48

	2022 Rs.	2021 Rs.
Number of Ordinary Shares used as the Denominator		
Weighted Average number of Ordinary Shares in Issue Applicable to Basic/Diluted Earnings Per Share	528,457,545	528,457,545

8. DIVIDENDS PAID AND PROPOSED

8.1 Equity Dividends on Ordinary Shares :

Declared and Paid During the Year	GROUP			
	2022 Rs.	2022 Rs.'000	2021 Rs.	2021 Rs.'000
Equity Dividends on Ordinary Shares :	2.10	1,109,760,845	0.85	449,188,913
Interim Dividend	2.10	1,109,760,845	0.85	449,188,913

Notes to the Financial Statements

9. PROPERTY, PLANT AND EQUIPMENT

9.1 GROUP

9.1.1 Gross Carrying Amounts

	Balance as at 01.04.2021 Rs.	Additions Rs.	Valuation Rs.	Disposals Rs.	Transfers Rs.	Balance as at 31.03.2022 Rs.
At Valuation						
Buildings on Leasehold Land	2,635,734,555	24,584,263	685,369,146	-	(58,953,409)	3,286,734,555
	2,635,734,555	24,584,263	685,369,146	-	(58,953,409)	3,286,734,555
At Cost						
Medical Equipment	2,475,406,013	183,729,665	-	(3,451,195)	(49,500,000)	2,606,184,483
Furniture and Fittings	152,141,143	2,182,347	-	(380,116)	-	153,943,374
Motor Vehicles	40,853,180	15,450,000	-	-	-	56,303,180
Sundry Equipment	748,273,258	39,370,293	-	(6,156,252)	-	781,487,299
	3,416,673,594	240,732,304	-	(9,987,563)	(49,500,000)	3,597,918,336
Total Value of Depreciable Assets	6,052,408,149	265,316,568	685,369,146	(9,987,563)	(108,453,409)	6,884,652,891

9.1.2 Accumulated Depreciation

	Balance as at 01.04.2021 Rs.	Charge for the Year Rs.	Disposals Rs.	Transfers Rs.	Balance as at 31.03.2022 Rs.
At Valuation					
Building on Leasehold Land	-	58,953,409	-	(58,953,409)	-
	-	58,953,409	-	(58,953,409)	-
At Cost					
Medical Equipment	1,407,237,717	194,954,265	(2,867,279)	(8,227,397)	1,591,097,306
Furniture and Fittings	107,391,372	8,291,464	(340,731)	-	115,342,105
Motor Vehicles	27,117,677	4,016,789	-	-	31,134,466
Sundry Equipment	481,134,932	52,216,062	(3,102,178)	-	530,248,816
Total Accumulated Depreciation	2,022,881,698	318,431,989	(6,310,188)	(67,180,806)	2,267,822,693

9. PROPERTY, PLANT AND EQUIPMENT

9.2 COMPANY

9.2.1 Gross Carrying Amounts

	Balance as at 01.04.2021 Rs.	Additions Rs.	Valuation Rs.	Disposals Rs.	Transfers* Rs.	Balance as at 31.03.2022 Rs.
At Valuation						
Building on Leasehold Land	2,420,600,000	24,584,263	638,067,422	-	(55,251,685)	3,028,000,000
	2,420,600,000	24,584,263	638,067,422	-	(55,251,685)	3,028,000,000
At Cost						
Medical Equipment	2,069,030,323	183,729,665	-	(3,451,195)	(49,500,000)	2,199,808,793
Furniture and Fittings	151,937,064	1,951,157	-	(380,116)	-	153,508,105
Motor Vehicles	40,853,180	15,450,000	-	-	-	56,303,180
Sundry Equipment	711,538,952	38,827,523	-	(6,108,252)	-	744,258,223
	2,973,359,519	239,958,344	-	(9,939,563)	(49,500,000)	3,153,878,301
Total Value of Depreciable Assets	5,393,959,519	264,542,608	638,067,422	(9,939,563)	(104,751,685)	6,181,878,301

9.2.2 Accumulated Depreciation

	Balance as at 01.04.2021 Rs.	Additions Rs.	Disposals Rs.	Transfers* Rs.	Balance as at 31.03.2022 Rs.
At Valuation					
Building on Leasehold Land	-	55,251,685	-	(55,251,685)	-
	-	55,251,685	-	(55,251,685)	-
At Cost					
Medical Equipment	1,276,829,549	152,915,937	(2,867,279)	(8,227,397)	1,418,650,810
Furniture and Fittings	107,342,530	8,255,376	(340,731)	-	115,257,175
Motor Vehicles	27,117,678	4,016,789	-	-	31,134,467
Sundry Equipment	463,864,238	43,279,972	(3,070,336)	-	504,073,874
	1,875,153,995	208,468,074	(6,278,346)	(8,227,397)	2,069,116,326
Total Value of Depreciable Assets	1,875,153,995	263,719,759	(6,278,346)	(63,479,082)	2,069,116,326

* Transfers include the accumulated depreciation amounting to Rs. 55.2 Mn (2021 - Rs. 53.9 Mn) as at revaluation date that was eliminated against the gross carrying amount of the revalued assets.

Notes to the Financial Statements

9.3 Net Book Values

	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
At Valuation				
Building on Leasehold Land	3,286,734,555	2,635,734,555	3,028,000,000	2,420,600,000
At Cost				
Medical Equipment	1,015,087,177	1,068,168,296	781,157,983	792,200,775
Furniture and Fittings	38,601,269	44,749,770	38,250,930	44,594,534
Motor Vehicles	25,168,714	13,735,503	25,168,713	13,735,503
Sundry Equipment	251,238,483	267,138,326	240,184,349	247,674,715
	1,330,095,642	1,393,791,895	1,084,761,975	1,098,205,527
Total Carrying Amount of Property, Plant and Equipment	4,616,830,197	4,029,526,450	4,112,761,975	3,518,805,527

9.4 During the year, the Group acquired Property, Plant and Equipment to the aggregate value of Rs. 265,316,568 (2021 -Rs. 206,502,369). Cash payments amounting to Rs. 265,316,568 (2021 -Rs. 206,502,369) were made during the year for purchase of Property, Plant and Equipment. During the year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 264,542,608 (2021 -Rs. 196,453,120). Cash payments amounting to Rs. 264,542,608 (2021 - Rs. 196,453,120) were made during the year for purchase of Property, Plant and Equipment. Group amount should be 265 & company should be 264.

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

Location	Extent	Independent Valuer	Effective Date of Valuation	Method of Valuation	Significant Unobservable Input (Level 3)		Fair Value Rs.
					Building Value Per Square Feet		
					2022	2021	
No 21, Kirimandala Mawatha, Narahenpita	368,125 Sq. ft	G W G Abeygunawardene	31 March 2022	Comparison & DRC Methods	Rs. 4,880/- to Rs.11,580/-	Rs. 3,230/- to Rs.9,930/-	3,028,000,000/-
No 21 and 23, Kirimandala Mawatha, Narahenpita	6,710 Sq. ft	G W G Abeygunawardene	31 March 2022	Cost approach	Rs. 38,500/-	Rs. 32,000/-	258,335,000/-

*DCC - Direct Capital Comparison Method

The Investment property of the Company identified as Property Plant and Equipment in the Group Financials. Refer Note 11.1.

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

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

9.6 Depreciation

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

	2021/2022
Buildings on Leasehold Land	Over 60 Years
Medical Equipment	Over 10 Years
Furniture and Fittings	Over 10 Years
Motor Vehicles	Over 5-8 Years
Sundry Equipment	
Computer and Office Equipment	Over 4-5 Years
Short life Assets	Over 2-3 Years
Other	Over 10 Years

9.7 Group's Property, Plant & Equipment include fully depreciated assets which are still in use, the cost of which at the reporting date amounted to Rs. 1,318 Mn (2021 - Rs. 1,289 Mn). Company's property, plant and equipment with a cost of Rs. 1,261 Mn (2021 - Rs. 1,287 Mn) have been fully depreciated and continue to be in use by the company.

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

Class of Asset	Cost	Cumulative Depreciation If assets were carried at cost	Net Carrying Amount 2022	Net Carrying Amount 2021
	Rs.	Rs.	Rs.	Rs.
Building on Leasehold Land	1,222,408,470	315,670,138	906,738,331	909,575,223
	1,222,408,470	315,670,138	906,738,331	909,575,223

10. RIGHT-OF-USE ASSET

	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
At the Beginning of the Year	22,820,900	23,177,155	22,820,900	23,177,155
Amortization for the Year	(296,376)	(356,255)	(296,376)	(356,255)
At the End of the Year	22,524,524	22,820,900	22,524,524	22,820,900

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

10.2 Expenses relating to short term lease and lease of low value asset amounting to Rs.12.2 Mn (2021 Rs. 13.4 Mn) recognized in Profit and Loss.

Notes to the Financial Statements

11. INVESTMENT PROPERTY

	COMPANY	
	2022 Rs.	2021 Rs.
At the Beginning of the Year	214,700,000	215,000,000
Additions	-	434,555
Change in Fair Value during the Year	43,600,000	(734,555)
At the End of the Year	258,300,000	214,700,000

The Company's investment property consists of a building situated at No 21, Kirimandala Mawatha, Narahenpita.

	COMPANY	
	2022 Rs.	2021 Rs.
Rental income derived from Investment Properties	31,680,000	30,000,000
Direct Operating Expenses	-	-
Profit arising from investment properties carried at fair value	31,680,000	30,000,000

Fair value hierarchy disclosures for investment properties are in Note 16.

11.1 Fair Value measurement disclosure for Investment Property

The description of valuation techniques used and key inputs to valuation of investment property :

Location	Extent	Independent Valuer	Effective Date of Valuation	Valuation Details	Significant Unobservable Input (Level 3) Building Value Per Square Feet		Fair Value Rs.
					2022	2021	
No 21 and 23, Kirimandala Mawatha, Narahenpita	6,710 Sq. ft	G W G Abeygunawardene	31 March 2022	Cost Approach	Rs. 38,500/-	Rs. 32,000/-	258,335,000/-

12. INVESTMENT IN SUBSIDIARY COMPANIES

	COMPANY	
	2022 Rs.	2021 Rs.
Asiri AOI Cancer Centre (Pvt) Ltd	33,800,104	33,800,104
	33,800,104	33,800,104

12.1 Material Partly-owned Subsidiaries

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

Proportion of Equity Interest held by Non-Controlling Interests:

Company Name	2022 %	2021 %
Asiri AOI Cancer Centre (Pvt) Ltd	50%	50%

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

	2022 Rs.	2021 Rs.
Revenue	391,104,122	331,373,222
Cost of Services	(185,386,063)	(153,763,143)
Profit for the Year	75,036,356	73,787,106
Total Comprehensive Income for the Year	74,561,241	73,762,548
Attributable to Non-Controlling Interests	37,280,620	36,881,274

Summarised Statement of Financial Position as at 31 March:

	2022 Rs.	2021 Rs.
Current Assets	234,041,768	132,079,987
Non- Current Assets	318,942,662	399,588,223
Current Liabilities	196,775,342	165,022,194
Non- Current Liabilities	143,961,041	228,959,208
Total Equity	212,248,047	137,686,808
Attributable to:		
Equity Holders of Parent	106,124,024	68,843,404
Non-Controlling Interests	106,124,024	68,843,404

Notes to the Financial Statements

Summarised Statement of Cash Flow for the year ended 31 March:

	2022 Rs.	2021 Rs.
Cashflow from / (used) in Operating Activities	194,800,425	204,127,661
Cashflow from / (used) in Investing Activities	7,966,999	(8,079,190)
Cashflow from / (used) in Financing Activities	(100,362,355)	(110,924,494)
Net increase / (decrease) in Cash and Cash Equivalents	102,405,069	85,123,977

13. NON CURRENT FINANCIAL ASSETS

	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Investment in Quoted Equity Securities at Fair Value through OCI 13.1	282,028,818	280,407,431	282,028,818	280,407,431
Loans Granted to Related Parties - Non Current 13.2	1,808,900,000	1,601,900,000	1,808,900,000	1,601,900,000
	2,090,928,818	1,882,307,431	2,090,928,818	1,882,307,431

13.1 Investment in Quoted Equity Securities at Fair Value through OCI

	Number of Shares		Fair Value	
	2022	2021	2022 Rs.	2021 Rs.
National Development Bank PLC	5,063,354	3,470,389	282,028,818	280,407,431
	5,063,354	3,470,389	282,028,818	280,407,431

Investment in Quoted Equity Securities

	GROUP	COMPANY
	2022 Rs.	2021 Rs.
Balance at the Beginning of the Year	280,407,431	347,038,900
Investments Made During the year	119,472,375	-
Fair Value Gain/ (Loss)	(117,850,988)	(66,631,469)
Share Allotment as Scrip Dividends	-	-
Balance at the End of the Year	282,028,818	280,407,431

13.2 Loans Granted to Related Parties

	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Non Current	1,808,900,000	1,601,900,000	1,808,900,000	1,601,900,000
Cuurent	2,213,146,804	1,382,604,006	2,213,146,804	1,382,604,006
	4,022,046,804	2,984,504,006	4,022,046,804	2,984,504,006

	Relationship	GROUP		COMPANY	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Asiri Hospital Holdings PLC	Parent Company	1,956,553,185	1,856,920,744	1,956,553,185	1,856,920,744
Softlogic Holdings PLC	Ultimate Parent Company	1,303,890,262	1,118,721,700	1,303,890,262	1,118,721,700
Asiri Central Hospitals Limited	Companies under Common Control	-	8,771,214	-	8,771,214
Asiri Hospital Galle (Private) Limited	Companies under Common Control	-	90,348	-	90,348
Asiri Hospital Matara (Private) Limited	Companies under Common Control	251,881,781	-	251,881,781	-
Central Hospital Limited	Companies under Common Control	407,302,890	-	407,302,890	-
Softlogic Retail (Pvt) Ltd	Companies under Common Control	102,418,685	-	102,418,685	-
		4,022,046,804	1,382,604,006	4,022,046,804	2,984,504,006

13.3 The interest for loans granted to related parties is charged based on AWPLR plus risk premium. Outstanding balances as at the year end are unsecured and settlement occurs in cash.

14. OTHER NON CURRENT ASSETS

	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Security Deposits	25,982,000	25,982,000	25,982,000	25,982,000
	25,982,000	25,982,000	25,982,000	25,982,000

Notes to the Financial Statements

15. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial Assets and Liabilities by Categories in accordance with SLFRS 9:

15.1 Financial Assets

	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Financial Assets at Fair value through OCI				
Non Current Financial Assets	282,028,818	280,407,431	282,028,818	280,407,431
Financial Assets at Amortised Cost				
Loans Granted to Related Parties	4,022,046,804	2,984,504,006	4,022,046,804	2,984,504,006
Trade and Other Receivables	814,435,857	673,224,028	809,023,181	664,121,646
Cash in Hand and at Bank	315,653,331	275,025,608	93,490,665	162,346,153
Carrying value of Financial Assets	5,434,164,810	4,213,161,073	5,206,589,468	4,091,379,236
Fair Value of Financial Assets	5,434,164,810	4,213,161,073	5,206,589,468	4,091,379,236

15.2 Financial Liabilities

	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Financial Liabilities at Amortised Cost				
Lease Liability	9,433,234	12,689,886	9,433,234	12,689,886
Interest Bearing Loans and Borrowings	3,373,615,159	2,683,002,498	3,235,014,520	2,484,392,965
Trade and Other Payables	745,104,081	696,602,734	655,501,250	627,874,972
Dividend Payable	481,853,921	18,032,679	481,853,921	18,032,679
Bank Overdraft	55,759,041	56,567,857	55,759,041	56,567,857
Carrying value of Financial Liabilities	4,665,765,437	3,466,895,653	4,437,561,967	3,199,558,357
Fair Value of Financial Liabilities	4,665,765,437	3,466,895,653	4,437,561,967	3,199,558,357

The management assessed that, cash in hand and at bank, loans granted to related parties, trade and other receivables and trade and other payables approximate to their fair value largely due to the short-term maturities of these instruments. The fair value of financial assets at amortised cost and financial liabilities does not significantly vary from the value based on the amortised cost methodology for the Company. Lease liability and interest bearing loans and borrowings are estimated by discounting future cash flows using rates currently available for debts on similar terms, credit risk and remaining maturities.

16. FAIR VALUE HIERARCHY

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

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

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

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

Group	Note	31 March 2022	Level 1	Level 2	Level 3
Assets Measured at Fair Value:		Rs.	Rs.	Rs.	Rs.
Non Current Financial Assets	13.1	282,028,818	282,028,818	-	-
Building on Leasehold Land	9.3	3,286,734,555	-	-	3,286,734,555

Group	Note	31 March 2021	Level 1	Level 2	Level 3
Assets Measured at Fair Value:		Rs.	Rs.	Rs.	Rs.
Non Current Financial Assets	13.1	280,407,431	280,407,431	-	-
Building on Leasehold Land	9.3	2,635,734,555	-	-	2,635,734,555

Company	Note	31 March 2022	Level 1	Level 2	Level 3
Assets Measured at Fair Value:		Rs.	Rs.	Rs.	Rs.
Non Current Financial Assets	13.1	282,028,818	282,028,818	-	-
Building on Leasehold Land	9.3	3,028,000,000	-	-	3,028,000,000
Investment Property	11	258,300,000	-	-	258,300,000

Company	Note	31 March 2021	Level 1	Level 2	Level 3
Assets Measured at Fair Value:		Rs.	Rs.	Rs.	Rs.
Non Current Financial Assets	13.1	280,407,431	280,407,431	-	-
Building on Leasehold Land	9.3	2,420,600,000	-	-	2,420,600,000
Investment Property	11	214,700,000	-	-	214,700,000

Notes to the Financial Statements

17. INVENTORIES

	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Finished Goods				
Chemical and Test Materials	40,641,322	29,715,443	40,641,322	29,715,443
Pharmaceuticals and Surgical Inventory	245,563,087	161,669,078	243,882,141	157,650,772
Consumables	17,312,654	12,266,235	17,197,006	12,150,587
	303,517,063	203,650,756	301,720,469	199,516,802

During 2021/22, Group was recognized Rs.1,545,650,264 (2021: Rs.1,130,181,832) as an expense for inventories carried at net realizable value and included in 'cost of sales'. In addition, inventories have been reduced by Rs. 7,439,695 (2021: Rs.4,423,530) as a result of the write-down to net realisable value. The write-down was recognised as an expense and included in 'cost of sales'.

During 2021/22, Company was recognized Rs.1,360,293,534 (2021: Rs.976,418,689) as an expense for inventories carried at net realizable value and included in 'cost of sales'. In addition, inventories have been reduced by Rs. 7,439,695 (2021: Rs.4,423,530) as a result of the write-down to net realisable value. The write-down was recognised as an expense and included in 'cost of sales'.

18. TRADE AND OTHER RECEIVABLES

		GROUP		COMPANY	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Trade Debtors		170,645,999	211,533,918	155,877,513	204,938,228
Less: Impairment	18.3	(6,523,809)	(9,204,113)	(6,523,809)	(9,204,113)
		164,122,190	202,329,805	149,353,704	195,734,115
Trade Debtors - Related Parties	18.2	650,313,667	470,894,223	659,669,477	468,387,531
		814,435,857	673,224,028	809,023,181	664,121,646

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

18.2 Trade Debtors - Related Parties

	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Ultimate Parent Company				
Softlogic Holdings PLC	751,001	52,000	751,001	52,000
Parent Company				
Asiri Hospital Holdings PLC	401,156,543	349,047,457	400,758,918	341,812,457
Subsidiary Company				
Asiri AOI Cancer Centre (Pvt) Ltd	-	-	9,753,435	5,308,308
Companies Under Common Control				
Asiri Diagnostic Services (Private) Limited	30,740	619,706	30,740	619,706
Asiri Hospital Galle (Pvt) Limited	39,771,360	12,042,934	39,771,360	12,042,934
Asiri Hospital Matara (Private) Limited	26,784,445	8,006,278	26,784,445	8,006,278
Central Hospital Limited	172,623,347	88,284,427	172,623,347	87,704,427
Jendo Innovations (Private) Limited	-	3,034,760	-	3,034,760
Softlogic Automobiles (Pvt) Ltd	117,000	-	117,000	-
Softlogic BPO Services (Pvt) Ltd	34,558	-	34,558	-
Softlogic Brands (Pvt) Ltd	18,899	-	18,899	-
Softlogic City Hotels (Pvt) Ltd	3,329,000	-	3,329,000	-
Softlogic Communication Services (Pvt) Ltd	32,000	52,000	32,000	52,000
Softlogic Computers (Pvt) Ltd	-	19,500	-	19,500
Softlogic Corporate Services (Pvt) Ltd	-	13,000	-	13,000
Softlogic Finance PLC	-	13,000	-	13,000
Softlogic Information Technologies (Pvt) Ltd	47,000	234,000	47,000	234,000
Softlogic International (Pvt) Ltd	201,000	34,500	201,000	34,500
Softlogic Life Insurance PLC	5,264,274	9,388,661	5,264,274	9,388,661
Softlogic Mobile Distribution (Pvt) Ltd	19,500	-	19,500	-
Softlogic Pharmaceuticals (Pvt) Ltd	52,000	-	52,000	-
Softlogic Retail (Private) Limited	81,000	52,000	81,000	52,000
	650,313,667	470,894,223	659,669,477	468,387,531

Outstanding balances as at the year end are unsecured and settlement occurs in cash.

18.3 Impairment Loss on Trade Receivables

	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
The Beginning of the Year	9,204,113	3,191,892	9,204,113	3,191,892
Impairment loss allowance / (reversal) recognized in Profit or Loss During the year	(2,645,062)	6,589,684	(2,645,062)	6,589,684
Receivable Written down During the year	(35,242)	(577,463)	(35,242)	(577,463)
The End of the Year	6,523,809	9,204,113	6,523,809	9,204,113

19. OTHER CURRENT ASSETS

	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Advances and Prepayments	181,397,838	106,688,242	179,280,569	102,469,729
Other Tax Receivables	41,861,793	41,861,794	41,610,749	41,610,749
	223,259,631	148,550,036	220,891,318	144,080,478

20. STATED CAPITAL

As at 31 March	GROUP/COMPANY			
	2022		2021	
	Number	Rs.	Number	Rs.
Fully Paid Ordinary Shares				
At the Beginning of the Year	528,457,545	1,393,327,565	528,457,545	1,393,327,565
At the End of the Year	528,457,545	1,393,327,565	528,457,545	1,393,327,565

21. OTHER COMPONENTS OF EQUITY

	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Revaluation Reserve	2,074,946,724	1,485,529,258	2,031,574,598	1,482,836,615
Fair Value Reserve of Financial Assets at FVOCI	(290,693,691)	(172,842,703)	(290,693,691)	(172,842,703)
	1,784,253,033	1,312,686,555	1,740,880,907	1,309,993,912

21.1 Revaluation reserve consists of the net surplus on the revaluation of Property, Plant and Equipment.

21.2 Fair value reserve of financial assets at FVOCI includes changes in fair value of NDB shares which designated as financial assets at FVOCI.

22. LEASE LIABILITY

	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
At the Beginning of the Year	12,689,886	15,546,598	12,689,886	15,546,598
Interest Charged	1,776,584	2,176,524	1,776,584	2,176,524
Repayments	(5,033,236)	(5,033,236)	(5,033,236)	(5,033,236)
At the End of the Year	9,433,234	12,689,886	9,433,234	12,689,886
Repayable within one year	3,712,584	3,256,652	3,712,584	3,256,652
Repayable after one year	5,720,650	9,433,234	5,720,650	9,433,234
	9,433,234	12,689,886	9,433,234	12,689,886

22.1 Leasehold Property - Board of Investment of Sri Lanka (BOI)

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

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

22.1.3 BOI reserves the right to revise the annual lease rent every 05 years on the basis of an annual increase not greater than the Average Weighted Deposit Rate prevailing at the end of each year as determined by the Central Bank of Sri Lanka or 10%, per annum which ever is lower.

Notes to the Financial Statements

23. INTEREST BEARING LOANS AND BORROWINGS

23.1 GROUP	2022 Amount Repayable within 1 Year Rs.	2022 Amount Repayable after 1 Year Rs.	2022 Total Rs.	2021 Amount Repayable within 1 Year Rs.	2021 Amount Repayable after 1 Year Rs.	2021 Total Rs.
Short Term Loans (Note 23.1.1)	1,307,414,142	-	1,307,414,142	150,822,459	-	150,822,459
Long Term Loans (Note 23.1.1)	526,614,654	1,539,586,363	2,066,201,017	468,853,130	2,063,326,909	2,532,180,039
	1,834,028,796	1,539,586,363	3,373,615,159	619,675,589	2,063,326,909	2,683,002,498

23.1.1 A Reconciliation of Liabilities arising from Financing Activities is as Follows:

	As at 01.04.2021 Rs.	Loans Obtained Rs.	Repayment of Borrowings Rs.	Other Changes Rs.	As at 31.03.2022 Rs.
Short Term Loans	150,822,459	1,150,000,000	-	6,591,683	1,307,414,142
Long Term Loans	2,532,180,039	-	(466,736,000)	756,978	2,066,201,017
	2,683,002,498	1,150,000,000	(466,736,000)	7,348,661	3,373,615,159

23.2 COMPANY	2022 Amount Repayable within 1 Year Rs.	2022 Amount Repayable after 1 Year Rs.	2022 Total Rs.	2021 Amount Repayable within 1 Year Rs.	2021 Amount Repayable after 1 Year Rs.	2021 Total Rs.
Short Term Loans (Note 23.2.1)	1,307,414,142	-	1,307,414,142	150,822,459	-	150,822,459
Long Term Loans (Note 23.2.1)	465,514,014	1,462,086,364	1,927,600,378	385,243,597	1,948,326,909	2,333,570,506
	1,772,928,156	1,462,086,364	3,235,014,520	536,066,056	1,948,326,909	2,484,392,965

23.2.1 A Reconciliation of Liabilities arising from Financing Activities is as Follows:

	As at 01.04.2021 Rs.	Loans Obtained Rs.	Repayment of Borrowings Rs.	Other Changes Rs.	As at 31.03.2022 Rs.
Short Term Loans	150,822,459	1,150,000,000	-	6,591,683	1,307,414,142
Short Term Loans	2,333,570,506	-	(406,736,000)	765,872	1,927,600,378
	2,484,392,965	1,150,000,000	(406,736,000)	7,357,555	3,235,014,520

23.3 Security and Repayment Terms;

Lending Institution	Nature of Facility	Interest rate	Repayment Terms	Security	Security Amount Rs.	Outstanding Balance	
						2022 Rs.	2021 Rs.
23.3.1 Asiri Surgical Hospital PLC							
Commercial Bank of Ceylon PLC	Term Loan	AWPLR plus margin	95 equal monthly installments of Rs 5,328,000/- each and a final installment of Rs 5,266,000/-. Loan Commences from 2015.	Concurrent Mortgage Bond No 3329/4687 with Hatton National Bank PLC over hospital property at No181, Kirula Road , Narahenpitiya, owned by Asiri Hospital Holdings PLC.	125 Mn	85,186,000	149,122,000
				Corporate Guarantee of Asiri Hospital Holdings PLC	181 Mn		
Hatton National Bank PLC	Term Loan	AWPLR	12 equal monthly installments.	-	-	1,300,000,000	150,000,000
DFCC Bank PLC	Term Loan	AWPLR plus margin	72 equal monthly installments after a grace period of 12 months from the date of first disbursement. Loan Commences from 2020.	Corporate guarantee of Asiri Hospital Holdings PLC	1,200 Mn	983,333,333	1,183,333,333
Sampath Bank PLC	Term Loan	AWPLR	59 equal monthly installments of Rs 13,300,000/- each and a final installment of Rs 15,300,000/- after a grace period of 6 months from the date of first disbursement. Loan Commences from 2021.	-	-	680,300,000	800,000,000
	Term Loan	AWPLR	59 equal monthly installments of Rs 3,300,000/- each and a final installment of Rs 5,300,000/- after a grace period of 6 months from the date of first disbursement. Loan Commences from 2021.	-	-	176,900,000	200,000,000
					1,506 Mn	3,225,719,333	2,482,455,333
23.3.2 Asiri AOI Cancer Centre (Pvt) Ltd							
Hatton National Bank PLC	Term Loan	AWPLR plus margin	48 equal monthly installments of Rs. 5 Mn commencing after an initial grace period of one year. Loan Commences from 2018.	Corporate Guarantee of Asiri Surgical Hospital Plc	300 Mn	137,500,000	197,500,000
					1806 Mn	3,363,219,333	2,679,955,333

Notes to the Financial Statements

24. EMPLOYEE BENEFIT LIABILITY

	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
At the Beginning of the Year	148,311,926	131,931,111	146,758,360	131,931,111
Acquisition of Subsidiary	-	850,584	-	-
Transfers In/ (Out)	(2,897,281)	210,760	(2,767,297)	52,309
Interest Cost	9,640,275	12,091,036	9,539,293	12,000,223
Current Service Cost	14,610,672	15,005,830	14,060,299	14,560,229
Past Service (income)/ Expense	(824,543)	-	(814,911)	-
Actuarial (Gain) / Loss	(5,959,557)	8,976,377	(6,512,018)	8,947,820
Benefit Paid	(15,439,178)	(20,753,772)	(15,262,095)	(20,733,332)
At the End of the Year	147,442,314	148,311,926	145,001,634	146,758,360

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

Principal Actuarial Assumptions

The principal financial assumptions underlying the valuation are as follows:

	GROUP	COMPANY
	2022	2021
Discount Rate	14% p.a	6.5% p.a
Salary Increase Rate	12%p.a	7%p.a

The demographic assumptions underlying the valuation are retirement age of 60 years.

24.2 Sensitivity to Assumptions used

A percentage change in the principle assumptions would have the following effect on employee benefit liability.

	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Discount Rate				
Increase by one percentage point	(4,042,385)	(5,590,399)	(4,017,979)	(5,535,724)
Decrease by one percentage point	4,381,093	6,066,682	4,281,738	6,007,245

	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Salary Increase Rate				
Increase by one percentage point	5,078,581	6,664,229	4,967,535	6,598,332
Decrease by one percentage point	(4,773,535)	(6,252,599)	(4,736,855)	(6,190,785)

24.3 The following payments are expected on account of employees benefit liability in future years.

	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Within the next 12 months	37,626,761	32,835,801	36,694,120	32,176,424
Between 1 to 2 years	52,269,147	42,276,972	51,537,725	42,153,557
Between 3 to 5 years	33,510,031	36,602,226	32,991,204	36,399,550
Between 6 to 10 years	19,370,413	27,718,983	19,108,241	27,240,767
Beyond 10 years	4,701,468	8,877,944	4,670,344	8,788,062
	147,477,820	148,311,926	145,001,634	146,758,360

The Group's and the Company's weighted average durations of the defined benefit plan obligation at the end of the reporting period is 3.26 years (2021 - 4.15 years) and 3.25 years (2021 - 4.15 years) respectively.

Notes to the Financial Statements

25. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Trade Payables	263,168,897	228,588,795	237,727,094	213,311,015
Trade Payable - Related Party (Note 25.1)	133,016,604	171,369,378	138,591,705	174,854,686
Sundry Creditors including Accrued Expenses	348,918,579	296,644,561	279,182,451	239,709,270
Contract Liability	10,276,786	7,899,989	796,886	880,917
	755,380,866	704,502,723	656,298,136	628,755,888

25.1 Trade Payable - Related Party

	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Ultimate Parent Company				
Softlogic Holdings PLC	-	-	-	-
Parent Company				
Asiri Hospital Holdings PLC	118,364,222	129,029,306	117,734,774	128,922,056
Subsidiary Company				
Asiri AOI Cancer Centre (Pvt) Ltd	-	-	7,451,921	3,613,671
Central Hospital Limited				
Central Hospital Limited	4,879,892	34,775,037	4,879,892	34,757,657
Asiri Hospital Matara (Private) Limited	352,448	251,343	352,448	251,343
Asiri Hospital Galle (Private) Limited	2,732,183	77,830	2,732,183	77,830
Softlogic BPO Services (Private) Limited	492,863	2,371,584	-	2,371,584
Softlogic Finance PLC	429,531	109,237	429,531	109,237
Softlogic Computers (Private) Limited	252,660	117,771	252,660	117,771
Softlogic Corporate Services (Private) Limited	367,200	223,540	-	223,540
Softlogic Information Technologies (Private) Limited	869,853	1,134,000	667,953	1,134,000
Softlogic Retail (Private) Limited	746,235	3,247,041	682,072	3,243,308
Softlogic Supermarkets (Private) Limited	130,200	32,690	130,200	32,690
Softlogic Life Insurance PLC	1,464,686	-	1,464,686	-
Softlogic Pharmaceuticals (Private) Limited.	1,813,385	-	1,813,385	-
Softlogic Rewards (Pvt) Ltd	3,909	-	-	-
Nextage (Pvt) Ltd	117,338	-	-	-
	133,016,604	171,369,378	138,591,705	174,854,686

Outstanding balances as at the year end are unsecured and settlement occurs in cash.

Notes to the Financial Statements

26. CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT

Components of Cash and Cash Equivalents

	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
26.1 Favourable Cash and Cash Equivalents Balance				
Cash and Bank Balances	315,653,331	275,025,608	93,490,665	162,346,153
	315,653,331	275,025,608	93,490,665	162,346,153
26.2 Unfavourable Cash and Cash Equivalents Balance				
Bank Overdraft	(55,759,041)	(56,567,857)	(55,759,041)	(56,567,857)
Total Cash and Cash Equivalents for the Purposes of the Cash Flow Statement	259,894,290	218,457,751	37,731,622	105,778,296

27. COMMITMENTS AND CONTINGENCIES

27.1 Capital Expenditure and Other Commitments

The Company does not have significant capital and other commitments as at 31 March 2022 (2021 - Nil)

27.2 Contingent Liabilities

a. Legal Claims

Pending litigations against the Company with a Maximum liability of Rs. 46 Mn exist as at the reporting date. (2021 - Rs. 13.2 Mn)

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

b. Guarantees

The Directors of the Company have signed Corporate Guarantee Bonds with the following banks securing the following banking facilities obtained by Asiri Hospitals Holdings PLC and Asiri AOI Cancer Centre (Pvt) Ltd

	GROUP		COMPANY	
	2022 Rs. Mn	2021 Rs. Mn	2022 Rs. Mn	2021 Rs. Mn
Sampath Bank PLC	463	463	463	463
Hatton National Bank PLC	480	980	480	980
Commercial Bank of Ceylon PLC	550	550	550	550
	1,493	1,993	1,493	1,993

Loan outstanding balances relating to above corporate guarantees are Sampath 100 Mn, HNB 317.5 Mn and Commercial 100.4 Mn as at 31 March 2022. (Sampath 100 Mn, HNB 397 Mn and Commercial 167.5 Mn as at 31 March 2021)

27.3 Contingent Income Taxes

A dispute has arisen with the Department of Inland Revenue with regard to the applicability of the income tax exemption in terms of the agreement entered between Asiri Surgical Hospital PLC and the Board of Investment of Sri Lanka (BOI) in 2000. Since there is litigation in the Court of Appeal in CA (Writ) 386/ 2016 with regard to this matter, in accordance with Paragraph 92 of LKAS 37, we are unable to provide further information on this and associated risks, in order not to impair the outcome and/or prejudice the Company's position in this matter. The aforesaid matter is coming up for argument on August 2022 at the Court of Appeal.

28. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There were no material events that occurred after the reporting date that require adjustments or disclosure to the Financial Statements except below.

The Government of Sri Lanka in its Budget for 2022 proposed a one-time tax, referred to as a surcharge tax, at the rate of 25% to be imposed on any companies that have earned a taxable income in excess of LK Rs. 2,000 million for the year of assessment 2020/2021. The tax is imposed by the Surcharge Tax Act No. 14 of 2022 which was passed by the Parliament of Sri Lanka on 7th April 2022. As the law imposing the surcharge tax was enacted after the reporting period end, the financial statements for the year ended 31 March 2022 do not reflect the tax liability pending further evaluation.

29. RELATED PARTY DISCLOSURES

29.1 Transactions with Related Parties

The Group/Company carried out transactions in the ordinary course of its business with the following related parties.

	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Ultimate Parent Company - Softlogic Holdings PLC				
Loans Granted	431,047,230	234,000,000	431,047,230	234,000,000
Interest Income	92,577,567	112,745,466	92,577,567	112,745,466
Sale/(Purchase) of Goods/ Services including Staff Related Items	31,806,138	32,364,604	31,806,138	32,364,604
Repayment of Loans Granted and Fund Transfers	(369,563,372)	(382,766,596)	(369,563,372)	(382,766,596)
Immediate Parent Company - Asiri Hospital Holdings PLC				
Loans Granted	207,000,000	212,000,000	207,000,000	212,000,000
Interest Income	126,422,445	133,689,308	126,422,445	133,689,308
Purchase of Goods/ Services including Staff Related Items	127,207,560	(60,160,959)	128,594,077	(59,145,368)
Repayment of Loans Granted and Fund Transfers	(120,535,315)	20,759,249	(114,562,258)	21,585,683
Channeling Fee Collected by Related Party/ (Company on behalf of the Related Party)	13,851,884	34,965,917	13,851,884	34,965,917
Expenses Incurred by the Company on behalf of Related Party/ (Related Party on behalf of the Group/Company)	(149,297,602)	(59,300,532)	(149,297,602)	(68,655,532)
Subsidiary - Asiri AOI Cancer Centre (Pvt) Ltd				
Sale of Goods/ Services including Staff Related Items	-	-	54,920,130	38,720,949
Repayment of Temporary Finance Obtained and Fund Transfers	-	-	(34,369,568)	(47,949,789)
Channeling Fee Collected by Related Party/ (Company on behalf of the Related Party)	-	-	(289,440)	-
Expenses Incurred by the Company on behalf of Related Party/ (Related Party on behalf of the Company)	-	-	(19,654,246)	2,943,698
Companies under Common Control				
Loans Granted	750,000,000	-	750,000,000	-
Interest Income	11,603,356	1,938,414	11,603,356	1,938,414
Sale of Goods/ Services including Staff Related Items	294,898,177	151,113,527	285,141,013	157,821,199
Repayment of Loans Granted and Fund Transfers	(179,292,301)	(63,508,744)	(170,223,624)	(71,701,605)
Channeling Fee Collected by Related Party/ (Company on behalf of the Related Party)	2,843,183	914,032	2,843,183	914,032
Expenses Incurred by the Company on behalf of Related Party/ (Related Party on behalf of the Company)	(12,759,187)	(18,059,150)	(12,759,187)	(18,059,150)
Transaction with Key Management Personnel	-	-	-	-
Transaction with Close Family Members of KMP	-	-	-	-

Notes to the Financial Statements

29.1.1 Non-Recurrent Related Party Transactions

There were no any non-recurrent related party transactions which aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per 31 March 2022 audited financial statements, which required additional disclosures in the 2021/22 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13 (c) of the Securities and Exchange Commission of Sri Lanka Act.

29.1.2 Recurrent Related Party Transactions

There were no recurrent related party transactions which in aggregate value exceeds 10% of the revenue of the Company as per 31 March 2022 audited financial Statements, which required additional disclosures in the 2021/22 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission of Sri Lanka Act.

29.2 Off Balance Sheet Items

- a. Guarantees made on behalf of Asiri Hospital Holdings PLC, has been given in Note 27.2.(b) to these Financial Statements.
- b. Asiri Hospital Holdings PLC has granted Corporate Guarantees to DFCC Bank, Commercial Bank of Ceylon PLC, Sampath Bank PLC and Hatton National Bank PLC to secure the banking facilities obtained by the Company, for the value of Rs. 1.2 Bn, Rs. 181Mn, Rs. 100Mn and Rs. 100Mn respectively.

29.3 Transactions with Key Management Personnel of the Company

The key management personnel include members of the Board of Directors of the Company, Subsidiary, immediate parent Company and ultimate parent Company.

29.3.1 Key Management Personnel Compensation

	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Short Term Employment Benefits	9,993,000	8,245,200	9,993,000	8,245,200
Total Compensation paid to Key Management Personnel	9,993,000	8,245,200	9,993,000	8,245,200

29.4 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.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Group/Company is exposed to market risk including credit risk, currency risk, interest rate risk & price risk and liquidity risk. Risk management is carried out under policies approved by the Board of Directors of the Group. The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial and non- financial performance.

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

30.1 Credit Risk

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

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts.

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts.

	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Loans Granted to Related Parties	4,022,046,804	2,984,504,006	4,022,046,804	2,984,504,006
Trade and Other Receivables (Note 30.1.1)	814,435,857	673,224,028	809,023,181	664,121,646
Cash In Hand and at Bank (Note 30.1.2)	315,653,331	275,025,608	93,490,665	162,346,153
	5,152,135,992	3,932,753,642	4,924,560,650	3,810,971,805

Loans Granted to Related Parties

Loans to related parties is made up of working capital loans which are given to Soflogic Holdings PLC and Asiri Hospital Holdings PLC as per the agreements made. Those agreements state the necessary provisions on the repayment and recovery of those loans.

Notes to the Financial Statements

30.1.1 Trade and Other Receivables

GROUP	Total	Neither past due nor Impaired	Past due but not Impaired					Past due Impaired
			31-60 Days	61-90 Days	91-180 Days	181-365 Days	Over 365 Days	Over 365 Days
			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.

2022

Gross Trade Receivables	820,959,664	297,152,446	106,646,138	22,451,596	85,368,369	202,465,045	100,352,262	6,523,808
Less: Impairment	(6,523,808)	-	-	-	-	-	-	(6,523,808)
	814,435,856	297,152,446	106,646,138	22,451,596	85,368,369	202,465,045	100,352,262	-

2021

Gross Trade Receivables	682,428,140	235,302,277	112,241,197	35,540,969	97,779,571	108,753,416	83,606,597	9,204,113
Less: Impairment	(9,204,113)	-	-	-	-	-	-	(9,204,113)
	673,224,027	235,302,277	112,241,197	35,540,969	97,779,571	108,753,416	83,606,597	-

COMPANY	Total	Neither past due nor Impaired	Past due but not Impaired					Past due Impaired
			31-60 Days	61-90 Days	91-180 Days	181-365 Days	Over 365 Days	Over 365 Days
			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.

2022

Gross Trade Receivables	815,546,989	312,508,051	92,669,611	16,367,597	84,383,354	205,516,370	97,578,198	6,523,808
Less: Impairment	(6,523,808)	-	-	-	-	-	-	(6,523,808)
	809,023,181	312,508,051	92,669,611	16,367,597	84,383,354	205,516,370	97,578,198	-

2021

Gross Trade Receivables	673,325,759	236,809,683	110,855,360	35,370,969	97,779,571	100,788,543	82,517,520	9,204,113
Less: Impairment	(9,204,113)	-	-	-	-	-	-	(9,204,113)
	664,121,646	236,809,683	110,855,360	35,370,969	97,779,571	100,788,543	82,517,520	-

Existing practice on the provisioning of trade receivables were re-visited and adjusted to reflect the different ways in which the COVID-19 outbreak affects different types of customers. The Company assessed how the timing and amount of cash flows generated by outstanding trade receivables might be affected.

30.1.2 Cash in Hand and at Bank

The Group/Company consciously manages the exposure to a single counterparty taking into consideration, where relevant, the rating or financial standing of the counterparty, where the position is reviewed as and when required, the duration of the exposure in managing such exposures and the nature of the transaction and agreement governing the exposure.

30.2 Market Risk

30.2.1 Interest Rate Risk

Interest rate risk is the Company's exposure to adverse movement in interest rates. The Company has obtained multiple facilities from various banks for working capital, capital expenditure and investment at varying terms and conditions. The finance function negotiates with banks and finance institutions to get the best interest rates and favorable terms for both long and short term borrowing facilities. Most lenders of the Company have granted loans under floating interest rates. Further, the Company has granted loans to related parties under floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's/Company's profit before tax.

Interest Rate	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Increase by 380 basis points	38,321,049	-	48,368,249	-
Decrease by 380 basis points	(38,321,049)	-	(48,368,249)	-
Increase by 400 basis points	-	13,517,507	-	19,767,507
Decrease by 400 basis points	-	(13,517,507)	-	(19,767,507)

The spread of basis points used for the interest rate sensitivity analysis is based on the currently observable market environment.

30.2.2 Foreign Exchange Risk

Foreign Exchange Risk is the Company's exposure to adverse movement in foreign currency against the Sri Lankan Rupee. The Company do not have any significant direct impact from the foreign exchange risk.

30.2.3 Equity Price Risk

The Company holds listed and unlisted equity securities which are susceptible to market-price risk arising from uncertainties about future values of these securities. The Company manages the equity price risk by placing limits on individual and total equity instruments. Periodic reports on equity investment portfolio is submitted to the senior management on a regular basis. The respective Boards of Directors review and approve all equity investment decisions.

Other Non Current Financial Assets	Note	COMPANY	
		2022	2021
Financial Assets at Fair value through OCI	13.1	282,028,818	280,407,431
		282,028,818	280,407,431

Sensitivity Analysis

The following table demonstrates the sensitivity of aggregate fair value to reasonably possible changes in equity prices provided all other variables are held constant:

Notes to the Financial Statements

	Change in Equity Price	COMPANY	
		Effect on Fair Value Reserve of Financial Assets at FVOCI	Effect on Equity
	%	Rs.	Rs.
2022			
Quoted equity investments listed on the Colombo Stock Exchange	+20	56,405,764	56,405,764
	-20	(56,405,764)	(56,405,764)
2021			
Quoted equity investments listed on the Colombo Stock Exchange	+10	28,040,743	28,040,743
	-10	(28,040,743)	(28,040,743)

30.3 Liquidity Risk

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

The table below summarises the maturity profile of the Group's financial liabilities at 31 March based on contractual undiscounted payments.

	0-6 Months	6-12 Months	2-5 years	>5 years	Total
	Rs.	Rs.	Rs.	Rs.	
2022					
Interest Bearing loans and borrowings	899,914,994	1,202,269,823	1,834,258,329	-	3,936,443,146
Trade and other payables	694,943,070	60,629,065	-	-	755,572,135
Lease Liability	-	5,033,236	6,729,904	-	11,763,140
Corporate Guarantees Granted on loans obtained by Related Companies	-	280,000,000	102,995,534	-	382,995,534
2021					
Interest Bearing loans and borrowings	285,215,604	488,156,375	2,121,559,000	258,086,813	3,153,017,792
Trade and other payables	624,379,373	80,270,260	-	-	704,649,633
Lease Liability	-	5,033,236	11,763,140	-	16,796,376
Corporate Guarantees Granted on loans obtained by Parent Company	-	280,000,000	167,456,000	-	447,456,000

The table below summarises the maturity profile of the Company's financial liabilities at 31 March based on contractual undiscounted payments.

	0-6 Months Rs.	6-12 Months Rs.	2-5 years Rs.	>5 years Rs.	Total
--	-------------------	--------------------	------------------	-----------------	-------

2022

Interest Bearing loans and borrowings	862,908,744	1,166,945,073	1,750,803,017	-	3,780,656,834
Trade and other payables	598,967,981	57,330,155		-	656,298,136
Lease Liability	-	5,033,236	6,729,904	-	11,763,140
Corporate Guarantees Granted on loans obtained by Related Companies	-	280,000,000	102,995,534	-	382,995,534

	0-6 Months Rs.	6-12 Months Rs.	2-5 years Rs.	>5 years Rs.	Total
--	-------------------	--------------------	------------------	-----------------	-------

2021

Interest Bearing loans and borrowings	248,509,354	452,537,625	1,972,217,333	258,086,813	2,931,351,125
Trade and other payables	547,890,930	80,864,961	-	-	628,755,891
Lease Liability	-	5,033,236	11,763,140	-	16,796,376
Corporate Guarantees Granted on loans obtained by Parent Company	-	280,000,000	167,456,000	-	447,456,000

Notes to the Financial Statements

30.4 Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2022.

The Group monitors capital using a gearing ratio for the company, net debt divided by total capital plus net debt, which is monitored closely by senior management. Net debt of the Group includes, interest bearing loans and borrowings, lease liability and bank overdraft less cash and cash equivalents.

As at 31 March	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Lease Liability	9,433,234	12,689,886	9,433,234	12,689,886
Interest Bearing Loans and Borrowings	3,373,615,159	2,683,002,498	3,235,014,520	2,484,392,965
Bank Overdraft	55,759,041	56,567,857	55,759,041	56,567,857
Less - Cash in Hand and at Bank	(315,653,331)	(275,025,608)	(93,490,665)	(162,346,153)
Net Debt	3,123,154,103	2,477,234,632	3,206,716,131	2,391,304,554
Net Equity	5,146,206,430	4,594,341,069	5,088,504,953	4,555,397,561
Capital and Total Net Debt	8,269,360,533	7,071,575,701	8,295,221,084	6,946,702,115
Gearing Ratio (X)	0.38	0.35	0.39	0.34

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Shareholder Information

GENERAL

Stated Capital as at 31 March 2022 was Rs. 1,393,327,565/-

STOCK EXCHANGE LISTING

The ordinary shares of Asiri Surgical Hospital PLC were listed in the Colombo Stock Exchange of Sri Lanka since 2004-11-12.

PUBLIC SHAREHOLDING

- Public Holding Percentage was 20.04% as at 31 March 2022.
- The number of public shareholders as at 31 March 2022 was 3,338
- Float adjusted market capitalisation as at 31 March 2022 was Rs 1,588,543,380.27

the Company is in compliance with option 5 of the Listing Rules 7.14.1 (a) which requires 20% minimum public holding percentage and 500 minimum public shareholders.

DISTRIBUTION OF SHAREHOLDERS

Number of Shares held	31 March 2022			31 March 2021		
	Number of shareholders	Holding	Holding %	Number of shareholders	Holding	Holding %
1 - 1,000	2,021	480,081	0.09	1,914	454,907	0.08
1,001 - 10,000	784	3,228,522	0.61	801	3,292,687	0.62
10,001 - 100,000	435	13,533,477	2.56	437	13,621,937	2.58
100,001 - 1,000,000	92	25,832,959	4.89	95	28,838,496	5.46
Over 1,000,000	10	485,382,506	91.85	10	482,248,518	91.26
Total	3,342	528,457,545	100.00	3,257	528,457,545	100.00

Category	31 March 2022			31 March 2021		
	Number of shareholders	Holding	Holding %	Number of shareholders	Holding	Holding %
Individual	3,253	96,561,033	18.27	3,168	98,267,271	18.60
Institutional	89	431,896,512	81.73	89	430,190,274	81.40
Total	3,342	528,457,545	100.00	3,257	528,251,746	100.00
Resident	3,325	528,292,325	99.97	3,241	528,251,746	99.96
Non-resident	17	165,220	0.03	16	205,799	0.04
Total	3,342	528,457,545	100.00	3,257	528,457,545	100.00

INVESTOR INFORMATION

No	Name	Shares	%
1	ASIRI HOSPITAL HOLDINGS PLC	422,555,413	79.96
2	MR. DON KULARATNE SUBASINGHE	39,014,806	7.38
3	MR. PUJITHA PUNSIRI SUBASINGHE	7,966,598	1.51
4	EMPLOYEES TRUST FUND BOARD	4,418,750	0.84
5	MR. DIYUNUGE MAHINDA RAJAPAKSA	3,108,800	0.59
6	MR. MAHAWATHAGE DON NEWTON JAYARATNE	2,328,713	0.44
7	MR. MAHENDRA RAJA WEERASINGHE	2,000,000	0.38
8	MR. DIYUNUGE MAHINDA RAJAPAKSA	1,422,004	0.27
9	MRS. CHANDANI VISHAKA ARIYARATNE	1,333,333	0.25
10	MR. UDITHA HARILAL PALIHAKKARA	1,234,102	0.23
11	DR. DAMMEARACHCHI ANUJA SOMARATNE	862,499	0.16
12	MR. CHAMINDA DILANTHA WEERASINGHE (DECEASED)	833,333	0.16
13	DR. HIMALI RANGIKA JAYASEKERA	802,322	0.15
14	MR. MOHAMED FAIZER HASHIM	752,239	0.14
15	MRS. SITHY JAZEEMA BADURDEEN	749,999	0.14
16	DR. WELAGEDARA MUDIYANSELAGE SWARNAMALI WELAGEDARA	749,999	0.14
17	MR. NAGEN DAYARANJAN KURUKULASURIYA	730,361	0.14
18	MR. GODAUDA PATHIRANAGE KAPILASENA	722,499	0.14
19	BANK OF CEYLON-NO2 A/C (BOC PTF)	720,000	0.14
20	RUHUNU CABLES (PRIVATE) LIMITED	685,000	0.13
	OTHER	35,466,775	6.72
	TOTAL	528,457,545	100

SHARE TRADING INFORMATION

	2021/22	2020/21
Highest (02/02/2022)	25.50	1.19
Lowest (27/04/2021)	12.70	8.90
As at year end (31/03/2022)	15.00	13.80
Number of Trades	6709	5789
Number of shares traded	11,945,464	24,622,603
Value of the Shares Trades (LKR)	215,829,598	365,821,301
Market Capitalization (LKR)	7,926,863,175	7,292,714,121
Earnings per share (LKR)	2.36	1.63
Dividend per share (LKR)	2.10	0.85
Net assets per share (LKR)	9.74	8.69
P/E Ratio	6.36	8.47

Five Year Summary

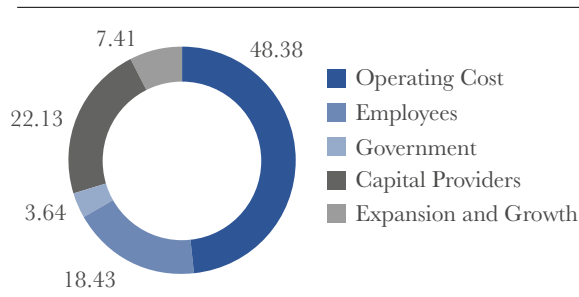
Year ended 31 March	GROUP		COMPANY		
	2022 Rs. '000	2021 Rs. '000	2020 Rs. '000	2019 Rs. '000	2018 Rs. '000
Statement of Profit or Loss					
Income Statements					
Revenue	5,837,833	4,229,712	3,654,663	3,475,047	3,275,349
Cost of Services	(3,378,050)	(2,661,454)	(2,265,592)	(2,122,762)	(2,013,869)
Gross Profit	2,459,783	1,568,258	1,389,071	1,352,285	1,261,479
Other Income and Gains	42,302	34,612	83,093	45,585	232,249
Administration and Distribution Expenses	(1,041,969)	(893,142)	(929,858)	(862,858)	(795,608)
Finance Cost	(248,814)	(253,513)	(151,700)	(54,952)	(45,472)
Finance Income	258,611	252,549	216,398	130,069	93,759
Share of Profit/(Loss) of Associate	-	-	897	93	5,902
Profit before Tax	1,469,914	708,765	607,901	610,222	752,310
Income Tax (Expense)/ Reversal	(223,597)	150,902	(174,790)	(243,707)	(205,707)
Net Profit for the year	1,246,317	859,667	433,111	366,515	546,603
Balance Sheet					
Property Plant & Equipment	4,639,355	4,052,347	3,565,875	3,564,554	3,261,720
Investment Property	-	-	215,000	193,724	-
Non current Financial Assets	282,029	280,407	347,039	311,681	332,671
Investment In Joint Venture	-	-	33,800	32,987	32,902
Inventories	303,517	203,651	135,370	116,332	167,901
Receivables	5,085,724	3,832,260	3,410,179	1,584,920	720,168
Cash and Bank balance	315,653	275,026	160,713	60,383	383,767
Total Assets	10,626,278	8,643,691	7,867,976	5,864,581	4,899,129
Stated Capital	1,393,328	1,393,328	1,393,328	1,393,328	1,393,328
Reserve	1,784,253	1,312,687	1,138,964	1,060,941	1,130,225
Accumulated Profits	1,968,626	1,888,327	1,524,313	1,142,168	1,044,199
Shareholders' Funds	5,146,206	4,594,341	4,056,605	3,596,437	3,567,752
Non-Controlling Interests	134,118	72,736			
Total Equity	5,280,325	4,667,077			
Non Interest Bearing Long Term Liabilities	5,721	9,433	12,690	17,985	22,057
Interest Bearing Long Term Liabilities	1,539,586	2,063,327	1,311,143	191,746	255,682
Deferred Tax Liability	405,517	315,655	618,569	578,287	515,841
Deferred Retirements Obligations	147,442	148,312	131,931	126,827	116,105
Trade Creditors	755,381	704,503	450,772	496,166	261,107
Other Payables	598,806	55,885	200,629	444,163	92,106
Non Interest Bearing Loans and Borrowings	3,713	3,257	2,857	4,072	4,072
Interest Bearing Short Term Borrowings	1,889,788	676,243	1,082,781	408,898	64,407
Total Equity & Liabilities	10,626,278	8,643,691	7,867,976	5,864,581	4,899,129
Cash Flow					
Net Cash Flow from operating activities	1,123,870	638,062	294,298	648,272	884,132
Net Cash Flow used in Investing activities	(1,126,515)	(160,553)	(1,702,059)	(1,248,139)	(119,506)
PBIT/Turnover	29%	23%	21%	19%	24%
GP Margin	42%	37%	38%	39%	39%
Debts to Equity	0.67	0.60	0.59	0.17	0.10
Quick Asset ratio	1.11	1.74	1.24	0.57	1.51

Economic Value Added Statement

As at 31 March	2021/22 Rs.'000	2020/21 Rs.'000
Direct economic value generated		
Revenue	5,837,833	4,229,712
Other Income	42,302	34,612
Finance Income	258,611	252,549
	6,138,747	4,516,873

As at 31 March	GROUP			
	2021/22		2020/21	
	Rs.'000	%	Rs.'000	%
Economic Value Distributed				
Operating Cost	2,970,108	48.38	2,305,150	51.03
Employees				
Employee Wages & Benefits	1,131,479	18.43	937,182	20.75
Government				
All Taxes	223,597	3.64	(150,902)	(3.34)
Capital Providers				
Finance Cost	248,814	4.05	253,513	5.61
Shareholders	1,109,761	18.08	449,189	9.94
Expansion and Growth				
Depreciation	318,432	5.19	312,264	6.91
Retained Profit	136,556	2.22	410,478	9.09
	6,138,747	100.00	4,516,873	100.00

ECONOMIC VALUE ADDED (LKR '000)



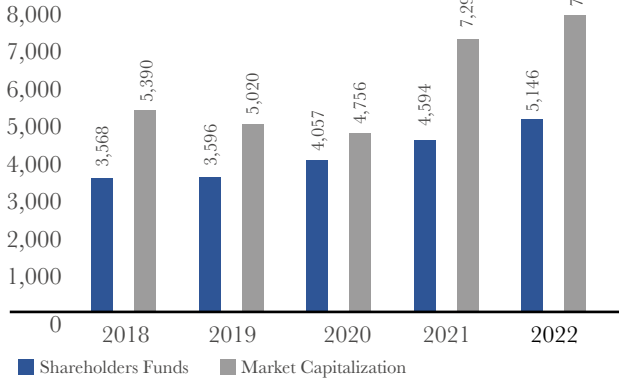
The creation of wealth is the main purpose of existence of any commercial organisation.

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

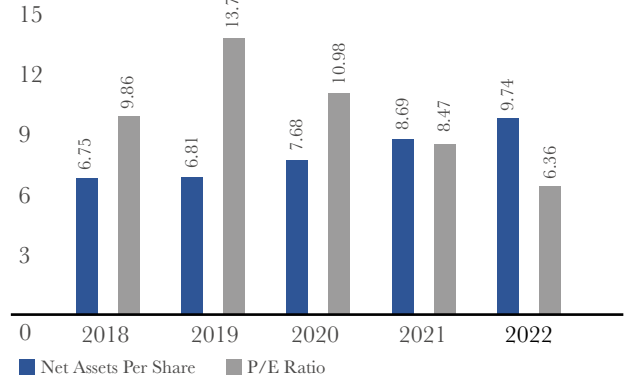
Through its operations during the financial year 2021/22, the company created a total wealth of Rs.6.13 billions, which was a 36% growth compared to previous year.

Graphical Review

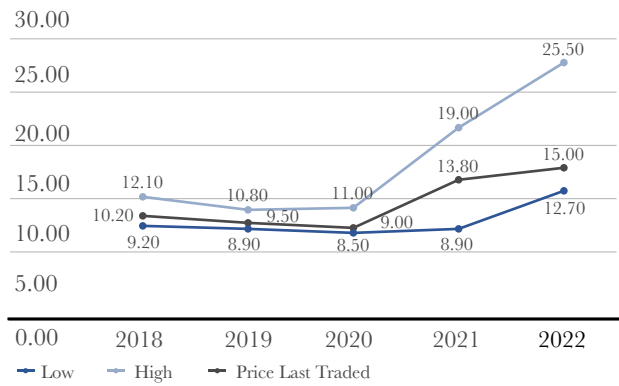
Total Equity Vs Market Capitalization (LKR Mn.)



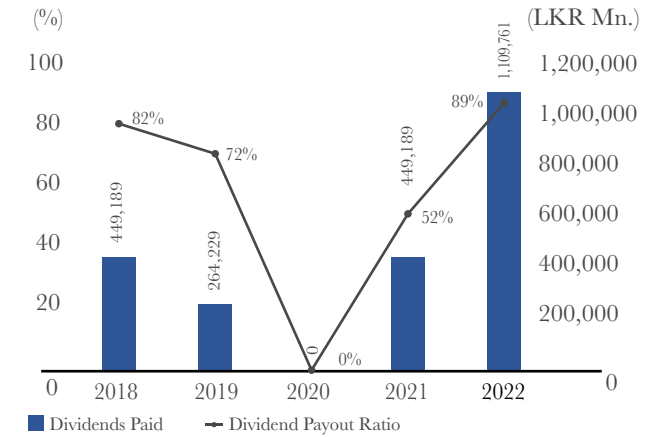
Share Value (LKR)



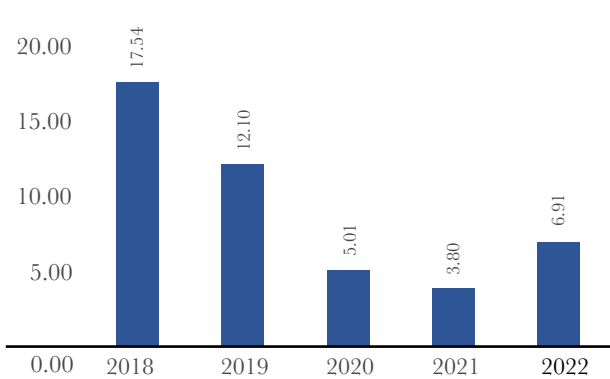
SHARE PRICE (LKR)



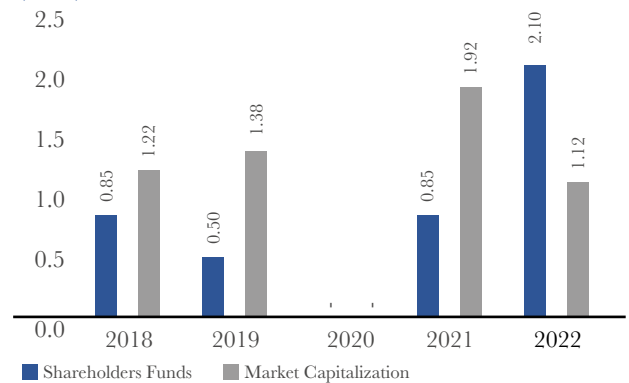
DIVIDENDS PAID & DIVIDEND PAYOUT RATIO (%)



Interest Cover (Times)



Dividends (LKR)



Notice of Meeting

NOTICE IS HEREBY GIVEN that the 22nd ANNUAL GENERAL MEETING of ASIRI SURGICAL HOSPITAL PLC will be held on Friday, the 19th August 2022 at 10.00 a.m at the Auditorium of Central Hospital Limited (4th Floor), No.114,Norris Canal Road, Colombo 10 by shareholders participant assembling either physically or through audio or audio and visual means for the following purposes:

- (1) To receive and consider the Annual Report of the Board of Directors and Financial Statements of the Company and of the Group for the year ended 31st March 2022 together with the Report of the Auditors thereon.
- (2) To ratify the First Interim Dividend of LKR 1.20per share paid on 7th December 2021and Second Interim Dividend of LKR 0.90 per share paid on 28th April 2022 as the final Dividend for the year ended 31st March 2022.
- (3) To re-elect Dr. S. Selliah who retires by rotation in terms of Article 24(6) of the Articles of Association, as a Director of the Company.
- (4) To pass the ordinary resolution set out below to re appoint Mr. G.L.H Premaratne who is 74 years of age, as a Director of the Company

“ IT IS HERERBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. G.L.H Premaratne who is 74 years of age and that he be and is hereby reappointed a Director of the Company in terms of Section 211 of the Companies Act No. 07 of 2007”

- (5) To re-appoint Messrs Ernst & Young as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.
- (6) To authorise the Directors to determine and make donations for the year ending 31st March 2023 and up to the date of the next Annual General Meeting.

By Order of the Board,
ASIRI SURGICAL HOSPITAL PLC

Sgd.
SOFTLOGIC CORPORATE SERVICES (PVT) LTD.
Company Secretaries

26 July 2022
Colombo

Notes

1. A Shareholder who is entitled to participate, speak and vote at the meeting is entitled to appoint a proxy to attend and vote on behalf of him/her by electronic means.
2. A proxy need not be a Shareholder of the Company.
3. The Form of Proxy is enclosed for this purpose.
4. Shareholders are advised to follow the Guidelines and Attendance Registration Process for the Annual General Meeting available on the Corporate Website of the Company and the Website of the Colombo Stock Exchange.

Form of Proxy

*I/Weof

being * member/members of Asiri Surgical Hospital PLC, do hereby appoint

(holder of N.I.C No.) of

..... or (whom falling)

Mr. A.K.Pathirage whom failing

Dr. S. Selliah whom failing

Dr.K.M.P Karunaratne whom failing

Mr. G.L.H Premaratne whom failing

Mr. S.A.B Rajapaksa whom failing

as *my/our proxy to attend at the Annual General Meeting of the Company to be held on Friday, the 19th August 2022 at 10.00 a.m at the Auditorium of Central Hospital Limited (4th Floor), No.114,Norris Canal Road, Colombo 10 and any adjournment thereof and at every poll which may be taken in consequence thereto and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

	For	Against
(1) To receive and consider the Annual Report of the Board of Directors and the Financial Statements of the Company and of the Group for the year ended 31st March, 2022 together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
(2) To ratify the First Interim Dividend of LKR 1.20 per share paid on 7th December 2021 and Second Interim Dividend of 0.90 per share paid on 28th April 2022 as the final Dividend for the year ended 31st March 2022	<input type="checkbox"/>	<input type="checkbox"/>
(3) To re-elect Dr. S. Selliah who retires by rotation in terms of Article 24(6) of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(4) To pass the ordinary resolution set out below to re appoint Mr. G.L.H Premaratne who is 74 years of age, as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>
“IT IS HERERBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. G.L.H Premaratne who is 74 years of age and that he be and is hereby reappointed a Director of the Company in terms of Section 211 of the Companies Act No. 07 of 2007”	<input type="checkbox"/>	<input type="checkbox"/>
(5) To re-appoint Messrs Ernst & Young as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
(6) To authorise the Directors to determine and make Donations for the year ending 31st March 2023 and up to the date of the next Annual General Meeting	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day of Two Thousand and Twenty Two.

.....
*Signature/s

Note:

- (1) *Please delete the inappropriate words.
- (2) A proxy need not be a shareholder of the Company.
- (3) Instructions as to completion are noted on the reverse hereof

Form of Proxy

INSTRUCTIONS AS TO COMPLETION

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.
2. The completed Proxy should be forwarded to the Company for deposit at the Registered Office through the Company Secretaries, Sofilogic Corporate Services (Pvt) Ltd, No.14, De Fonseka Place, Colombo 05, marked **“Asiri Surgical Hospital PLC – 22nd Annual General Meeting”** or email corporateservices@softlogic.lk not later than 48 hours before the time appointed for the Meeting.

In forwarding the completed and duly signed Proxy to the Company, please follow the Guidelines and Attendance Registration Process for the Annual General Meeting attached to the Notice of Annual General Meeting.

3. The Proxy shall –
 - (a) In the case of an individual be signed by the shareholder or by his attorney, and if signed by an attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.
 - (b) In the case of a Company or Corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the Company or Corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute. (as applicable)
4. Please indicate with a ‘X’ how the Proxy should vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.

Corporate Information

NAME OF THE COMPANY

Asiri Surgical Hospital PLC

REGISTERED OFFICE

No. 21, Kirimandala Mawatha, Colombo 05, Sri Lanka

OFFICE AND ADMINISTRATIVE COMPLEX

Asiri Surgical Hospital PLC

No. 21, Kirimandala Mawatha,

Colombo 05, Sri Lanka.

Telephone: 011 452 4400

Email: info@asiri.lk

Web: www.asirihealth.com

COMPANY REGISTRATION NUMBER

PQ 208

LEGAL FORM

A quoted public company incorporated under the Companies Act No. 17 of 1982, with limited liability.

Re-registered under the Companies Act No. 07 of 2007.

An undertaking approved by the Board of Investment of Sri Lanka

(BOI) under the Board of Investment of Sri Lanka

Law No.04 of 1978

STOCK EXCHANGE LISTING

The ordinary shares of the Company have been listed with the Colombo Stock Exchange since 2004-11-12.

BOARD OF DIRECTORS

Mr A K Pathirage –

Chairman/Managing Director

Dr K M P Karunaratne –

Group Chief Executive Officer

Dr S Selliah – Deputy Chairman

Mr S A B Rajapaksa

Mr G L H Premaratne

AUDIT COMMITTEE

Mr. S. Ahangama

– Chairman

Independent Non-Executive Director

(Asiri Hospital Holdings PLC)

COMMITTEE MEMBERS

Mr G L H Premaratne

Independent Non-Executive Director

Mr S A B Rajapaksa

Independent Non-Executive Director

FREQUENCY OF MEETINGS

Committee meets quarterly

REMUNERATION COMMITTEE

Mr G L H Premaratne – Chairman

Independent Non-Executive Director

COMMITTEE MEMBERS

Dr S Selliah

Independent Non-Executive Director

FREQUENCY OF MEETINGS

Committee meets once a year

RELATED PARTY TRANSACTIONS

REVIEW COMMITTEE

Mr S A B Rajapaksa – Chairman

Independent Non-Executive Director

COMMITTEE MEMBERS

Mr G L H Premaratne

Independent Non-Executive Director

Mr. S. Ahangama

Independent Non-Executive Director

(Asiri Hospital Holdings PLC)

FREQUENCY OF MEETINGS

Committee meets at least once a quarter

SUBSIDIARY COMPANIES

Asiri AOI Cancer Centre (Pvt) Ltd.

No. 181, Kirula Road, Colombo 05.

AUDITORS

Messrs. Ernst & Young (Chartered Accountants)

No. 201, De Saram Place, Colombo 10.

SECRETARIES

Messrs. Soflogic Corporate Services (Pvt) Ltd.

No. 14, De Fonseka Place, Colombo 05.

BANKERS

Commercial Bank of Ceylon PLC

Sampath Bank PLC

Nations Trust Bank PLC

Hatton National Bank PLC

Cargills Bank Limited Bank of Ceylon PLC

National Development Bank PLC

DFCC Bank PLC

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