

25  
YEARS

ANNUAL REPORT 2010

Gentle touch of care to your health...



**ASIRI**  
**HOSPITALS**  
**PLC**



**ANNUAL REPORT 2010**

# Contents

<b>Vision &amp; Mission</b>	<b>02</b>
<b>Financial Highlights</b>	<b>03</b>
<b>Statement of Economic Value Added</b>	<b>04</b>
<b>Corporate Information</b>	<b>06</b>
<b>Board of Directors</b>	<b>07</b>
<b>Directors' Profiles</b>	<b>08</b>
<b>Chairman's Review</b>	<b>09</b>
<b>Risk Management</b>	<b>11</b>
<b>Corporate Governance</b>	<b>12</b>
<b>Ethics Committee</b>	<b>15</b>
<b>Remuneration Committee Report</b>	<b>16</b>
<b>Annual Report of the Board of Directors</b>	<b>18</b>
<b>Statement of Directors Responsibilities</b>	<b>20</b>
<b>Audit Committee Report</b>	<b>21</b>
<b>Independent Auditors Report</b>	<b>22</b>
<b>Balance Sheet</b>	<b>23</b>
<b>Income Statement</b>	<b>24</b>
<b>Statement of Changes in Equity</b>	<b>25</b>
<b>Cash Flow Statement</b>	<b>26</b>
<b>Notes to the Financial Statements</b>	<b>27</b>
<b>Shareholders Information</b>	<b>45</b>
<b>Six Year Summary</b>	<b>46</b>
<b>Form of Proxy</b>	<b>47</b>
<b>Notice of Meeting</b>	<b>49</b>



A hand wearing a white latex glove holds a test tube containing a red liquid. A pipette tip is positioned above the test tube, suggesting a laboratory or medical setting. The background is a solid dark blue.

# VISION & Mission

## **Vision**

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

## **Mission**

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

# FINANCIAL HIGHLIGHTS

Year Ended 31st March

## Group Operating Results

Revenue	Rs' 000	3,889,031	3,338,907	16%
Profit before Interest and Tax	Rs' 000	935,904	847,010	10%
Profit after Tax	Rs' 000	317,716	198,130	60%
Gross Profit Attributable to Equity Holders of the Parent	Rs' 000	184,876	77,745	138%

## Balance Sheet Highlights

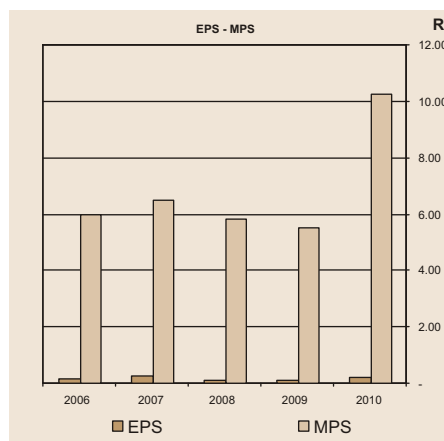
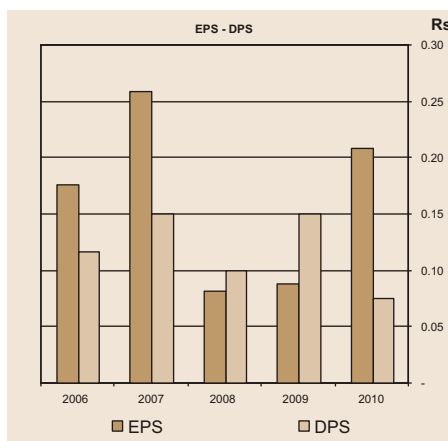
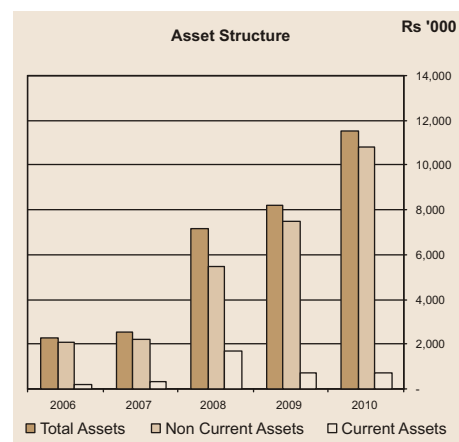
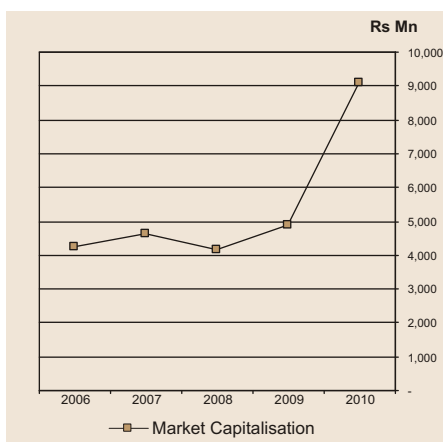
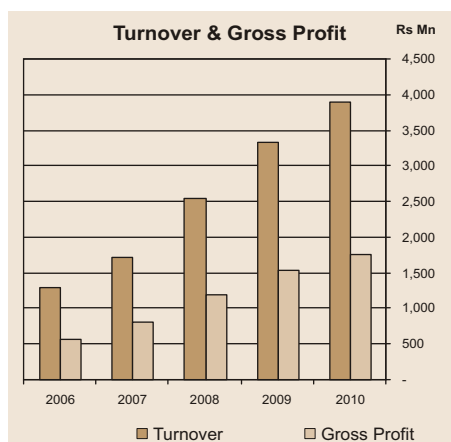
Total Assets	Rs' 000	11,546,890	8,216,472	41%
Total Shareholders Funds	Rs' 000	5,208,082	3,278,570	59%
Debt to Equity	%	105.9	132.6	-20%

## Shareholder Information

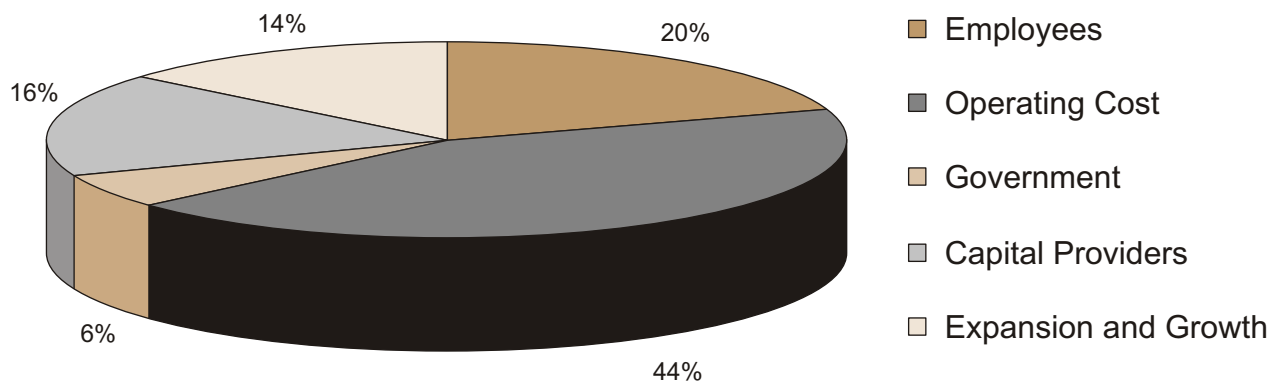
Return on Total Equity	%	6%	6%	1%
Earnings per Share	Rs	0.21	0.09	133%
Net Assets per Share	Rs	5.86	3.69	59%
Price Earnings Ratio (PE)	Times	49	61	
Market Price as at 31st March	Rs	10.25	5.50	86%

		2010	2009	% Change
Revenue	Rs' 000	3,889,031	3,338,907	16%
Profit before Interest and Tax	Rs' 000	935,904	847,010	10%
Profit after Tax	Rs' 000	317,716	198,130	60%
Gross Profit Attributable to Equity Holders of the Parent	Rs' 000	184,876	77,745	138%
Total Assets	Rs' 000	11,546,890	8,216,472	41%
Total Shareholders Funds	Rs' 000	5,208,082	3,278,570	59%
Debt to Equity	%	105.9	132.6	-20%
Return on Total Equity	%	6%	6%	1%
Earnings per Share	Rs	0.21	0.09	133%
Net Assets per Share	Rs	5.86	3.69	59%
Price Earnings Ratio (PE)	Times	49	61	
Market Price as at 31st March	Rs	10.25	5.50	86%

\* Note : Adverse variances are indicated within brackets



# STATEMENT OF ECONOMIC VALUE ADDED



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 amongst its stakeholders.

Through its operation during the financial year 2009/10, the company created a total wealth of Rs.1.6 billion, which was a 11% increase over the previous year.

	2010 Rs. '000	% to total value added	2009 Rs. '000	% to total value added
<b>Direct Economic Value Generated</b>				
Turnover	1,519,882	95.2%	1,332,425	93.0%
Finance Income	1,764	0.1%	5,911	0.4%
Other Income	74,461	4.7%	93,649	6.5%
	<u>1,596,107</u>	<u>100.0%</u>	<u>1,431,985</u>	<u>100.0%</u>
<b>Economic Value Distributed</b>				
<b>Operating Cost</b>	703,517	44.1%	636,683	44.5%
<b>Employees</b>				
Employee wages & Benefits	317,595	19.9%	319,922	22.3%
<b>Government</b>				
Taxes Paid	87,978	5.5%	9,284	0.6%
<b>Capital Providers</b>				
To lenders as interest	196,217	12.3%	228,775	16.0%
To Shareholders as dividend	66,695	4.2%	133,389	9.3%
<b>Expansion and Growth</b>				
Depreciation	106,335	6.7%	99,245	6.9%
Retained Earnings	117,770	7.4%	4,687	0.3%
	<u>1,596,107</u>	<u>100%</u>	<u>1,431,985</u>	<u>100.0%</u>



Central

The most modernized hospital complex in Sri Lanka - The Central



# CORPORATE INFORMATION

**NAME OF THE COMPANY**

Asiri Hospitals PLC

**REGISTERED OFFICE**

#181, Kirula Road, Colombo 05, Sri Lanka.

**HOSPITAL COMPLEX & ADMINISTRATIVE OFFICE**

Asiri Surgical Hospital PLC,  
# 21, Kirimandala Mawatha, Colombo 05.  
Sri Lanka. T.P 4524400  
Email: info@asiri.lk

**COMPANY REGISTRATION NUMBER**

PQ 204  
Previous Number : N (PVS)6920

**LEGAL FORM**

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

Re Registered on 30th September 2008 Under the Companies Act No 7 of 2007.

**STOCK EXCHANGE LISTING**

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

**SUBSIDIARY COMPANIES**

Asiri Surgical Hospital PLC  
# 21 -25, Kirimandala Mawatha, Colombo 05, Sri Lanka.

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

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

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

Asiri Central Hospitals PLC  
# 37, Horton Place, Colombo 7.

Central Hospital (Pvt) Ltd  
# 114, Norris Canal Road, Colombo 10.

**DIRECTORS**

Dr. D. S. Rajapaksa (Chairman)  
Dr. S. Selliah (Deputy Chairman)  
Mr. A. K. Pathirage (Managing Director)  
Dr. K. M. P. Karunaratne (Chief Operating Officer)  
Mrs. D. Wimalasundera (Director Administration)  
Mrs. S. D. Nimalasuria (Director Finance)  
Mr. P. P. Subasinghe  
Mr. C. D. Weerasinghe  
Mr. G. L. H. Premaratne  
Mr. S. A. B. Rajapaksa  
Mr. T. M. Wijesinghe

**AUDITORS**

Messrs Amarasekera & Company  
(Chartered Accountants)  
# 12, Rotunda Gardens,  
Colombo 03.

**SECRETARIES**

Messrs Secretaries & Registrars (Pvt) Ltd,  
1st Floor, KPMG Building  
# 32A, Sir Mohamed Macan Markar Mawatha,  
Colombo 03.



# BOARD OF DIRECTORS



**Dr. D. S. Rajapaksa**  
Chairman



**Dr. S. Selliah**  
Deputy Chairman



**Mr. A. K. Pathirage**  
Managing Director



**Dr. K. M. P. Karunaratne**  
Director (Medical) /  
Chief Operating Officer



**Mrs. D. Wimalasundera**  
Director Administration



**Mrs. S. D. Nimalasuria**  
Director Finance



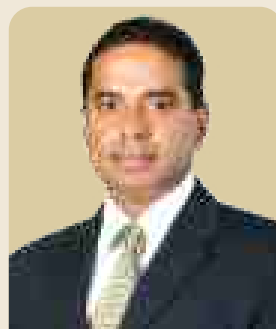
**Mr. P. P. Subasinghe**  
Director



**Mr. C. D. Weerasinghe**  
Director



**Mr. G. L. H. Premaratne**  
Director



**Mr. S. A. B. Rajapaksa**  
Director



**Mr. T. M. Wijesinghe**  
Director

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

### **Chairman**

Dr. Rajapaksa, a Fellow of the Royal College of Obstetricians and Gynaecologists, is currently a consultant in private practice. He was one of the founder Directors of Asiri Surgical Hospital PLC and is also a member of the Asiri Central Hospitals Board.

Dr. Rajapaksa has over 16 years experience as a Company Director and is also the Chairman of DSI Samson Group of Companies. He serves on the Remuneration Committees of all three companies. He is also a member of Central Hospital (Pvt) Ltd

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

### **Deputy Chairman**

Dr.S.Selliah holds a MBBS Degree and a Masters Degree (M.Phil) Dr.S.Selliah is currently the Deputy Chairman of Asiri Surgical Hospital PLC, and Deputy Chairman of Asiri Hospitals PLC. He is also the Deputy Chairman of Lanka Walltiles PLC and Lanka Tiles PLC, a Director of Horana Plantation PLC, Director of Parquet (Ceylon) PLC and the Deputy Chairman of Central Hospital (Pvt) Ltd

He is also the Chairman of the Remuneration Committees of Lanka Walltiles PLC and Lanka Tiles PLC. He serves on the Remuneration Committees of Asiri Hospitals PLC, Asiri Surgical Hospital PLC and Asiri Central Hospital PLC.

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

## **Mr. Ashok Pathirage**

### **Managing Director**

Mr. A.K. Pathirage was appointed to the Board as the Managing Director in July. Mr. Pathirage, is the Chairman of the Softlogic Group which is a leading diversified corporate entity in the country and is also the Chairman of Uniwalkers and its subsidiaries. He is also the Chairman/Managing Director of Asiri Surgical Hospital PLC, Asiri Central Hospitals PLC and Central Hospital (Pvt) Ltd. He is the Managing Director of Asiri Diagnostic Services (Pvt) Ltd and other subsidiaries of the Asiri Group.

## **Dr. Manjula Karunaratne**

MBBS, M. Sc (Dublin), MSOrth Med. (UK)

### **Director (Medical) / Chief Operating Officer**

Appointed to the Board in June 2006, he has previously held the post of Medical Director of Asiri Hospitals PLC. An Orthopaedic Physician, he holds a Masters Degree in Sports Medicine from Trinity College, University of Dublin, and is a prize winner in Orthopaedic Medicine from the UK. He also serves on the Boards of Asiri Surgical Hospital PLC, Asiri Central Hospitals PLC, Asiri Diagnostic Services (Pvt) Ltd and Central Hospital (Pvt) Ltd

## **Mrs. D. Wimalasundera**

### **Director - Administration**

Mrs. Wimalasundera is a Senior Board Member who has been functioning as an Executive Director for over 15 years. She is a Director of Asiri Surgical Hospital PLC, Asiri Central Hospitals PLC, Asiri Diagnostic Services (Pvt) Ltd and Central Hospital (Pvt) Ltd

## **Mrs. Sharmini D. Nimalasuria** FCMA

### **Group Finance Director**

Was appointed to the Board in November 2007. Mrs. Sharmini Nimalasuria counts nearly 26 years of experience in the field of Management Accounting in the Manufacturing, Trading and Service sectors. She is a fellow member of the Chartered Institute of Management Accountants (UK).

She is also a Director of Asiri Surgical Hospital PLC, Asiri Central Hospitals PLC and Central Hospital (Pvt) Ltd

## **Mr. P. P. Subasinghe**

Mr.Subasinghe has been on the Board of Asiri Hospitals PLC for nearly 20 years. He is a leading figure in the Gem industry and has interests in real estate.

## **Mr. C. D. Weerasinghe**

Mr. Weerasinghe, an experienced businessman was appointed to the Board in 2007. He is also a Director of Asiri Surgical Hospital PLC and Asiri Central Hospitals PLC. He runs several companies with interests in construction and real estate.

## **Mr. G. L. H. Premaratne**

Was appointed to the Board in March 2008 after 40 years of banking experience with Commercial Bank. Mr. Premaratne is specialized in Corporate Banking, and is an Associate of the Institute of Bankers of London. He also serves on the Board of Asiri Surgical Hospital PLC, and Asiri Central Hospitals PLC. He functions as the Chairman of the Remuneration Committee and also a member of the Audit Committee of all three Hospitals. Presently he is the Chief Executive Officer & Executive Director of Sampath Bank PLC.

He is also a member of Central Hospital (Pvt) Ltd

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

Mr. Samantha Rajapaksa has more than 20 years of both local and international experience in finance, venture capital, information technology, consulting and communication sectors. He was appointed to the Board in March 2008 and he also serves on the Board of Asiri Surgical Hospital PLC and Asiri Central Hospitals PLC. He functions as the Chairman of the Audit Committee of all three Hospitals. He is currently a Director of Softlogic Holdings (Pvt) Ltd.

He is also a Director of Central Hospital (Pvt) Ltd and also holds the position of Director/Chief Executive Officer of Softlogic Communications (Pvt) Ltd.

Mr. Rajapaksa is a Fellow of the Institute of Chartered Accountants of Sri Lanka and of the Chartered Institute of Management Accountants of UK. He is also a member of the Chartered Institute of Marketing - UK, and holds a MBA from the Post Graduate Institute of Management of the University of Sri Jayawardenapura.

## **Mr. Thilan Manjith Wijesinghe**

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

Mr. Wijesinghe pursued entrepreneurial interests by co-founding Asia Capital, which became Sri Lanka's largest investment bank in terms of market capitalization. He became the youngest ever and longest-serving head of the BOI. Mr. Wijesinghe co-founded the Sri Lanka Institute of Information Technology (SLIIT), Sri Lanka's largest IT University with over 4,000 students, where he serves to date as a Director. He also has served as CEO in Asian Hotels Corporation, MJF Group, makers of Dilmah Tea, leisure sector, Forbes & Walker Ltd. He briefly functioned as Group Managing Director of Overseas Realty (Ceylon) PLC.

# CHAIRMAN'S REVIEW



It is my privilege to present the Annual Report and Audited Accounts of the Asiri Group of Companies for the financial year 2009/2010. Despite a challenging external business environment, the Group has made significant strides, with its performance exceeding the most optimistic expectations. I am pleased to declare that this year, more than ever, the Asiri Group of Companies has carved out an impressive footprint in the vital sector of healthcare.

The Government of Sri Lanka's mooted of the healthcare master plan upto 2016 has established an enduring framework for an advanced healthcare system in the country. The continued emphasis on providing high quality healthcare solutions by both the private and public sector will receive a vital boost with this move and enhance much-needed growth in the sector.

During the period under review, we have inaugurated many initiatives that have directly contributed to our profitability and I am delighted to bring these to your notice.

## Strong Performance

During the period ending 31st March 2010, Asiri Hospitals attained a healthy growth in profitability. The nine-month period ending 31st December 2009 was especially productive, as we recorded a net profit growth of 158% to reach Rs. 142 million, when compared to the same period in the previous year. Sales grew by 16% to Rs. 2.9 billion during the final nine months, while earnings per share as at 31st December 2009 climbed to Rs. 0.16 - compared to Rs. 0.06 in the previous year. In recent years, the Asiri Group of Companies has been investing heavily in expanding its business portfolio in the private healthcare sector, in order to benefit its customers with a superior quality of service and to ensure value addition for shareholders in the years ahead.

## Revolutionizing Healthcare

Our vision of constructing what is the most state-of-the-art hospital in Sri Lanka was realized this year with the completion of 'The Central'. The hospital became operational during the year under review and boasts of being the most state-of-the-art medical facility in the country that is poised to redefine the standards of local healthcare.

The new hospital offers one-of-a-kind facilities in the country, including a private Neuro-Surgical and Neuro-Trauma Unit; 12 advanced operating theatres, including special theatres dedicated to neurosurgery, maternity, genitourinary, orthopaedics and ophthalmology; as well as an ultra modern accident and emergency (A&E) facility and the most superlative ICU facility in Sri Lanka. We envision 'The Central' to be at the forefront of the medical tourism market and its facilities should further attract a significant share of the local market that habitually seeks medical treatment overseas.

## Bright Future

The Asiri Group of Companies is the largest healthcare group in Sri Lanka. We continue to invest heavily in the latest technology to usher in superior patient treatment and care. In a bid to avoid complacency in our leadership role, we are forging ahead to consolidate our pole position by initiating several innovative ventures that will be unique to the healthcare industry in the country, while establishing new milestones in the healthcare industry. Meanwhile, the number of patients we serve continues to grow.

'Asiri Amazing Care' was an innovative venture inaugurated by us during this year, which offers 24-hour emergency medical care services.

A fully fledged laboratory facility is due to open in Jaffna by October this year. Significantly, Asiri Hospital which has the most advanced and preferred Diagnostic Laboratory service in the country has been further strengthened by the acquisition of several high end diagnostic tools such as the latest Olympus auto analyzer currently available. Moreover, the laboratory is completely equipped to carry out a battery of new diagnostic tests hitherto not available in the country such as the tests for Swine Flu. This will further ensure its position as the most advanced diagnostic laboratory in the country.

In a bid to enhance its reach, Asiri Hospitals (Matara), a wholly owned subsidiary of Asiri Group of Companies, has made a strategic acquisition of Matara Medi House Pvt. Ltd., which is a 40-bed hospital in Matara town. This take-over will transform the healthcare services in Matara and surrounding areas, will eliminate the need to travel to Colombo for quality medical care and also make Asiri a household name in the country.

The Asiri Group of Hospitals is committed to maintaining high standards in environmental management throughout its operations and services, in compliance with applicable environmental laws and regulations of Sri Lanka. The Asiri Group's best practices in this area ensure that it takes due account of its responsibility to protect the environment and the safety and health of its employees, and generally conduct its activities in a socially responsible manner.

In order to make these efforts more meaningful and transparent, the Asiri Group of Hospitals has launched a companywide programme to develop and implement an Environment Management System within the Group, which will lead to third-party certification of the company in the ISO 14001 International Standard.

While we have completed an eventful and most satisfying financial year, many more initiatives have been set in motion that are still in their infancy. We are confident that once these initiatives take shape, we will hone our products and services further, becoming the most sought after healthcare provider in the country. Our commitment to excellence continues to spur us on to provide world-class health facilities right here in Sri Lanka.

### **Appreciation**

In conclusion, I extend my sincere thanks to the Board of Directors in supporting all our initiatives through the year and in ensuring that we stay true to our vision. On this note it was with a tinge of sadness that we bade farewell to Mr. Jayasinghe who retired after 20 years of yeomen service to the board.

I would also like to express my gratitude to the Asiri team for their hard work that has been instrumental in the Group's success.

On behalf of the entire Board and the team at Asiri, I wish to acknowledge our valued shareholders for their support. My vote of thanks will not be complete without mentioning our loyal customers who have repeatedly placed their faith in us and who inspire us to enhance healthcare facilities in the country.

**Dr. D. S. Rajapaksa**  
Chairman



# RISK MANAGEMENT

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

## Service Quality and Reputation Risk

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

## Operational Risk

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

## Credit Risk

The company admits any patient by placing a deposit or in an emergency even without a deposit. Further, it admits patients of corporate clients. There is a risk of a patient not having adequate funds to settle his/her bills at the time of discharge. In order to mitigate such risk the Company issues interim bills to the patients requesting to settle bills periodically. Further there is a risk of corporate clients settlements being delayed or non payment of a bill. Further the Company evaluates credit worthiness of companies before granting credit facilities to corporate clients.

## Interest Rate Risk

Interest rate risk is the Company's exposure to adverse movement in interest rates. The Company has obtained multiple facilities from various banks for working capital, capital expenditure and investment at varying terms and conditions.

## Compliance with Laws and Regulations

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

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

## Technological Obsolescence

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

## Investment Risk

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

## Information Security and Loss of Data

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

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



64 Slice CT



# CORPORATE GOVERNANCE

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

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

## Board of Directors

The Board comprises of four Executive Directors and seven non-Executive Directors. Their profiles appear on page 8 of the Annual Report. The Board of Executive Directors generally has a responsibility for making and implementing operational decisions and running the Group's business. The non-Executive Directors support the skills and experience of the executive Directors, contributing to the formulation of policy and decision-making through their knowledge and experience of other business sectors.

## Board Meetings and Attendance

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

Over the past year the Board held 11 meetings and the attendance is given below.

Dr. D. S. Rajapaksa	I	<b>(Chairman)</b>	10/11
Dr. S. Selliah	I	<b>(Deputy Chairman)</b>	11/11
Mr. A. K. Pathirage	ED	<b>(Managing Director)</b>	11/11
Dr. K. M. P. Karunaratne	ED		11/11
Mrs. D. Wimalasundera	ED		10/11
Mrs. S. D. Nimalasuria	ED		11/11
Mr. H. N. Jayasinghe	I	(ceased to be a director w.e.f. 09/09/2009)	5/5
Mr. P. P. Subasinghe	NED		9/11
Mr. C. D. Weerasinghe	NED		5/11
Mr. G. L. H. Premaratne	NED		10/11
Mr. S. A. B. Rajapaksa	NED		9/11
Mr. T. M. Wijesinghe	I	(appointed w.e.f.17/03/2010)	-

## Key

- ED – Executive Director
- I – Independent non-executive Director
- NED – Non-executive Director

## The Chairman and Managing Director

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

## Appraisal of the Managing Director

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

## Time Commitment

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

## Appointment to the Board

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

## Re-election of Directors

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

## Independence of the Directors

Mr. T. M. Wijesinghe, Dr. S. Selliah and Dr. D. S. Rajapaksa function as independent directors of the Company.

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

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

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

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

#### Access to Independent Professional Advice

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

#### Remuneration of the Directors

The remuneration of the Directors is determined by the Board and disclosed on page 40 of the Annual Report.

#### Company Secretary

Messrs Secretaries & Registrars (Pvt) Ltd, acts as the Company Secretary. The role of the secretary is dealing with Directors at board meetings and with the Shareholders. The Company Secretary attends Board Meetings and ensures that minutes are kept of all proceedings at the Board Meetings. The Company Secretary Advises the Board and ensures that proper procedures and applicable rules and regulations are followed by the Board.

#### Board Committees

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

#### Audit Committee

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

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

#### Remuneration Committee

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

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

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

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

- To deliver improved shareholder value by ensuring that individual performance and reward reflect and reinforce the business objectives of the Group.

- To support the recruitment, motivation and retention of high quality senior executives
- To ensure that performance is the key factor in determining individual reward
- To communicate the reward structure clearly and effectively to executives and shareholders

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

#### Responsibilities

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

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

#### Investor Relations

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

## Compliance with the Corporate Governance Rules of the Colombo Stock Exchange

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

SECTION	CRITERIA	HAS THE COMPANY MET THE CRITERIA
7.10.1	Non-Executive Directors	Complied with.  Out of 11 directors 7 are non-executive directors.
7.10.2	Independent Directors	Complied with.  There are three independent directors on the Board. Please refer page 12.
7.10.3	Disclosures relating to Directors	Mr. T. M. Wijesinghe meets all the criteria set out in Rule 7.10.4 for determining the independence of directors. Dr. S. Selliah meets all the criteria except one. Dr. D. S. Rajapaksa meets all the criteria except two. Please refer to Page 12.
7.10.5	Remuneration Committee	Complied with.  Comprises of Three non-executive directors including two independent directors. The names of the members of the committee are given in the page 13 of the Annual Report.
7.10.6	Audit Committee	Complied with.  Comprises of four non-executive directors including two independent directors. The report of the committee is given on page 13.  The Group Finance Director attends all the meetings.



# ETHICS COMMITTEE

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

## Members:

### **Prof. Rohan .W. Jayasekara, (Chairperson)**

Professor of Anatomy and Director of Human Genetics Unit, Faculty of Medicine, University of Colombo.

### **Mr. Arittha Wickramanayake,**

Attorney at Law, Nithya Partners.

### **Dr. Malik Fernando,**

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

### **Dr. Fred Perera,**

Consultant Neurosurgeon.

### **Prof. Kemal. I. Deen,**

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

### **Dr. Siva Selliah,**

Deputy Chairman of Asiri Group of Hospitals.

### **Mrs. Varuni Amunugama Fernando,**

Attorney-at-Law. Co-founder and joint Managing Director of Triad (Pvt) Ltd and their Group of subsidiary companies.

### **Dr. Indrani Amarasingha,**

Consultant Surgeon.



Fully Equipped Laboratory

# REMUNERATION COMMITTEE REPORT

The Remuneration committee is a sub-committee of the Board constituted under the Company's Corporate Governance policies for the purpose of recommending the remuneration of Senior Management. The members of the Committee comprise of one Non-Executive Independent Director and two Non-Executive Directors. The Names of the Committee members are stated in the Corporate Governance Report on page 12.

The Directors' emoluments are disclosed on page 40.

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

**G. L. H. Premaratne**  
Chairman – Remuneration Committee

Colombo  
August 25, 2010

OPD



Pharmacy

FINANCIAL

# Reports

---



# ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Directors of Asiri Hospitals PLC have pleasure in presenting to the members their report together with the audited financial statements of the Company and the audited consolidated financial statements of the group for the year ended 31st March 2010.

## Principal Activities and Nature

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

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

## Review of Operations

A review of the operations of the Group and its performance during the year is contained in the Chairman's Review on pages 9 to 10 of the Annual Report. This review together with the Financial Statements reflects the state of affairs of the Company and the Group. These reports form an integral part of the Directors' Report.

## Financial Statements

The financial statements of the Company and the Group are given on pages 23 to 44.

## Auditor's Report

The Auditor's Report on the financial statements is given on page 22.

## Accounting Policies

The accounting policies adopted in the preparation of the financial statements are given on pages 27 to 30. There was no change in the accounting policies adopted.

## Internal Control

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

## Directorate

The following Directors held Office during the year under review.

Dr. D. S. Rajapaksa (Chairman)  
 Dr. S. Selliah (Deputy Chairman)  
 Mr. A. K. Pathirage (Managing Director)  
 Dr. K. M. P. Karunaratne  
 Mrs. D. Wimalasundera  
 Mrs. S. D. Nimalasuria  
 Mr. H. N. Jayasinghe (ceased to be a director  
 w.e.f. 9th September 2009)

Mr. P. P. Subasinghe  
 Mr. C. D. Weerasinghe  
 Mr. G. L. H. Premaratne  
 Mr. S. A. B. Rajapaksa  
 Mr. T. M. Wijesinghe (appointed w.e.f. 17th March 2010)

In terms of Article 24(6) of the Articles of Association of the Company, Dr. D. S. Rajapaksa, Mr. P. P. Subasinghe and Mrs. S. D. Nimalasuria retire by rotation and being eligible offer themselves for re-election.

In terms of Article 24(2) of the Articles of Association of the Company, Mr. T. M. Wijesinghe retires at the forthcoming Annual General Meeting and being eligible offers himself for re-election.

## Directors' Shareholding

Directors' interest in shares of the Company as at 31st March 2010 were as follows.

Name of Director	No. of shares	
	2010	2009
Dr. D. S. Rajapaksa	2,238,420	2,238,420
Mr. A. K. Pathirage	368,120	368,120
Dr. K. M. P. Karunaratne	5,201,850	5,329,270
Mrs. D. Wimalasundera	9,748,130	8,770,090
Mr. S. D. Nimalasuria	7,180	7,180
Mr. P. P. Subasinghe	11,594,280	11,594,280
Mr. C. D. Weerasinghe	9,375,500	9,375,500

## Interest Register

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

## Directors' interests in contracts and proposed contracts with the Company

Directors' interests in contracts, both direct and indirect are referred to in note 31 to the Financial Statements. The Directors have no direct or indirect interest in any other contract or proposed contract with the Company.

## Directors' Remuneration

Directors' remuneration in respect of the Company and the Group for the financial year 2009/2010 are given in note 25 to the Financial Statements on page 40.

## Donations

The donations made by the Company during the year amounted to Rs. 536,403/- (2008/2009 Rs. 284,000/-).

## Auditors

Messrs Amarasekera & Co., Chartered Accountants, are willing to continue as Auditors of the Company and a resolution proposing their re-appointment will be tabled at the Annual General Meeting.

As far as the Directors are aware the Auditors Messrs Amarasekera & Co does not have any relationship (other than that of an auditor) with the Company. The Auditors also does not have any interest in the Company or in the subsidiary companies.

## Acquisitions

The Director of Asiri Hospitals PLC (AHL) wishes to inform the shareholders that Asiri Hospital Matara (Pvt) Ltd., which is a fully owned subsidiary of AHL acquired the entire issued shares of Matara Medi House (Pvt) Ltd. on 31st March 2010.

## Capital Expenditure

The capital expenditure of the group and the company during the year amounted to Rs. 3,153 Mn. & Rs. 44 Mn. respectively (2008/2009 - Group Rs. 1,966 Mn & Company - Rs. 29 Mn) details of which are given in note 3 to the financial statements.

## Property, Plant & Equipment

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

## Dividends

The Directors recommend to the shareholders that the Interim Dividend of Rs. 0/75 per share (before subdivision) paid on 17th August 2009 be considered as the Final Dividend for the year ended 31st March 2010.

## Stated Capital

The stated capital of the Company as at 31st March 2010 was Rs. 1,636,244,012/-. There was no change in the stated capital of the Company during the year under review.

## Reserves

The total reserves of the Group and the Company as at 31st March 2010 amounted to Rs. 5,208 Mn and Rs. 2,527Mn respectively. The composition of reserves is shown in the Statement of Changes in Equity in the financial statements.

## Shareholders' Information

The distribution of shareholders is indicated on page 45 in the Annual Report. There were 5,410 registered shareholders as at 31st March 2010.

## Share Information

Information on share trading is given on page 45 of the Annual Report.

## Post Balance Sheet Event

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

## Statutory Payments

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

## Going Concern

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

## Annual General Meeting

The Thirtieth Annual general Meeting of the Company will be held at Hotel Janaki, Fife Road, Colombo 05 on Thursday the 30th day of September 2010 at 12.30 p.m. The Notice of the 30th Annual General Meeting is on page 49 of the Annual Report.

For and on behalf of the Board

sgd.  
DIRECTOR  
Mr. A.K. Pathirage

sgd.  
DIRECTOR  
Mrs. S.D. Nimalasuria

sgd.  
SECRETARY  
Secretaries & Registrars (Pvt) Ltd.

Colombo  
August 25, 2010

# STATEMENT OF DIRECTORS RESPONSIBILITIES

The responsibility of the Directors, in relation to the financial statements of the Company differ from the responsibilities of the Auditors, which are set out in the Report of the Auditors on page 22.

The Companies Act No. 07 of 2007 stipulates that the Directors are responsible for preparation and presentation of the financial statements and other statutory reports. These documents need to be prepared in accordance with the relevant provisions of the Companies Act No.7 of 2007, the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Listing Rules of the Colombo Stock Exchange. Company law requires the Directors to prepare financial statements for each financial year, giving a true and fair view of the state of affairs of the Company at the end of the financial year, and of the profit or loss of the Company for the financial year, which comply with the requirements of the Companies Act.

The Directors consider that, in preparing financial statements set out on pages 23 to 44 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 are justified in adopting on a 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 enable them to ensure that the financial statements comply with the Companies Act No. 7 of 2007.

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

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

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

## **Compliance Report**

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

For and on behalf of the Board

Sgd.

**Secretaries & Registrars (Pvt) Ltd**  
**Secretaries**

Colombo  
July 07, 2010



# AUDIT COMMITTEE REPORT

The Audit Committee is appointed by the Board of Directors and comprises of two Independent Directors and two Non-Executive Directors. The Names of the Audit Committee members are stated in the Corporate Governance Report on Page 13.

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

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

The Audit committee also reviewed and approved the Annual and Interim financial statements prior to the final approval by the board and also assessed major businesses and controlled risks of the company.

The Audit Committee recommend to the Board of Directors that M/s Amarasekara & Company be re-appointed as the auditors of the company for the financial year ending 31st March 2011, subject to the approval of the shareholders at the Annual General Meeting.

**Samantha Rajapaksa**  
Chairman - Audit Committee

August 25, 2010



Comfort amidst our specialized care

# INDEPENDENT AUDITOR'S REPORT

## To The Shareholders of Asiri Hospitals PLC

### Report on the Financial Statements

1. We have audited the accompanying financial statements of **Asiri Hospitals PLC**, the Consolidated Financial Statements of the Company and its subsidiaries as at 31 March 2010 which comprise the Balance Sheet as at 31 March 2010, and the Income Statement, Statement of Changes in Equity and Cash Flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 23 - 44.

### Management's Responsibility for the Financial Statements

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

### Scope of Audit and Basis of Opinion

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
4. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.
5. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

### Opinion Company

6. In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended March 31, 2010 and the financial statements give a true and fair view of the Company's state of affairs as at March 31, 2010 and its results and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

### Consolidated

7. In our opinion, the Consolidated Financial Statements give a true and fair view of the state of affairs as at March 31, 2010 and the results and cash flows for the year then ended, in accordance with Sri Lanka Accounting Standards, of the Company and its subsidiaries dealt with thereby, so far as concerns the shareholders of the Company.

### Report on Other Legal and Regulatory Requirements

8. These financial statements also comply with the requirements of Section 153 (2) to 153 (7) of the Companies Act No. 07 of 2007.

sgd.

**Amarasekera & Company**  
**Chartered Accountants**

COLOMBO,  
July 07, 2010.



# BALANCE SHEET

## AS AT MARCH 31, 2010

	Note	GROUP		COMPANY	
		2010 Rs. '000	2009 Rs. '000	2010 Rs. '000	2009 Rs. '000
<b>ASSETS</b>					
<b>Non - Current Assets</b>					
Property, Plant and Equipment	3	10,468,659	7,153,675	1,175,227	1,239,085
Leasehold Properties	4	125,123	129,898	-	-
Intangible Assets	5	198,783	199,684	-	-
Investment in Subsidiaries	6.2	-	-	2,703,851	2,271,443
Other Investments	6.3	558	362	401	362
Interest Free Loans		12,333	13,333	-	-
<b>Total Non Current Assets</b>		<b>10,805,456</b>	<b>7,496,952</b>	<b>3,879,479</b>	<b>3,510,890</b>
<b>Current Assets</b>					
Inventories	7	243,629	207,152	87,401	87,000
Trade and Other Receivables	8	277,818	370,668	81,924	60,806
AHL - Employees' Share Trust Fund	9	60,000	60,000	60,000	60,000
Amount Due from Related Parties	10	-	-	92,708	146,224
Income Tax Paid in Advance	18	-	-	-	10,392
Cash and Cash Equivalents	21.1	159,987	81,700	20,239	22,782
<b>Total Current Assets</b>		<b>741,434</b>	<b>719,520</b>	<b>342,272</b>	<b>387,204</b>
<b>Total Assets</b>		<b>11,546,890</b>	<b>8,216,472</b>	<b>4,221,751</b>	<b>3,898,094</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Stated Capital	11	1,636,244	1,636,244	1,636,244	1,636,244
Capital Reserves	12	358,404	358,404	358,404	358,404
Retained Earnings		635,696	371,758	532,045	414,275
		<b>2,630,344</b>	<b>2,366,406</b>	<b>2,526,693</b>	<b>2,408,923</b>
Minority Interest		2,577,738	912,164	-	-
<b>Total Equity</b>		<b>5,208,082</b>	<b>3,278,570</b>	<b>2,526,693</b>	<b>2,408,923</b>
<b>Non - Current Liabilities</b>					
Interest Bearing Loans and Borrowings	13	2,093,923	3,074,698	308,324	466,941
Non - Interest Bearing Loans and Borrowings	14	54,633	59,746	-	-
Deferred Tax Liabilities	15	100,346	115,087	97,319	114,126
Retirement Benefit Obligations	16	116,528	78,887	70,461	46,171
Other Payables		69,519	98,626	-	-
<b>Total Non Current Liabilities</b>		<b>2,434,949</b>	<b>3,427,044</b>	<b>476,104</b>	<b>627,238</b>
<b>Current Liabilities</b>					
Trade and Other Payables	17	407,168	267,397	80,674	77,022
Income Tax Liabilities	18	98,773	6,641	82,177	-
Dividends Payable		31,449	23,226	31,448	23,226
Amounts Due to Related Parties	19	-	-	52,334	9,116
Interest Bearing Loans and Borrowings	13	2,702,937	596,857	462,943	347,835
Non - Interest Bearing Liabilities	14	5,113	5,113	-	-
Bank Overdrafts	21.2	658,420	611,624	509,378	404,735
<b>Total Current Liabilities</b>		<b>3,903,859</b>	<b>1,510,858</b>	<b>1,218,954</b>	<b>861,933</b>
<b>Total Equity and Liabilities</b>		<b>11,546,890</b>	<b>8,216,472</b>	<b>4,221,751</b>	<b>3,898,094</b>

I Certify that the Financial Statements of the Company comply with the requirements of the Companies Act, No. 7 of 2007.

(Sgd.) Priyal De Silva  
Group Financial Controller

The Board of Directors is Responsible for Preparation and Presentation of these Financial Statements, Approved and Signed for and on behalf of the Board by,

(Sgd.) Ashok Pathirage  
Managing Director

(Sgd.) Sharmini Nimalasuria  
Finance Director

**Audit Report on Page 22**

**Figures in brackets indicate deductions**

**The Accounting Policies and Notes on pages 27 through 44 form an integral part of these Financial Statements.**

Colombo,  
July 07, 2010

# INCOME STATEMENT

## FOR THE YEAR ENDED MARCH 31, 2010

	Note	GROUP		COMPANY	
		2010 Rs. '000	2009 Rs. '000	2010 Rs. '000	2009 Rs. '000
Revenue		3,889,031	3,338,907	1,519,882	1,332,425
Cost of Services		(2,125,716)	(1,809,725)	(837,211)	(773,929)
<b>Gross Profit</b>		<b>1,763,315</b>	<b>1,529,182</b>	<b>682,671</b>	<b>558,496</b>
Other Income	23	58,451	54,228	76,225	99,560
Administrative Expenses		(822,263)	(722,658)	(282,671)	(288,891)
Expenses on Private Placement		(40,571)	-	-	-
Distribution Cost		(23,028)	(13,741)	(7,565)	(5,596)
Finance Cost	24	(495,578)	(610,504)	(196,217)	(228,775)
<b>Profit Before Taxation</b>	<b>25</b>	<b>440,326</b>	<b>236,507</b>	<b>272,443</b>	<b>134,794</b>
Income Tax Expense	26	(122,610)	(38,377)	(87,978)	(1,843)
<b>Profit for the Year</b>		<b>317,716</b>	<b>198,130</b>	<b>184,465</b>	<b>132,951</b>
<b>Attributable to:</b>					
Equity Holders of the Parent Company		184,876	77,745		
Minority Interest		132,840	120,385		
		<b>317,716</b>	<b>198,130</b>		
<b>Basic Earnings Per Share</b>	<b>27</b>	<b>0.21</b>	<b>0.09</b>	<b>0.21</b>	<b>0.15</b>
<b>Dividend Per Share</b>	<b>20</b>	<b>0.08</b>	<b>0.15</b>	<b>0.08</b>	<b>0.15</b>

Audit Report on Page 22

Figures in brackets indicate deductions

The Accounting Policies and Notes on pages 27 through 44 form an integral part of these Financial Statements.

Colombo,  
July 07, 2010

# STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED MARCH 31, 2010

### GROUP

	Note	Share Application Pending Allotment Rs. '000	Stated Capital Rs. '000	Revaluation Reserves Rs. '000	Retained Earning Rs. '000	Minority Interest Rs. '000	Total Rs. '000
<b>Balance as at April 01, 2008</b>		924,834	711,410	48,062	427,404	578,014	2,689,724
Transfer to Stated Capital		(924,834)	924,834	-	-	288,265	288,265
Revaluation for the Year		-	-	310,342	-	-	310,342
Adjustments Due to Changes in Stake		-	-	-	-	(12,702)	(12,702)
Net Profit for the Year		-	-	-	77,745	120,385	198,130
Dividends Paid by Subsidiaries		-	-	-	-	(61,799)	(61,799)
Dividends Paid - Interim	20	-	-	-	(66,695)	-	(66,695)
Dividends Paid - Final	20	-	-	-	(66,695)	-	(66,695)
<b>Balance as at March 31, 2009</b>		-	<b>1,636,244</b>	<b>358,404</b>	<b>371,758</b>	<b>912,163</b>	<b>3,278,570</b>
Net Profit for the Year		-	-	-	184,876	132,840	317,716
Adjustments Due to Changes in Stake		-	-	-	145,757	(151,334)	(5,577)
Dividend Paid - Interim	20	-	-	-	(66,695)	-	(66,695)
Dividends Paid by Subsidiaries		-	-	-	-	(33,754)	(33,754)
Issue of Shares by Subsidiaries		-	-	-	-	1,717,822	1,717,822
<b>Balance as at March 31, 2010</b>		-	<b>1,636,244</b>	<b>358,404</b>	<b>635,696</b>	<b>2,577,738</b>	<b>5,208,082</b>

### COMPANY

	Note	Share Application & Pending Allotment Rs. 000	Stated Capital Rs. 000	Revaluation Reserves Rs. 000	Retained Earning Rs. 000	Minority Interest Rs. '000	Total Rs. 000
<b>Balance as at April 01, 2008</b>		924,834	711,410	48,062	414,714	-	2,099,020
Net Profit for the Year		-	-	-	132,951	-	132,951
Revaluation for the Year		-	-	310,342	-	-	310,342
Transfer to Stated Capital		(924,834)	924,834	-	-	-	-
Dividend Paid - Interim	20	-	-	-	(66,695)	-	(66,695)
Dividend Paid - Final	20	-	-	-	(66,695)	-	(66,695)
<b>Balance as at March 31, 2009</b>		-	<b>1,636,244</b>	<b>358,404</b>	<b>414,275</b>	-	<b>2,408,923</b>
Net Profit for the Year		-	-	-	184,465	-	184,465
Dividend Paid - Interim	20	-	-	-	(66,695)	-	(66,695)
<b>Balance as at March 31, 2010</b>		-	<b>1,636,244</b>	<b>358,404</b>	<b>532,045</b>	-	<b>2,526,693</b>

Audit Report on Page 22

Figures in brackets indicate deductions

The Accounting Policies and Notes on pages 27 through 44 form an integral part of these Financial Statements.

Colombo,  
July 07, 2010

# CASH FLOW STATEMENT

## FOR THE YEAR ENDED MARCH 31, 2010

	GROUP		COMPANY	
	2010 Rs. '000	2009 Rs. '000	2010 Rs. '000	2009 Rs. '000
<b>Cash Flow from Operating Activities</b>				
Profit Before Taxation	440,326	236,507	272,443	134,794
<b>Adjustments for:</b>				
Depreciation	307,585	266,418	108,139	107,833
Amortization of Leasehold Assets	4,775	4,738	-	-
(Profit) / Loss on Sale of Property, Plant & Equipment	(34)	(2,848)	-	-
Provision for Bad Debts	137	-	137	-
Change in Value of Short Term Investments	(39)	823	(39)	666
Provision for Retiring Gratuity	43,381	15,661	27,549	10,041
Interest Expense	495,461	610,504	196,217	228,775
Income from Investments	(16,661)	(19,158)	(39,015)	(70,230)
<b>Operating Profit Before Changes in Working Capital</b>	<b>1,274,931</b>	<b>1,112,645</b>	<b>565,431</b>	<b>411,879</b>
<b>Changes in Working Capital</b>				
(Increase) / Decrease in Inventories	(31,132)	(31,199)	(401)	(11,136)
(Increase) / Decrease in Trade and Other Receivables	98,949	129,131	(21,118)	23,797
(Increase) / Decrease Amounts Due from Related Parties	-	-	53,384	(23,283)
Increase / (Decrease) Amounts Due to Related Parties	-	-	43,218	(114,683)
Increase / (Decrease) in Trade and Other Payables	83,537	82,061	3,652	(7,149)
<b>Cash Generated from Operations</b>	<b>1,426,284</b>	<b>1,292,638</b>	<b>644,166</b>	<b>279,425</b>
Interest Paid	(494,373)	(609,498)	(196,217)	(228,775)
Retiring Gratuity Paid	(8,035)	(6,535)	(3,259)	(3,105)
Taxes Paid	(45,219)	(45,937)	(12,219)	(27,845)
<b>Net Cash Generated from Operating Activities</b>	<b>878,657</b>	<b>630,669</b>	<b>432,471</b>	<b>19,700</b>
<b>Cash Flow from Investing Activities</b>				
Acquisition of Property, Plant and Equipment	(217,767)	(692,344)	(44,279)	(29,220)
Other Investments	(157)	-	(432,408)	-
Capital Work-in-Progress	(2,935,486)	(1,273,585)	-	-
Acquisition of a Subsidiary - Note 22	(179,526)	-	-	-
Investments in existing Subsidiaries	-	(27,658)	-	(274,308)
Proceeds from Disposal of Property, Plant and Equipment	1,209	8,529	-	-
Interest Received	16,661	19,158	1,764	5,911
Dividend Received	-	-	37,251	64,319
<b>Net Cash used in Investing Activities</b>	<b>(3,315,066)</b>	<b>(1,965,900)</b>	<b>(437,671)</b>	<b>(233,298)</b>
<b>Cash Flow from Financing Activities</b>				
Dividends Paid	(58,472)	(114,981)	(58,473)	(114,981)
Dividends paid to minority by Subsidiaries	(33,754)	(61,799)	-	-
Proceeds from Long Term Loans	2,206,273	3,386,560	490,000	500,000
Repayment of Long Term Loans	(1,357,857)	(2,719,112)	(532,925)	(862,096)
Proceeds from Issue of Shares to Minority	1,717,823	288,265	-	-
Interest Free Loan	(1,000)	(1,000)	-	-
Repayment of Non- Interest Bearing Liabilities	(5,113)	(4,706)	(588)	-
<b>Net Cash Flow from / (used in) Financing Activities</b>	<b>2,467,900</b>	<b>773,226</b>	<b>(101,986)</b>	<b>(477,077)</b>
<b>Net Change in Cash and Cash Equivalents During the Year</b>	<b>31,491</b>	<b>(562,005)</b>	<b>(107,187)</b>	<b>(690,675)</b>
Cash & Cash Equivalents at Beginning of the Year	(529,924)	32,081	(381,952)	308,723
<b>Cash &amp; Cash Equivalents at End of the Year - Note 21</b>	<b>(498,433)</b>	<b>(529,924)</b>	<b>(489,139)</b>	<b>(381,952)</b>
<b>Cash &amp; Cash Equivalents at End of the Year Represent;</b>				
Cash at Banks & in Hand	159,987	81,700	20,239	22,782
Bank Overdrafts	(658,420)	(611,624)	(509,378)	(404,734)
	<b>(498,433)</b>	<b>(529,924)</b>	<b>(489,139)</b>	<b>(381,952)</b>

Audit Report on Page 22

Figures in brackets indicate deductions

The Accounting Policies and Notes on pages 27 through 44 form an integral part of these Financial Statements.

Colombo,  
July 07, 2010

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2010

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 1. CORPORATE INFORMATION

##### 1.1 General

Asiri Hospitals PLC is a public limited liability Company, incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The Registered Office of the Company is located at No. 181, Kirula Road, Colombo 05.

##### 1.2 Principal Activities and Nature of Operations

The principal activity of the Company is to operate a hospital, to provide healthcare services and invest in healthcare sector. Main activities of the Group Companies are as follows:

Asiri Hospitals PLC	- Providing Healthcare Services
Asiri Surgical Hospital PLC	- Providing Healthcare Services
Asiri Diagnostic Services (Pvt) Ltd	- To operate a Diagnostic Laboratory in Kandy
Asiri Hospital Matara (Pvt) Ltd	- Providing Healthcare Services
Asiri Central Hospital PLC	- Providing Healthcare Services
Central Hospital (Pvt) Ltd	- Providing Healthcare Services

##### 1.3 Date of Authorization for Issue

The Financial Statements of Asiri Hospitals PLC for the year ended 31st March 2010 was authorized for issue in accordance with a resolution of the Board of Directors on 07th July 2010

##### 1.4 Companies in the Group

The Group Financial Statements include the results of the Asiri Surgical Hospital PLC, Asiri Diagnostic Services (Pvt) Ltd, Asiri Hospital Matara (Pvt) Ltd, Asiri Central Hospital PLC and Central Hospital (Pvt) Ltd. The percentage of ownership is as follows

Asiri Surgical Hospital PLC	- 29.45%
Asiri Diagnostic Services (Pvt) Ltd	- 65.54%
Asiri Hospital Matara (Pvt) Ltd	- 100.00%
Asiri Central Hospital PLC	- 65.20%
	(Directly & Indirectly)
Central Hospital (Pvt) Ltd	- 65.15%
	(Directly & Indirectly)
Matara Medi House (Pvt) Ltd	- 100.00% (Indirectly)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 BASIS OF PREPARATION

These financial statements presented in Sri Lankan Rupees have been prepared on a historical basis, unless otherwise stated.

##### 2.1.1 Statement of compliance

The balance sheet, statement of income, changes in equity and cash flows, together with accounting policies and notes, ("Financial Statements") of the Company as at 31st March 2010 and for the year then ended, comply with the Sri Lanka Accounting Standards (SLAS) issued by the Institute of Chartered Accountants of Sri Lanka.

These Financial Statements presented in Sri Lankan Rupees Thousands (Rs '000), have been prepared on a historical cost basis except for the revaluation of certain Property, Plant & Equipment and Other Investments, which are stated at the market values.

#### 2.1.2 Consolidation Policy

##### (a) Basis of Consolidation

The Financial Statements of the Group represent the consolidation of the Financial Statements of the Company and its Subsidiaries, and companies over which it has control. Control exists when the Company has the power, directly or indirectly, to govern financial and operation policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account.

Acquisition of subsidiaries are accounted for using the purchase method of accounting and results have been incorporated from the date of acquisition or incorporation.

##### (b) Financial Year

All companies in the Group have a common financial year which ends on 31st March.

##### (c) Intra Group Transactions

Revenue, expenses and balances relating to Intra-Group transactions have been eliminated in full.

##### (d) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets and liabilities. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to groups of cash-generating units that are expected to benefit from the synergies of the combination. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognized. The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets pro-rata to the carrying amount of each asset in the unit.

#### 2.1.3 Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease trading.

#### 2.1.4 Comparative Information

The accounting policies have been consistently applied by the Company unless otherwise stated.

Notes to the Financial Statements continued on Page 28

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2010

### 2.1.5 Foreign Currency Translation

All foreign exchange transactions are converted to Sri Lankan Rupees, which is the reporting currency, at the rates of exchange prevailing at the time the transactions were effected. Monetary assets and liabilities denominated in foreign currencies are translated to Sri Lankan Rupee equivalents using year-end spot foreign exchange rates. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. The resulting gains and losses are accounted for in the Income Statement.

### 2.1.6 Taxation

#### a) Current Taxation

Provisions for Income Tax are based on the element of Income and Expenditure as reported in the Financial Statements and computed in accordance with the provisions of relevant tax statutes.

Asiri Hospitals PLC and Asiri Diagnostic Services (Pvt) Ltd are liable to pay tax on business income earned at the current effective tax rate of 35%.

Asiri Central Hospital PLC pays income tax at 2% of the turnover. Subsequent to the expiration of 5 year tax exemption period on the year of assessment 2005/2006. Asiri Central Hospital PLC opted in to concessionary tax period of 15 years from year of assessment 2006/2007 as per the agreement entered in to with BOI on September 1992.

Profits of the Subsidiary company, Asiri Surgical Hospital PLC, pursuant to the agreement dated 1st June 2000 entered into with the Board of Investment under section 17 of the Board of Investment Law the Asiri Surgical Hospital PLC is exempt from the business of operating a two tier hospital and providing healthcare services, for a period of 10 years commencing from March 31, 2004. This exemption expires on 31st March 2014.

Profits of the Subsidiary company, Asiri Hospital Matara (Pvt) Ltd, pursuant to the agreement dated May 25, 2007 entered in to with the Board of Investment under section 17 (2) of the Board of Investment Law No. 4 of 1978 the Asiri Hospital Matara (Pvt) Ltd is exempt from the business of providing health care services, for a period of 8 years.

#### b) Economic Service Charge

As per the provisions of the Finance Act No. 11 of 2004, Economic Service Charge (ESC) is payable on the liable turnover at specified rates. ESC paid is deductible from the Company's income tax liability. Any unclaimed amount can be carried forward and set off against the income tax payable for a further five (05) years. However, with regards to the tax free companies ESC has been charged to the Income Statement.

#### c) Deferred Taxation

Deferred Taxation is provided on the liability method. The Tax effect of all timing differences that occur where items are allowed for income tax purposes in a period different from those recognized in Financial Statements is included in the provisions for deferred taxation, at current rate of taxation.

With regard to Asiri Surgical Hospital PLC, Asiri Central Hospital PLC and Asiri Hospital Matara (Pvt) Ltd, the provisions of the Income Tax Act is not applicable as per above stated agreement signed with the BOI, hence there are no timing differences as at the Balance Sheet date. As such requirement of provisioning of deferred tax does not arise.

### 2.1.7 Borrowing Cost

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

## 2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

### Judgments

For the purpose of applying the company's accounting policies, management has made the following judgments apart from those involving estimations, which has the most significant effect on the amounts recognized in the financial statements.

### Defined Benefit Plans

The cost of defined benefit plans - Gratuity is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date.

## 2.3 VALUATION OF ASSETS AND THEIR MEASUREMENT BASES

### 2.3.1 Inventories

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

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

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

### 2.3.2 Trade and Other Receivables

Trade receivables are stated at the amounts they are estimated to realize. Other receivables and dues from Related Parties are recognized at cost.

Notes to the Financial Statements continued on Page 29



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2010

### 2.3.3 Cash and Cash Equivalents

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

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

### 2.3.4 Property, Plant and Equipment

#### a) Cost /Valuation

Property, Plant & Equipment is initially stated at cost. Where an asset is subsequently revalued, such Property Plant & Equipment are carried at revalued amounts less subsequent depreciation thereon. All other Property, Plant & Equipment are stated at historical cost less accumulated depreciation. When an asset is revalued, any increase in the carrying amount is directly credited to the revaluation surplus. It reverses a previous revaluation decrease relating to the same asset, which previously recognized it as an expense in the income statement. In these circumstances the increase is recognized as an income to the extent of the previous written down value. When an assets' carrying amount is decreased as a result of revaluation, the decrease is recognized as an expense unless it reverses a previous increment relating to that assets, in which case it charge against any related revaluations surplus, to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of an asset, is transferred directly to the accumulated profits on retirement or disposal of the assets.

#### b) Restoration Costs

Expenditure incurred on repairs or maintenance of property, plant and equipment in order to restore or maintain the future economic benefits expected from originally assessed standard of performance, is recognized as an expense when incurred.

#### c) Depreciation

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

Leasehold Land	- Over 99 Years - Period of Lease
Buildings on Leasehold Land	- Over 50 Years
Medical Equipment	- Over 10 Years
Office Equipment	- Over 05 Years
Furniture & Fittings	- Over 10 Years
Kitchen Equipment	- 03 to 10 Years
Generator	- Over 10 Years
Air Conditioners	- 04 to 10 Years
Housekeeping Equipment	- Over 10 Years
Laundry Equipment	- 02 to 10 Years
Motor Vehicles	- 04 to 05 Years
Tools & Equipment	- Over 10 Years
Elevators	- Over 10 Years
Computers	- Over 05 Years
Medical Instruments	- Over 10 Years

Depreciation will commence from the month following commencement of commissioning/utilizing the asset and cease charging of depreciation once disposed/ not utilized.

#### d) Derecognition

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

#### e) Impairment of Assets

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

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognized in the income statement in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognized in equity up to the amount of any previous revaluation.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2010

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment losses recognized in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

### 2.3.5 Leases

#### Finance Leases - Where the Company is the Lessee

Property, Plant and Equipment on finance leases, which effectively transfer to the Company substantially all of the risk and benefits incidental to ownership of the leased item are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Capitalized leased assets are disclosed as Property, Plant and Equipment and depreciated/ amortized consistently with that of owned assets as described under Property, Plant and Equipment.

### 2.3.6 Investments

#### Dealing Securities

These are marketable securities acquired and held with the intention of re-sale over a short period of time. Such securities are recorded at the market value on an aggregate in total. Adjustments for fall in/ increase in the market value are accounted by charging the difference to the Income Statement.

#### Investments in Subsidiaries

In the company's Financial Statements Investments in subsidiaries have been accounted for at cost, net of any impairment losses.

## 2.4 LIABILITIES AND PROVISIONS

### 2.4.1 Provisions

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

### 2.4.2 Retirement Benefit Obligations

#### a) Defined Benefit Plan – Gratuity

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

The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date.

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

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

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

## 2.5 INCOME STATEMENT

### 2.5.1 Revenue Recognition

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

#### a) Rendering of Services

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

#### b) Interest

Interest Income is recognized as the interest accrues unless collectibles is in doubt.

#### c) Others

Other income is recognized on an accrual basis.

### 2.5.2 Expenditure Recognition

a) Expenses are recognized 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 & Equipment in a state of efficiency has been charged to income Statement in arriving at the profit for the year.

b) For the purpose of presentation of the Income Statement the directors are of the opinion that nature of expenses method & function of expenses method presents fairly the elements of the Company's performance, and hence such presentation method is adopted.

Notes to the Financial Statements continued on Page 31



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2010

### 3 PROPERTY, PLANT AND EQUIPMENT

#### 3.1 Group

##### Gross Carrying Amounts

##### At Cost / Valuation

	As at 01.04.2009	Additions/ Transfers	Acquisition of Subsidiaries	Disposals/ Write offs/ Transfers	As At 31.03.2010
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Land & Buildings	3,197,787	2,367	381,899	-	3,582,053
Plant & Machinery	26,920	-	-	-	26,920
Buildings on Leasehold Land	886,197	48,220	-	-	934,417
Medical Equipment	1,623,641	103,981	79,840	(1,230)	1,806,232
Furniture & Fixtures and Equipment	599,949	6,840	4,777	(191)	611,375
Office Equipment	65,391	9,097	142	(273)	74,357
Sundry Equipment	33,771	332	13,836	-	47,939
Kitchen Equipment	18,530	1,172	302	-	20,004
Televisions & Cassette Recorder	2,882	-	-	-	2,882
Tools & Equipment	56,403	978	-	-	57,381
Push Cycle	12	-	-	-	12
Generator	22,282	16,969	-	-	39,251
Water Pump	383	-	-	-	383
Motor Vehicles	42,772	4,734	256	-	47,762
Computers	21,823	4,161	3,038	-	29,022
Air Conditioners	116,324	11,479	-	-	127,803
Container	105	-	-	-	105
House Keeping Equipment	-	12,690	-	-	12,690
Elevators	32,333	2,449	-	-	34,782
<b>Total Value of Depreciable Assets</b>	<b>6,747,505</b>	<b>225,469</b>	<b>484,090</b>	<b>(1,694)</b>	<b>7,455,370</b>

##### In the Course of Construction

Building Work-in-Progress	1,624,642	2,935,486	-	(11,156)	4,548,972
	<b>8,372,147</b>	<b>3,160,955</b>	<b>484,090</b>	<b>(12,850)</b>	<b>12,004,342</b>

##### Leasehold

Motor Vehicles	2,512	3,454	-	-	5,966
<b>Total Gross Carrying Amount</b>	<b>8,374,660</b>	<b>3,164,409</b>	<b>484,090</b>	<b>(12,850)</b>	<b>12,010,308</b>

##### Depreciation

	As at 01.04.2009	Charge for the year	Acquisition of Subsidiaries	Disposals/ Write offs/ Transfers	As At 31.03.2010
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Land & Buildings	72,432	13,363	-	-	85,795
Plant & Machinery	23,245	1,170	-	-	24,415
Buildings on Leasehold Land	53,545	18,550	-	-	72,095
Medical Equipment	590,470	167,917	10,300	(315)	768,372
Furniture & Fixtures and Equipment	315,101	43,083	573	(204)	358,553
Office Equipment	29,611	22,845	57	-	52,513
Sundry Equipment	26,294	1,000	1,401	-	28,695
Kitchen Equipment	8,602	2,089	60	-	10,751
Televisions & Cassette Recorder	1,079	288	-	-	1,367
Tools & Equipment	18,357	5,712	-	-	24,069
Push Cycle	5	1	-	-	6
Generator	10,724	2,228	-	-	12,952
Water Pump	235	38	-	-	273
Motor Vehicles	22,576	7,704	102	-	30,382
Computers	9,806	3,782	1,104	-	14,692
Air Conditioners	31,006	12,370	-	-	43,376
Container	18	642	-	-	660
Elevators	7,355	3,244	-	-	10,599
	<b>1,220,462</b>	<b>306,025</b>	<b>13,597</b>	<b>(519)</b>	<b>1,539,565</b>
<b>Leasehold</b>					
Motor Vehicles	523	1,560	-	-	2,084
<b>Total Depreciation</b>	<b>1,220,985</b>	<b>307,585</b>	<b>13,597</b>	<b>(519)</b>	<b>1,541,649</b>

##### Net Book Value

##### At Cost / Valuation

<b>Total Carrying Amount of Property, Plant and Equipment</b>	<b>10,468,659</b>	<b>7,153,675</b>
---	-------------------	------------------

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2010

### 3 PROPERTY, PLANT AND EQUIPMENT

#### 3.2 Company

##### Gross Carrying Amounts

##### At Cost / Valuation

	As at 01.04.2009	Additions/ Transfers	As At 31.03.2010
	Rs. '000	Rs. '000	Rs. '000
Land	401,000	-	401,000
Buildings	397,000	2,367	399,367
Medical Equipment	777,604	24,116	801,721
Furniture & Fittings	38,539	531	39,070
Office Equipment	14,475	472	14,947
Sundry Equipment	21,735	109	21,844
Kitchen Equipment	6,364	51	6,415
Televisions & Cassette Recorder	2,105	-	2,105
Tools & Equipment	14,132	-	14,132
Push Cycle	12	-	12
Generator	12,715	-	12,715
Water Pump	244	-	244
Motor Vehicles	24,541	-	24,541
Computers	17,492	3,781	21,273
Air Conditioners	32,333	264	32,597
House Keeping Equipment	120	12,591	12,711
<b>Total Value of Depreciable Assets</b>	<b>1,760,411</b>	<b>44,282</b>	<b>1,804,693</b>

##### Depreciation

	As at 01.04.2009	Charge for the year	As At 31.03.2010
	Rs. '000	Rs. '000	Rs. '000
Buildings	-	8,271	8,271
Medical Equipment	423,373	78,679	502,052
Furniture & Fittings	25,366	5,016	30,382
Office Equipment	11,849	1,468	13,317
Sundry Equipment	21,742	7	21,749
Kitchen Equipment	2,753	638	3,391
Televisions & Cassette Recorder	963	210	1,173
Tools & Equipment	2,038	1,413	3,451
Push Cycle	6	1	7
Generator	5,982	1,272	7,254
Water Pump	213	24	237
Motor Vehicles	10,451	4,307	14,758
Computers	8,584	2,938	11,522
Air Conditioners	7,988	3,253	11,241
House Keeping Equipment	18	642	660
<b>Total Depreciation</b>	<b>521,326</b>	<b>108,139</b>	<b>629,466</b>

##### Net Book Value

	As At 31.03.2010	As at 01.04.2009
	Rs. '000	Rs. '000
At Cost / Valuation	1,175,227	1,239,085
<b>Total Carrying Amount of Property, Plant and Equipment</b>	<b>1,175,227</b>	<b>1,239,085</b>

Figures in brackets indicate deductions

Notes to the Financial Statements continued on Page 33

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2010

### 3.3 Revaluation of Land and Building

Asiri Hospitals PLC has revalued its Land & Buildings on March 31, 2009 at an aggregate value of Rs 798,000,000/- by Mr. P. B. Kalugalagedara (FIV, MSIZ, IRRV, FRICS) Partner of P. B. Kalugalagedara associates, chartered valuation surveyor & estate agents. The resultant surplus on valuation of Rs 310,341,739/- had been credited to the revaluation reserve account. Since the revaluation has been accounted in 31 March 2009 there is no impact on the depreciation charge for the year.

### 3.4 Finance Leases

Property, Plant & Equipment include capitalized Finance Leases. The carrying value of these assets are as follows.

Motor Coaches

	Cost	Accumulated Depreciation	Net Book Value
	Rs. '000	Rs. '000	31.03.2010 Rs. '000
Motor Coaches	5,966	2,084	3,882

### 4 LEASEHOLD PROPERTIES

The Company obtained leasehold rights to land situated at No. 21, Kirimandala Mawatha, Colombo 05 for 99 years from the Board of Investment of Sri Lanka by the agreement dated 1st June 2000. Based on the Ruling 11 of Urgent Issues Task Force (UITF) of The Institute of Chartered Accountants of Sri Lanka, it was stated at revalued amounts. As a result of a revision to said ruling, the Company now carries such leasehold rights to land, at the values recorded in the Balance Sheet as at the effective date of SLAS 19 Leases.

Further, Asiri Hospital Matara (Pvt) Ltd has obtained a lease hold rights of a building in Matara for 15 years. Renovations of the building is capitalized and amortized over the leased hold period.

#### Leasehold Property

Balance at Beginning of the Year  
Purchase / (Transfer) of Lease Rights During the Year  
Amortization During the Year  
**Balance at End of the Year**

GROUP		COMPANY	
2010 Rs. '000	2009 Rs. '000	2010 Rs. '000	2009 Rs. '000
129,898	133,347	-	-
-	1,289	-	-
(4,775)	(4,738)	-	-
<b>125,123</b>	<b>129,898</b>	-	-

### 5 INTANGIBLE ASSETS

#### Goodwill on Consolidation

**Balance at Beginning of the Year**  
Additions during the Year  
Adjustment during the Year  
**Balance at End of the Year**

GROUP	
2010 Rs. '000	2009 Rs. '000
199,684	184,660
-	15,024
(901)	-
<b>198,783</b>	<b>199,684</b>

Figures in brackets indicate deductions  
Notes to the Financial Statements continued on Page 34

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2010

6	INVESTMENTS	Note	GROUP		COMPANY	
			2010 Rs. '000	2009 Rs. '000	2010 Rs. '000	2009 Rs. '000
	Investments in Subsidiaries	6.2	-	-	2,703,851	2,271,443
	Other Investments	6.3	558	362	401	362
			<b>558</b>	<b>362</b>	<b>2,704,252</b>	<b>2,271,805</b>
6.1	<b>Movement in the Investment Balance at Beginning of the Year</b>		362	1,185	2,271,805	1,998,163
	Adjustment Due to Change in Investment		157	-	432,408	274,308
	Adjustment Due to Change in Status		39	(823)	39	(666)
	<b>Balance at End of the Year</b>		<b>558</b>	<b>362</b>	<b>2,704,252</b>	<b>2,271,805</b>

6.2	Investment in Subsidiaries Quoted		No. of Shares	% of Holding	COMPANY	
					2010 Rs. '000	2009 Rs. '000
	Asiri Surgical Hospital PLC	Ordinary Shares	156,140,941	29.55%	251,603	251,603
		Preference Shares	21,000,000	100.00%	630,000	630,000
	Asiri Central Hospitals PLC	Ordinary Shares	12,410,991	55.59%	1,213,447	1,213,257
					<b>2,095,050</b>	<b>2,094,860</b>
	<b>Unquoted</b>					
	Asiri Diagnostics Services (Pvt) Ltd		269,140	66.54%	2,691	2,691
	Asiri Hospital Matara (Pvt) Ltd		10,000,000	100.00%	260,000	100,000
	Central Hospitals (Pvt) Ltd		7,389,178	10.88%	346,110	73,892
	<b>Total Investments in Subsidiaries</b>				<b>608,801</b>	<b>176,583</b>
	<b>Investments by Subsidiaries</b>				<b>2,703,851</b>	<b>2,271,443</b>
	<b>Asiri Surgical Hospital PLC</b>					
	Asiri Central Hospital PLC	Ordinary Shares	7,303,256	32.71%	727,563	727,563
	<b>Asiri Hospital Matara (Pvt) Ltd</b>					
	Matara Medi House (Pvt) Ltd	Ordinary Shares	3,100,000	100.00%	160,000	-

6.3	Other Investments		GROUP		COMPANY	
			2010 Rs. '000	2009 Rs. '000	2010 Rs. '000	2009 Rs. '000
	<b>Quoted</b>					
	National Development Bank		558	362	401	362
	<b>Total Outside Investments</b>		<b>558</b>	<b>362</b>	<b>401</b>	<b>362</b>

Figures in brackets indicate deductions  
Notes to the Financial Statements continued on Page 35

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2010

	GROUP		COMPANY	
	2010 Rs. '000	2009 Rs. '000	2010 Rs. '000	2009 Rs. '000
<b>7 Inventories</b>				
Chemical & Test Materials	81,083	59,010	54,364	41,993
Pharmaceuticals	51,472	36,380	16,743	16,048
Surgical	79,428	61,778	6,824	6,884
Blood Bank	-	5	-	5
X-ray Consumables	2,118	2,643	781	781
Foodstuff	1,222	1,231	598	582
Stationery	10,119	11,513	5,229	6,512
House Keeping	1,992	14,213	1,107	13,178
Maintenance	584	580	584	580
Genetic lab	6,510	8,653	463	-
Consumables	9,101	11,146	708	437
	<b>243,629</b>	<b>207,152</b>	<b>87,401</b>	<b>87,000</b>
<b>8 Trade and Other Receivables</b>				
Trade Receivables	144,144	104,715	48,250	30,145
Provision for Bad Debts	(4,664)	(2,102)	(422)	(285)
	139,480	102,613	47,828	29,860
Economic Service Charge Receivable	6,566	-	-	-
Advances	83,192	212,285	-	-
Prepayments and Other Receivables	48,580	55,770	34,096	30,946
	<b>277,818</b>	<b>370,668</b>	<b>81,924</b>	<b>60,806</b>

	GROUP		COMPANY	
	2010 Rs. '000	2009 Rs. '000	2010 Rs. '000	2009 Rs. '000
<b>9 AHL - EMPLOYEES' SHARE TRUST FUND</b>				
Balance as at 31st March	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>

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

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

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

	COMPANY	
	2010 Rs. '000	2009 Rs. '000
<b>10 AMOUNTS DUE FROM RELATED PARTIES</b>		
Asiri Hospitals Matara (Pvt) Ltd	78,625	80,293
Asiri Surgical Hospitals PLC	-	60,038
Asiri Central Hospital PLC	8,563	1,382
Kalubowila Center	1,912	3,017
Ragama Center	3,608	1,494
	<b>92,708</b>	<b>146,224</b>

Figures in brackets indicate deductions  
Notes to the Financial Statements continued on Page 36

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2010

11	STATED CAPITAL	2009		2008	
		Number of Shares In '000	Value of Shares In Rs. '000	Number of Shares In '000	Value of Shares In Rs. '000
	<b>Fully Paid Ordinary Shares</b>				
	At the Beginning of the Year	889,263	1,636,244	711,411	711,410
	Issues of Shares	-	-	177,852	924,834
	<b>At End of the Year</b>	<b>889,263</b>	<b>1,636,244</b>	<b>889,263</b>	<b>1,636,244</b>

12	CAPITAL RESERVES	GROUP		COMPANY	
		2010 Rs. '000	2009 Rs. '000	2010 Rs. '000	2009 Rs. '000
	<b>Revaluation Reserves</b>				
	Balance as at the Beginning of the Year	358,404	48,062	358,404	48,062
	Revaluation for the Year	-	310,342	-	310,342
	<b>Balance at End of the Year</b>	<b>358,404</b>	<b>358,404</b>	<b>358,404</b>	<b>358,404</b>

13	Interest Bearing Loans and Borrowings	GROUP		COMPANY		
		Note	2010 Rs. '000	2009 Rs. '000	2010 Rs. '000	2009 Rs. '000
	Borrowings from Related Companies	13.2	-	-	11,000	11,000
	Finance Leases	13.3	34,769	8,174	1,316	1,901
	Bank Borrowings	13.4	4,762,091	3,663,381	758,951	801,875
			<b>4,796,860</b>	<b>3,671,555</b>	<b>771,267</b>	<b>814,776</b>
	Repayable Within One Year		2,702,937	596,857	462,943	347,835
	Repayable after One Year		2,093,923	3,074,698	308,324	466,941
			<b>4,796,860</b>	<b>3,671,555</b>	<b>771,267</b>	<b>814,776</b>
13.1	<b>Movement</b>					
	<b>Balance at Beginning of the Year</b>		<b>3,671,555</b>	<b>3,003,101</b>	<b>814,776</b>	<b>1,176,872</b>
	Borrowings During the Year		3,129,472	3,308,978	490,000	500,000
	Loans from New Acquisitions		38,163	-	-	-
	Repayments During the Year		(2,042,330)	(2,640,524)	(533,509)	(862,096)
	<b>Balance at End of the Year</b>		<b>4,796,860</b>	<b>3,671,555</b>	<b>771,267</b>	<b>814,776</b>

13.2 An amount of Rs. 11,000,000/- has been obtained by Asiri Hospitals PLC from its subsidiary Asiri Diagnostics Services (Pvt) Ltd as non interest bearing borrowings.

Figures in brackets indicate deductions  
Notes to the Financial Statements continued on Page 37

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2010

	GROUP		COMPANY	
	2010 Rs. '000	2009 Rs. '000	2010 Rs. '000	2009 Rs. '000
<b>13.3 Finance Leases</b>				
<b>Balance at Beginning of the Year</b>	8,174	9,812	1,901	2,389
Additions	36,062	2,675	-	-
Repayments	(9,467)	(4,313)	(585)	(488)
<b>Balance at End of the Year</b>	<b>34,769</b>	<b>8,174</b>	<b>1,316</b>	<b>1,901</b>
<b>13.4 Bank Borrowings</b>				
Asiri Surgical Hospital PLC	918,031	756,664	-	-
Asiri Central Hospital PLC	741,568	779,842	-	-
Asiri Diagnostic Services (Pvt) Ltd	19,269	-	-	-
Central Hospitals (Pvt) Ltd	2,083,300	1,325,000	-	-
Asiri Hospital Matara (Pvt) Ltd	230,000	-	-	-
Asiri Hospitals PLC	758,951	801,875	758,951	801,875
Matara Medi House (Pvt) Ltd	10,972	-	-	-
<b>Balance at End of the Year</b>	<b>4,762,091</b>	<b>3,663,381</b>	<b>758,951</b>	<b>801,875</b>

13.5 Security and Repayment Terms of Borrowing	Company	Lending Institution	Nature of Facility	2010 Rs. '000	2009 Rs. '000	Repayment Terms
<b>Security</b> Concurrent Mortgage Over Land Marked Lot . L, Land Called Ambagahawatta together with the Fixed Machinery Bearing Assessment. No. 181, Kirula Road, Colombo 5.	Asiri Hospitals PLC	Bank of Ceylon	Long Term Loan 75 Mn	28,125	46,875	48 Monthly Installments
<b>Security</b> Assignment of 101,186,330 Ordinary Shares of Asiri Surgical Hospital PLC held by Asiri Hospitals PLC on favour of DFCC Bank	Asiri Hospitals PLC	DFCC Bank	Long Term Loan 150 Mn	25,000	75,000	36 Monthly Installments
<b>Security</b> Registered Primary Floating Mortgage Bond for Rs 200 MN Over the Leased Hold Commercial Property at Kirimandala Mawatha, Narahenpita, Colombo 5. (Asiri Surgical Hospital Premises).	Asiri Hospitals PLC	Hatton National Bank	Long Term Loan 200 Mn	163,326	200,000	60 Monthly Installments
<b>Security</b> Secondary mortgage over property at No. 181, Kirula Road, Colombo 5.	Asiri Hospitals PLC	Commercial Bank	Long Term Loan 150 Mn	112,500	150,000	48 Monthly Installments
<b>Security</b> Assignment of 134,915,107 Ordinary Shares of Asiri Surgical Hospital PLC held by Asiri Hospitals PLC in favour of DFCC Bank.	Asiri Hospitals PLC	DFCC Bank	Long Term Loan 200 Mn	140,000	180,000	36 Monthly Installments
<b>Security</b> Assignment of 2,600,000 shares of Asiri Central Hospital PLC in favour of Hatton National Bank.	Asiri Hospitals PLC	Hatton National Bank	Short Term Loan 150 Mn	150,000	-	One off payment after 6 months
<b>Security</b> Concurrent Mortgage Over Land Marked Lot . L, Land Called Ambagahawatta together with the Fixed Machinery Bearing Assessment. No. 181, Kirula Road, Colombo 5.	Asiri Hospitals PLC	Bank of Ceylon	Short Term Loan 60 Mn	40,000	-	One off payment after 6 months
<b>Security</b> Secondary mortgage over property at No. 181, Kirula Road, Colombo 5.	Asiri Hospitals PLC	Commercial Bank	Short Term Loan 100 Mn	100,000	-	One off payment after 6 months

Figures in brackets indicate deductions

Notes to the Financial Statements continued on Page 38

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2010

14 Non - Interest Bearing Loans and Borrowings Group	2010	2010	2010	2010	2009
	Amount Repayable Within 1 Year	Amount Repayable Within 2-5 Years	Amount Repayable After 5 Years	Total	Total
Payable to the Board of Investment of Sri Lanka	Rs.	Rs.	Rs.	Rs.	Rs.
On Leasehold Land	4,072	16,288	38,345	58,705	62,777
On Re-location	1,041	-	-	1,041	2,082
	<b>5,113</b>	<b>16,288</b>	<b>38,345</b>	<b>59,746</b>	<b>64,859</b>

### 14.1 Terms of Repayment - Board of Investment of Sri Lanka

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

14.1.2 The lesser 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% p.a, whichever is lower.

If the lesser exercises such right, at the end of 5 years and every 5 years thereafter at the maximum allowed rate of 10% the Company would have to incur a gross liability of Rs.113,100,004/- including future finance costs of Rs. 8,245,104/-.

Due to the uncertainty of exercising such right, the Company has not accounted for future finance costs pertaining to the above lease which would amount to approximately Rs. 749,555/- for the current year.

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

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

### 15 Deferred Tax Liabilities

**Balance at Beginning of the Year**  
Provision / (Reversal) During the Year  
**Balance at End of the Year**

### 16 Retirement Benefit Obligations

Balance at Beginning of the Year  
Acquisition of Subsidiaries  
Charge/ (Reverse) for the Year  
Benefit Paid  
**Balance at End of the Year**

GROUP		COMPANY	
2010	2009	2010	2009
Rs. '000	Rs. '000	Rs. '000	Rs. '000
115,087	129,894	114,126	129,122
(14,741)	(14,807)	(16,807)	(14,996)
<b>100,346</b>	<b>115,087</b>	<b>97,319</b>	<b>114,126</b>
78,887	69,761	46,171	39,235
2,295	-	-	-
43,381	15,661	27,549	10,041
(8,035)	(6,535)	(3,259)	(3,105)
<b>116,528</b>	<b>78,887</b>	<b>70,461</b>	<b>46,171</b>

Messrs. Actuarial & Management Consultants (Pvt) Ltd Actuaries, carried out an actuarial Valuation of the defined benefit plan gratuity on 31 March 2010. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used are as follows:

#### Principal Actuarial Assumption

The principal financial Assumptions underlying the valuation are as follows:

- Discount Rate 12% p.a.
- Salary Increases - in 2010 12% p.a and 10% p.a. thereafter
- Staff Turnover - Up to 50 years - 10%
- The demographic assumption underlying the valuation are retirement age of 55 years

Figures in brackets indicate deductions  
Notes to the Financial Statements continued on Page 39



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2010

### 17 Trade and Other Payables

Trade Payables  
Accrued Expenses  
Other Payables

	GROUP		COMPANY	
	2010 Rs. '000	2009 Rs. '000	2010 Rs. '000	2009 Rs. '000
Trade Payables	160,061	150,373	49,033	40,280
Accrued Expenses	83,718	57,632	9,297	9,717
Other Payables	163,389	59,392	22,344	27,025
	<b>407,168</b>	<b>267,397</b>	<b>80,674</b>	<b>77,022</b>
<b>18 Income Tax Liabilities</b>				
Balance at Beginning of the year	6,641	1,702	(10,392)	613
Acquisition from Subsidiary Companies	-	-	-	-
Dividend Tax Payable	5,391	1,334	5,391	1,334
Provision for Income Tax During the Year	136,265	50,876	104,785	16,840
	148,297	53,912	99,784	18,787
Payments Made During the Year	(49,524)	(47,271)	(17,607)	(29,179)
<b>Balance at the End of the Year</b>	<b>98,773</b>	<b>6,641</b>	<b>82,177</b>	<b>(10,392)</b>

### 19 Amounts Due to Related Parties

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

#### Relationship

Subsidiary  
Subsidiary  
Subsidiary  
Joint Venture  
Major Shareholder

	COMPANY	
	2010 Rs. '000	2009 Rs. '000
Subsidiary	40,559	-
Subsidiary	7,910	8,561
Subsidiary	-	471
Joint Venture	3,743	-
Major Shareholder	122	84
	<b>52,334</b>	<b>9,116</b>

### 20 Dividends

**Ordinary Shares**  
1st Interim 7.5% (2009 - 7.5%)  
Final Nil (2009 - 7.5%)

	COMPANY	
	2010 Rs. '000	2009 Rs. '000
	(66,695)	(66,695)
	-	(66,695)
	<b>(66,695)</b>	<b>(133,390)</b>

### 21 Cash and Cash Equivalents

#### 21.1 Favourable Cash and Cash Equivalents Balance

Cash & Bank Balances  
Interest Bearing Short Term Deposit

#### 21.2 Unfavourable Cash and Cash Equivalents Balance

Bank Overdrafts

**Total Cash and Cash Equivalents for the Purposes of Cash Flow Statement**

	GROUP		COMPANY	
	2010 Rs. '000	2009 Rs. '000	2010 Rs. '000	2009 Rs. '000
Cash & Bank Balances	159,986	81,699	20,238	22,781
Interest Bearing Short Term Deposit	1	1	1	1
	<b>159,987</b>	<b>81,700</b>	<b>20,239</b>	<b>22,782</b>
Bank Overdrafts	(658,420)	(611,624)	(509,378)	(404,734)
<b>Total Cash and Cash Equivalents for the Purposes of Cash Flow Statement</b>	<b>(498,433)</b>	<b>(529,924)</b>	<b>(489,139)</b>	<b>(381,952)</b>

Figures in brackets indicate deductions

Notes to the Financial Statements continued on Page 40

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2010

### 22 Acquisition of Subsidiaries

On 31st March 2010 Asiri Hospital Matara (Pvt) Ltd which is 100% owned subsidiary of Asiri Hospitals PLC acquired entire share capital of Matara Medi House (Pvt) Ltd.

Acquisition of Equity	160,000
Acquisition of Cash and Cash Equivalents (Overdrafts)	19,526
<b>Total cost of Acquisition</b>	<b>179,526</b>
<b>Represented by:</b>	
Fixed Assets	484,090
Inventories	5,346
Debtors	6,236
Creditors	(24,453)
Long Term Loans	(275,801)
Retiring Gratuity	(2,295)
<b>Total</b>	<b>193,123</b>

### 23 Other Income

Dividend Income	-	-	37,251	64,319
Interest Income	16,661	19,158	1,764	5,911
Share of Profit from Kalubowila Centre	17,558	15,447	17,558	15,446
Share of Profit from Ragama Centre	14,338	8,774	14,338	8,774
Profit / (Loss) on Sale of Property, Plant and Equipment	34	2,848	-	-
Rent Income	600	600	600	600
Sundry	3,686	3,074	640	484
Parking Fees	5,574	4,327	1,674	1,626
Management Fees	-	-	2,400	2,400
<b>Total</b>	<b>58,451</b>	<b>54,228</b>	<b>76,225</b>	<b>99,560</b>

### 24 Finance Cost

Interest Expense on Overdrafts	100,783	144,933	84,555	120,240
Interest Expense on Loans & Borrowings Payable to - Banks	393,590	464,147	111,364	108,117
Debit Tax	117	142	-	-
Interest Expense on Lease	1,088	864	298	-
Interest Expense on Loans & Borrowings Payable to - Related Parties	-	418	-	418
<b>Total</b>	<b>495,578</b>	<b>610,504</b>	<b>196,217</b>	<b>228,775</b>

### 25 Profit Before Taxation

#### Stated after Charging / (Crediting)

Directors' Fees	12,791	4,134	3,451	3,277
Directors' Remuneration	14,926	8,475	8,170	7,800
Audit Fees	1,868	760	385	360
<b>Staff Costs includes</b>				
- Defined Benefit Plan Costs - Gratuity	1,317,593	12,361	27,549	10,041
- Defined Contribution Plan Costs - EPF & ETF	51,671	36,169	30,011	27,829
Depreciation	304,898	266,418	108,266	100,997
Amortisation of Leasehold Property	1,037	1,037	-	-
Charity & Donations	1,846	507	536	284
Legal Fees	3,150	3,799	1,314	1,840

Figures in brackets indicate deductions

Notes to the Financial Statements continued on Page 41

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2010

### 26 Income Tax Expense

#### 26.1 Reconciliation Between Current Tax Expense and the Product of Accounting Profit

Profit Before Taxation	440,325	236,507	272,443	134,794
Expenses Disallowed for Tax	144,428	81,930	144,428	129,787
Expenses Allowed for Tax	(78,325)	131,414	(84,660)	(120,985)
Income Not Liable for Tax	(292,470)	(126,985)	(37,251)	(64,319)
Exempt Losses	61,741	(189,392)	-	-
<b>Adjusted Business Profit / (Loss)</b>	<b>275,699</b>	<b>133,474</b>	<b>294,960</b>	<b>79,277</b>
Income Tax Provision for the Year - Taxable Income @ 35%	121,156	12,404	103,237	27,747
Income Tax @ 2%	13,561	46,716	-	-
Tax on Inter - Company Dividends	1,085	1,232	-	-
SRL	1,549	467	1,548	416
Deferred Tax	(14,741)	(14,996)	(16,807)	(14,996)
Over / (Under) Provision	-	(7,446)	-	(11,324)
<b>Income Tax for the Year</b>	<b>122,610</b>	<b>38,377</b>	<b>87,978</b>	<b>1,843</b>

GROUP		COMPANY	
2010 Rs. '000	2009 Rs. '000	2010 Rs. '000	2009 Rs. '000
<b>122,610</b>	<b>38,377</b>	<b>87,978</b>	<b>1,843</b>
440,325	236,507	272,443	134,794
144,428	81,930	144,428	129,787
(78,325)	131,414	(84,660)	(120,985)
(292,470)	(126,985)	(37,251)	(64,319)
61,741	(189,392)	-	-
<b>275,699</b>	<b>133,474</b>	<b>294,960</b>	<b>79,277</b>
121,156	12,404	103,237	27,747
13,561	46,716	-	-
1,085	1,232	-	-
1,549	467	1,548	416
(14,741)	(14,996)	(16,807)	(14,996)
-	(7,446)	-	(11,324)
<b>122,610</b>	<b>38,377</b>	<b>87,978</b>	<b>1,843</b>

Asiri Hospitals PLC, Asiri Diagnostic Services (Pvt) Ltd and Central Hospital (Pvt) Ltd are liable for income tax at the rate of 35 %.

#### 26.2 Asiri Surgical Hospital PLC

Pursuant to the agreement dated 1st June 2000 entered into with the Board of Investment under section 17 of the Board of Investment Law the Company is exempt from the business of operating a two tier hospital and providing healthcare services, for a period of 10 years commencing from 31st March 2004. This exemption expires on 31st March 2014.

#### Asiri Hospital Matara (Pvt) Ltd

Profits of the subsidiary company, Asiri Hospital Matara (Pvt) Ltd, pursuant to the agreement dated May 25, 2007 entered into with the Board of Investment under section 17 (2) of the Board of Investment Law No. 4 of 1978 the Asiri Hospital Matara (Pvt) Ltd is exempt from the business of providing health care services, for a period of 8 years.

#### Asiri Central Hospitals PLC

The Company was exempted from income tax on operating profit for 7 years commencing from the year in which it makes a taxable profit from any year of assessment not later than 5 years reckoned from the date of commencement of commercial operations, whichever is earlier. Immediately following the aforementioned tax exemption period, the company can opt for a concessionary tax period of a further 15 years at a rate of 2% on its turnover which is deemed to be the profit and income of the company. The company commenced its commercial operations on August 1994 and continuously incurred losses up to the year of assessment 2000/2001. Pursuant to the agreement dated September 8, 1992, entered into by the company under the Greater Colombo Economic

Commission law No 4 of 1978 and as per the Board of Investment letter dated August 30, 1999, tax exemption period of the enterprise commenced from the year of assessment 1999 / 2000 and ended in the year of assessment 2005 / 2006 subject to the fulfillment of all conditions stipulated in clause 10 (vii) of the Board of Investment Agreement.

Subsequent to the expiration of aforesaid tax exemption period, the company opted for the concessionary tax period of 15 years at the rate of 2% on its turnover. The interest income earned and other operating income have been taxed at 35% (2009 - 35%)

#### 26.3 Deferred Taxation

The provisions of the Deferred Tax is not applicable to Asiri Surgical Hospital PLC and Asiri Hospital Matara (Pvt) Ltd as per the above stated agreements signed with the BOI, there are no temporary differences as at the Balance Sheet date. As such requirement of provisioning of Deferred Tax does not arise

#### 27. Basic Earnings Per Share

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

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

Net Profit / (Loss) for the Period  
Net Profit Attributable to Ordinary Shareholders for Basic Earnings Per Share

#### Number of Ordinary Shares used as the Denominator

Weighted Average Number of Ordinary Shares in issue applicable to Basic Earnings Per Share

GROUP		COMPANY	
2010 Rs. '000	2009 Rs. '000	2010 Rs. '000	2009 Rs. '000
184,876	77,745	184,465	132,951
<b>184,876</b>	<b>77,745</b>	<b>184,465</b>	<b>132,951</b>
2010 Number	2009 Number	2010 Number	2009 Number
889,263	889,263	889,263	889,263
<b>889,263</b>	<b>889,263</b>	<b>889,263</b>	<b>889,263</b>

Figures in brackets indicate deductions

Notes to the Financial Statements continued on Page 42

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2010

### 28 Commitments and Contingencies

#### 28.1 Capital Expenditure Commitments

There were no material commitments outstanding as at 31 March 2010 for future Capital Expenditure. Please refer Post Balance Sheet Events for further details.

Hongkong & Shanghai Banking Corporation Ltd.  
Commercial Bank PLC  
Hatton National Bank PLC  
Nations Trust Bank PLC  
Pan Asia Banking Corporation PLC  
Seylan Bank PLC

The Directors of the Company have signed Corporate Guarantee Bonds with the following banks securing the bank facilities obtained by Central Hospital (Pvt) Ltd

Hatton National Bank PLC

**28.2.2** Asiri Surgical Hospital PLC has signed Corporate Guarantee Bonds to the value of Rs. 825 Mn in assisting the company for its Borrowings.

#### 29 Assets Pledge

Concurrent Mortgage bond over Land & Building for overdraft facility of Rs. 100Mn from Commercial Bank and overdraft facility of Rs. 30Mn & Term Loan of Rs. 60 Mn obtained from Bank of Ceylon Ltd. Further secondary mortgage bond has been excuted for a Term Loan of Rs. 150 Mn & short term loan of Rs. 100Mn obtained from Commercial Bank Ltd. Ordinary Shares of Asiri Surgical Hospital (134,915,107) mortgaged to DFCC Bank Ltd for Loan of Rs. 150 Mn, Rs. 200Mn and for a term loan of Rs. 200 Mn obtained by Asiri Surgical Hospital PLC. Assignment of 2,600,000 Shares of Asiri Central Hospital PLC in favour of Hatton National Bank.

No Assets have been pledged as security for liabilities other than the assets stated in Note 13.5 to these Financial Statements.

#### a) Key Management Personnel Compensation

##### Short-Term Employee Benefits

Director Fees  
Director Remunerations

Figures in brackets indicate deductions  
Notes to the Financial Statements continued on Page 43

### 28.2 Contingencies

**28.2.1** Asiri Hospitals PLC has signed Corporate Guarantee Bonds with the following banks securing the bank facilities obtained by Asiri Surgical Hospital PLC

COMPANY	
2010 Rs. '000	2009 Rs. '000
285	-
300	580
150	100
-	36
100	-
10	10
<b>845</b>	<b>726</b>
2010 Rs. Mn.	2009 Rs. Mn.
500	-
<b>500</b>	<b>-</b>

#### 30 Events Occurring after the Balance Sheet Date

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

#### 31 Related Party Disclosure

Details of significant related party disclosures are as follows;

##### 31.1 Transactions with Key Management Personnel

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

March 31, 2010	March 31, 2009
12,791	4,134
14,926	8,475

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2010

### 31.2 Transactions with Other Related Entities / Parties

Other Related Companies includes Companies of which the parent companies or key management personnel of the Company, their close family members have significant influence and has the control over such Companies.

Name of Company	Name of Directors'	Particulars of Transaction	Amounts (Paid) /Received (Rs.)	Outstanding Balance
Asiri Surgical Hospital PLC	Note 1	Temporary Finance Granted	104,300	40,559
		Settlement of Temporary Finance	(172,706)	
		Reimbursement of Expenses	(2,651)	
		Net Income Collected	(15,986)	
		Payments Made By AHL	(2,101)	
		Sale/(purchase) of Goods/Services	(11,234)	
Asiri Diagnostics Services (Pvt) Ltd	Note 2	Temporary Finance obtained	(7,500)	7,910
		Payments Made By AHL	10,956	
		Reimbursement of Expenses	(12,287)	
		Sale of Goods/Services	9,312	
		Staff Related Expenses	66	
Asiri Central Hospital PLC	Note 3	Temporary Finance Granted	10,000	8,563
		Settlement of Temporary Finance	(10,000)	
		Payments Made By AHL	383	
		Reimbursement of Expenses	(326)	
		Net Income Collected	(365)	
		Sale of Goods/Services	249	
		Staff Related (Income)/Expenses	(178)	
		Discounts given to AHL Shareholders	(186)	
Central Hospital (Pvt) Ltd	Note 4	Temporary Finance Granted	150,000	-
		Settlement of Temporary Finance	(59,179)	
		Payments Made By AHL	179,633	
		Acquisition of Shares	(270,454)	
Asiri Hospital Matara (Pvt) Ltd	Note 5	Temporary Finance Granted	160,000	80,375
		Settlement of Temporary Finance	(5,350)	
		Payments Made By AHL	245	
		Reimbursement of Expenses	(287)	
		Sale of Goods/Services	5,398	
		Acquisition of Shares	(160,000)	
		Staff Related (Income)/Expenses	77	
Softlogic Holdings Ltd & Subsidiaries	Note 6	Purchase of Computers & Accessories	3,079	-
		Software Development Charges	1,739	
		Purchase of Mobile	5	
Uniwalkers Ltd	Note 6	Purchase of Electronic Items	1,314	(80)
Udayagiri Stores	Mr H N Jayasinghe	Food Supplies	5,648	(490)
D. Samsons & Sons (Pvt) Ltd	Dr. D.S. Rajapaksa	Shoes	317	(8)
Mount Spring Water (Pvt) Ltd	Dr. D.S. Rajapaksa	Drinking Water	1,166	(119)

Figures in brackets indicate deductions

Notes to the Financial Statements continued on Page 44

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2010

### Transactions with Other Related Entities / Parties Contd...

Note 1: Messrs. A. K. Pathirage, Dr. D. S. Rajapaksa, S. D. Nimalasuria, Dr. S. Selliah, Dr. K. M. P. Karunaratne, D. Wimalasundera, G. L. H. Premarathna, C. D. Weerasinghe, S. A. B. Rajapaksa

Note 2: Messrs. A. K. Pathirage, P. P. Subasinghe, Dr. K. M. P. Karunaratne, D. Wimalasundera, Dr. A. M. B. Beligawatte

Note 3: Messrs. A. K. Pathirage, Dr. D. S. Rajapaksa, S. D. Nimalasuria, Dr. S. Selliah, Dr. K. M. P. Karunaratne, D. Wimalasundera, C. D. Weerasinghe, S. A. B. Rajapaksa, G. L. H. Premarathna

Note 4: Messrs. A. K. Pathirage, Dr. D. S. Rajapaksa, S. D. Nimalasuria, Dr. S. Selliah, Dr. K. M. P. Karunaratne, D. Wimalasundera, S. A. B. Rajapaksa, G. L. H. Premarathna, A. Gunawardene, K. Balendra, I. Hettiarachahi

Note 5: Messrs. A. K. Pathirage, Dr. D. S. Rajapaksa, Dr. S. Selliah, Dr. K. M. P. Karunaratne, D. Wimalasundera

Note 6: Messrs. A. K. Pathirage, S. A. Rajapaksa, G. L. H. Premarathna

31.3 The shareholders of the Company are eligible for 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 investigation 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.

Figures in brackets indicate deductions

# SHAREHOLDERS INFORMATION

The ordinary shares of the Company are listed in the Colombo Stock Exchange of Sri Lanka. The Audited Financial Statements of the Company for the year ended March 31, 2010 and copies of this annual report have been submitted to The Colombo Stock Exchange.

## Distribution of Shareholders

Shareholdings	31st March 2010			31st March 2009		
	No of Shareholders	Total Holding	Total Holding %	No of Shareholders	Total Holding	Total Holding %
1 to 1,000 shares	1,558	760,230	0.09	2,397	7,214,260	0.81
1,001 to 10,000 shares	2,180	9,786,170	1.10	1,230	42,459,320	4.77
10,001 to 100,000 shares	1,309	44,575,340	5.01	312	79,519,600	8.94
100,001 to 1,000,000 shares	308	80,032,350	9.00	43	131,730,200	14.81
Over 1,000,001 shares	55	754,108,960	84.80	11	628,339,670	70.66
<b>Total</b>	<b>5,410</b>	<b>889,263,050</b>	<b>100.00</b>	<b>3,993</b>	<b>889,263,050</b>	<b>100.00</b>
<b>Composition of Shareholders</b>						
Individual	5,258	288,770,450	32.47	3,876	296,496,730	33.34
Institutional	152	600,492,600	67.53	117	592,766,320	66.66
<b>Total</b>	<b>5,410</b>	<b>889,263,050</b>	<b>100.00</b>	<b>3,993</b>	<b>889,263,050</b>	<b>100.00</b>
Resident	5,372	885,306,870	99.56	3,962	885,394,290	99.56
Non-Resident	38	3,956,180	0.44	31	3,868,760	0.44
<b>Total</b>	<b>5,410</b>	<b>889,263,050</b>	<b>100.00</b>	<b>3,993</b>	<b>889,263,050</b>	<b>100.00</b>

	As at 31st March 2010	%	As at 31st March 2009	%
Softlogic Holdings (Pvt.) Ltd	180,969,200	20.35	180,969,200	20.35
Sri Lanka Insurance Corporation Ltd-Life Fund	138,634,530	15.59	137,625,530	15.48
Sri Lanka Insurance Corporation Ltd-General Fund	95,253,970	10.71	102,032,170	11.47
Waldock Mackenzie Ltd/ Jacy Trust	81,027,800	9.11	74,252,800	8.35
Mr. Tissa Weerasinghe	60,750,000	6.83	60,750,000	6.83
Softlogic International (Pvt) Ltd	26,140,890	2.94	26,140,890	2.94
DSI Samson Group (Pvt) Ltd	20,647,160	2.32	20,647,160	2.32
Softlogic Trading (Pvt.) Ltd	19,233,030	2.16	19,233,030	2.16
Mr. P. P. Subasinghe	11,594,280	1.30	11,594,280	1.30
Mr. C. D. Weerasinghe	9,375,000	1.05	9,375,000	1.05
Mrs. D. Wimalasundera	8,770,090	0.99	8,770,090	0.99
Mr. H. N. Jayasinghe	-	-	6,912,810	0.78
Mr. H. B. Jayasekera	6,869,410	0.77	6,869,410	0.77
Mr. S. C. Wimalasundera	6,308,180	0.71	6,308,180	0.71
Mr. A. H. Weerasuriya	5,704,120	0.64	5,704,120	0.64
Ms. T. T. Weerasinghe	5,625,000	0.63	5,625,000	0.63
Dr. K. M. P. Karunaratne	5,201,850	0.58	5,329,270	0.60
Mr. D. M. Rajapakshe	5,034,370	0.57	5,034,370	0.57
Timex Garments	3,578,900	0.40	3,578,900	0.40
Distilleries Company of Sri Lanka Ltd	3,432,370	0.39	3,541,870	0.40
Dr. L. D. A. C. Luvis	3,541,720	0.40	3,541,720	0.40
Dr. W. M. S. Gunawardena	3,375,000	0.38	-	-
Ms. H. K. Weerasinghe	3,000,000	0.34	-	-
	704,066,870	79.17	703,835,800	79.14
Shares held by the balance shareholdings	185,196,180	20.83	185,427,250	20.86
<b>Total Issue Shares</b>	<b>889,263,050</b>	<b>100.00</b>	<b>889,263,050</b>	<b>100.00</b>

## Share Trading

	2009/10 After Sub Division	2009/10 Before Sub Division	2008/09
Market Price (Rs)			
Highest (14/12/2009) / (03/12/2009)	11.75	106.75	56.00
Lowest (30/12/2009) / (01/04/2009)	10.25	55.00	47.00
As at year end (31/03/2010) / (04/12/2009)	10.25	105.00	55.00
No of Trades	1,757	2,447	1,643
No of Shares Traded	5,436,500	2,735,400	2,345,070
Value of the Shares Traded (Rs)	58,936,150	229,993,825	127,621,725
Earning per Share	0.21		0.09
Dividends per Share	0.75		0.15
Net Assets per Share	5.86		3.69



# SIX YEAR SUMMARY

## FOR THE YEAR ENDED MARCH 31, 2010

YEAR ENDED 31 <sup>ST</sup> MARCH	2010 Rs. '000	2009 Rs. '000	2008 Rs. '000	2007 Rs. '000	2006 Rs. '000	2005 Rs. '000
Revenue	3,889,031	3,338,907	2,544,626	1,706,835	1,291,754	1,073,373
Cost of Sales	(2,125,716)	(1,809,725)	(1,359,039)	(898,737)	(716,806)	(596,823)
Gross Operating Profit	1,763,315	1,529,182	1,185,587	808,098	574,948	476,550
Other Income	58,451	54,228	31,837	17,220	3,107	169,007
Administration and Distribution Expenses	(885,862)	(736,399)	(566,252)	(360,012)	(290,972)	(246,242)
Profit before Interest	935,904	847,011	651,172	465,306	287,083	399,315
Finance Expenses	(495,578)	(610,504)	(455,876)	(77,731)	(43,857)	(58,100)
Profit before Tax	440,326	236,507	195,296	387,575	243,226	341,215
Income Tax	(122,610)	(38,377)	(56,477)	(74,842)	(33,127)	(33,457)
Profit after Tax	317,716	198,130	138,819	312,733	210,099	307,758
Minority Interest	(132,840)	(120,385)	(81,294)	(128,471)	(85,131)	(50,127)
Profit after Minority Interest & Tax	184,876	77,745	57,525	184,262	124,968	257,631
Property, Plant & Equipment	10,593,782	7,283,573	5,284,517	2,216,331	2,077,348	1,792,944
Intangible Assets	198,783	199,684	184,660	-	-	-
Investments	558	362	1,185	1,232	994	428
Interest Free Loans	12,333	13,333	14,334	-	-	-
Inventories	243,629	207,152	175,952	119,756	101,034	76,812
Trade Debtors	139,480	102,613	105,183	49,461	26,999	40,486
Other Current Assets	198,338	328,055	454,616	109,950	84,143	72,071
Cash and Bank balance	159,987	81,700	970,411	20,142	7,108	3,872
Total Assets	11,546,890	8,216,472	7,190,858	2,516,872	2,297,626	1,986,613
Stated Capital	1,636,244	1,636,244	711,410	711,410	663,984	663,983
Share Application	-	-	924,834	-	-	-
Reserves	358,404	358,404	48,062	48,062	95,489	95,489
Accumulated Profits	635,696	371,758	427,403	441,020	363,469	321,539
Minority Interest	2,577,738	912,164	578,015	396,704	335,965	297,266
Shareholders' Funds	5,208,082	3,278,570	2,689,724	1,597,196	1,458,907	1,378,277
Non Interest Bearing Long Term Liabilities	54,633	59,746	64,249	69,565	75,086	83,253
Interest Bearing Long Term Liabilities	2,093,923	3,074,698	2,232,359	143,691	97,874	172,890
Deferred Tax	100,346	115,087	129,894	124,805	112,542	117,264
Deferred Liabilities	116,528	78,887	69,761	37,038	26,241	21,973
Other Payables - Non Current	69,519	98,626	62,296	-	-	-
Trade Creditors	407,168	267,397	221,667	92,388	64,546	47,890
Other Payables	130,222	29,867	6,519	33,029	18,424	2,261
Non Interest Bearing Loans and Borrowings	5,113	5,113	5,317	5,317	7,196	7,173
Interest Bearing Borrowings & Bank Overdraft	3,361,356	1,208,481	1,709,072	413,844	436,810	155,632
	11,546,890	8,216,472	7,190,858	2,516,872	2,297,626	1,986,613
Earnings per Share	0.21	0.09	0.08	0.26	0.18	0.36
Net Assets per Share	5.86	3.69	3.78	2.25	2.05	1.94
Gearing ratio	51%	57%	59%	26%	27%	19%
Interest Cover	0.9	0.4	0.4	6.0	6.5	6.9

Figures in brackets indicate deductions

# FORM OF PROXY

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

Dr. D. S. Rajapaksa	of Colombo or failing him
Dr. S. Selliah	of Colombo or failing him
Mr. A. K. Pathirage	of Colombo or failing him
Dr. K. M. P. Karunaratne	of Colombo or failing him
Mrs. D. Wimalasundera	of Colombo or failing her
Mrs. S. D. Nimalasuria	of Colombo or failing her
Mr. P. P. Subasinghe	of Colombo or failing him
Mr. C. D. Weerasinghe	of Colombo or failing him
Mr. G. L. H. Premaratne	of Colombo or failing him
Mr. S. A. B. Rajapaksa	of Colombo or failing him
Mr. T. M. Wijesinghe	of Colombo

as \*my/our Proxy to represent \*me/us and to speak and vote for \*me/us on \*my/our behalf at the 30TH ANNUAL GENERAL MEETING OF THE COMPANY to be held at Hotel Janaki, Fife Road, Colombo 05 at 12.30 p.m. on Thursday the 30th day of September 2010 and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

	FOR	AGAINST
1) To receive and consider the Annual Report of the Board of Directors, Statements of Accounts and the Balance sheet of the Company for the year ended 31st March 2010 together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2) To approve the interim dividend of Rs. 0/75 per share paid on 17th August 2009 as the final dividend for the year ended 31st March 2010.	<input type="checkbox"/>	<input type="checkbox"/>
3) To re-elect Dr. D. S. Rajapaksa who retires by rotation in terms of Article 24(6) of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4) To re-elect Mr. P. P. Subasinghe who retires by rotation in terms of Article 24(6) of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
5) To re-elect Mrs. S. D. Nimalasuria 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"/>
6) To re-elect Mr. T. M. Wijesinghe, who retires in terms of Article 24(2) of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
7) To re-appoint retiring Auditors Messrs Amarasekera & Company and to authorize the Directors to fix their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
8) Special Business I. To authorize the Directors to determine and make donations.	<input type="checkbox"/>	<input type="checkbox"/>

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

.....  
\*Signature/s

- Note:**
- 1) \*Please delete the inappropriate words.
  - 2) Instructions as to completion are noted on the reverse thereof.

## INSTRUCTION AS TO COMPLETION

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

# NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the 30th Annual General Meeting of Asiri Hospitals PLC will be held at Hotel Janaki, Fife Road, Colombo 05 on Thursday the 30th day of September 2010 at 12.30 p.m. for the following purposes:

- 1) To receive and consider the Annual Report of the Board of Directors, Statements of Accounts and the Balance Sheet of the Company for the year ended 31st March 2010 together with the Report of the Auditors thereon.
- 2) To ratify the Interim Dividend of Rs. 0/75 per share paid on 17th August 2009 as the Final Dividend for the year ended 31st March 2010.
- 3) To re-elect Dr. D. S. Rajapaksa who retires by rotation in terms of Article 24(6) of the Articles of Association, as a Director of the Company.
- 4) To re-elect Mr. P. P. Subasinghe who retires by rotation in terms of Article 24(6) of the Articles of Association, as a Director of the Company.
- 5) To re-elect Mrs. S. D. Nimalasuria who retires by rotation in terms of Article 24(6) of the Articles of Association, as a Director of the Company.
- 6) To re-elect Mr. T. M. Wijesinghe who retires in terms of Article 24(2) of the Articles of Association, as a Director of the Company.
- 7) To re-appoint Messrs Amarasekera & Company as Auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration.
- 8) Special Business
  - I. To authorize the Directors to determine and make donations.

By Order of the Board  
**Secretaries & Registrars (Pvt) Ltd**

**(Sgd.)  
Secretaries**

Colombo  
25th August 2010

**Note:**

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

A form of Proxy is enclosed in this Report.

The completed form of Proxy should be deposited at the Registered Office of the Company, No. 181, Kirula Road, Colombo 05, not less than 48 hours before the time for holding the Meeting.



**ASIRI**  
**HOSPITALS**  
**PLC**

# 181, Kirula Road, Colombo 5, Sri Lanka.  
Tel: +94 11 4524400 E-mail: [info@asiri.lk](mailto:info@asiri.lk) Website: [www.asiri.lk](http://www.asiri.lk)