



Dear Durdans 



DURDANS HOSPITAL
A Heritage Built On Values And Expertise

Founded in 1945 as Ceylon Hospitals Limited, Durdans Hospital has won a rock solid reputation for delivering the finest in caring, in delivering expert healthcare under rigorous quality and safety standards, to millions of patients from Sri Lanka and beyond.



THE QUALITY PRINCIPLE

We promise to deliver ultimate in clinical care to everyone, every time. We strive to upgrade the standards of quality, in line with international levels along the journey.

Our commitment to quality ensures our high standards of delivery.

Life is a miracle, and every day, we help make people's lives better, stronger, healthier. Our commitment to this is total, our passion to succeed relentless, and our care for those who come to us, immeasurable.

Vision

To be acknowledged as the finest healthcare institution providing clinical and nursing services to the people of Sri Lanka

Mission

Our management leadership, world-class technology and professionally trained staff will deliver top quality clinical and nursing care in both the current core disciplines and emerging areas. We are committed to creating a customer centric culture and providing excellent service backed by technology enabled, sustainable operations

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Core Values

Compassion

Sympathy for the suffering of others and the desire to help, which is abundantly expressed to the patients, staff and society alike

Innovation

Innovating as we move forward, questioning the status quo, and offering solutions which provide the dynamism to what we do every day

Excellence

The outstanding mind set which requires us to constantly upgrade our offerings to deliver excellence in everything we do

Honesty and Integrity

Our moral uprightness and the strong principles help us deliver high professional standards

Team Spirit

The power of the cohesive group of people working together to deliver common goals in absolute harmony

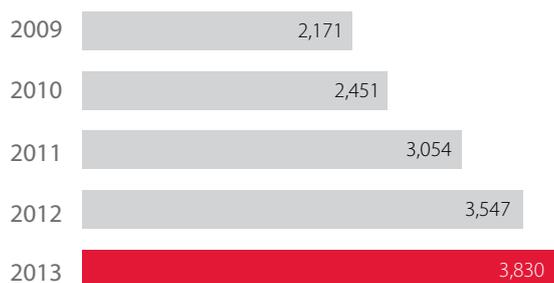
4 THE QUALITY PRINCIPLE



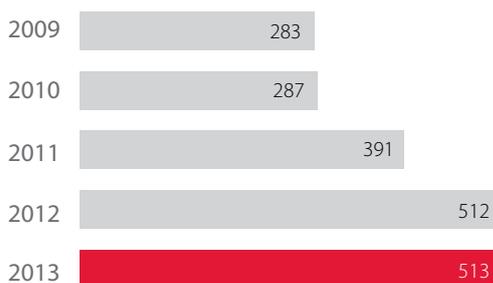
Financial Highlights

Group	2009	2010	2011	2012	2013
Turnover (Rs. Mn)	2,171	2,451	3,054	3,547	3,830
Profit Before interest and tax (Rs. Mn)	283	287	391	512	513
Profit after interest and tax (Rs. Mn)	169	110	158	286	300
Fixed Assets-NBV (Rs. Mn)	1,938	2,331	4,000	4,310	4,239
Net Assets (Rs. Mn)	1,783	1,962	2,441	2,917	3,050
Earning Per Share (EPS) Rs	5.5	3.52	3.78	7.35	7.81
Dividends Per Share (DPS) Rs	1.5	1.5	1.5	2	2
Annual Income Growth (%)	15.31	12.89	24.6	16.14	8
Interest Cover (Times)	3.31	2.35	2.59	2.73	2.64
Net Assets Per Share (Rs.)	68.91	73.62	72.08	86.12	90.06

Turnover (Rs. Mn)



Profit Before Interest and Tax (Rs. Mn)



Formal Emergency Treatment Unit set up.

Company listed on the Colombo Stock Exchange.

Embarks on Advanced Eye Surgery. Implements ERP system for the Group and pioneers cochlear Implant Surgery in the country.

Commences Phase II of the Expansion Project.

Successfully implemented web-based ERP system.

Durdans embarks on a quality enhancement project leading to an international accreditation.

2013

Establishment of the Neuro Center

2001
2002

2003
2004

2005
2006

2007
2008

2009
2010

2011
2012

Completes the five-year Modernisation Programme and Modernisation of the theatre complex.

Establishment of Neonatal Unit and Dialysis Unit. Commencement of phase I of the expansion project.

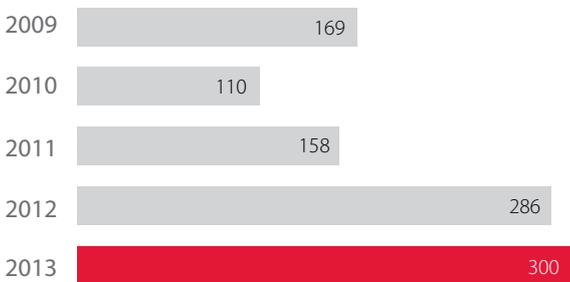
Completes Phase I of the Expansion Project and establishment of the Audiology Unit.

Incorporates new subsidiary Durdans Medical and Surgical Hospital (Pvt) Ltd. (Sixth Lane Wing), as a BOI approved entity and commences construction.

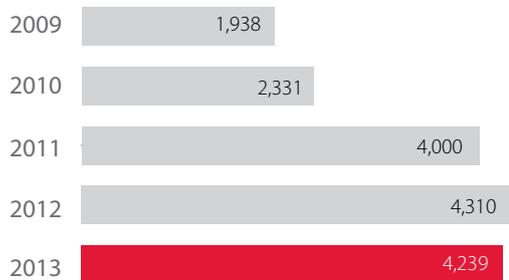
Durdans Medical and Surgical Hospital (Pvt) Ltd (Sixth Lane Wing) was unveiled to the public and becomes fully operational.

Commenced the operation of a Diabetes & Endocrinology Centre and Dental Centre and launched a new technology for Cardiac Fractional Flow Reserve (FFR) Measurement System which is used to evaluate the inner diameter of a blood vessel. A medical centre was launched in Negombo and a new Satellite Laboratory in Ratnapura

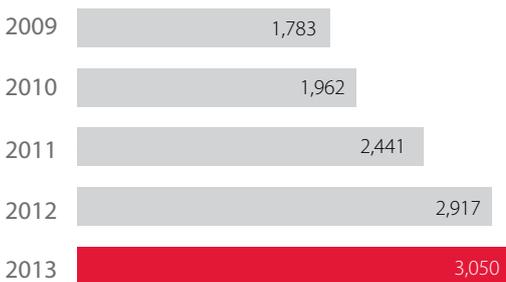
Profit After interest and tax (Rs. Mn)



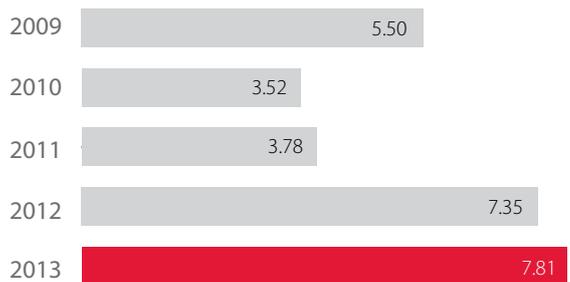
Fixed Assets (Rs. Mn)



Net Assets (Rs. Mn)



Earning Per Share (EPS) (Rs.)



Management Information



Mr Herman Gonsal
Managing Director - Nivasie Pvt Ltd



Dear Durdans,

My experience with Durdans was exceptional. In fact we came to Durdans because they were recommended by others. When I suffered a massive chest pain, I was rushed to another healthcare institute, and they diagnosed that I had a heart attack and needed intervention.

My daughter started talking to others to find out what action we could take. And unanimously every one voted for Durdans Cardiac Care. So I actually discharged myself against orders and was admitted to Durdans instead.

I was placed under Dr K Dev's care. My stay with Durdans was simply amazing. The team of nurses and Doctors, who attended gave me "VVIP" treatment. But the classic thing is that every patient is a VVIP to the Durdans team. They are so competent, committed and caring, you feel so comfortable in their care. The team is always ready to support any need of the patient, however trivial it is. I am also extremely grateful to the Cardiac Surgeon whose pleasant demeanor helped relieve our anxiety. Even with his busy schedule, he would provide his mobile number to speak to him in case of an emergency, and he always answered his phone. This alone is a testimony to the care that Durdans provides. Their care remains the same even during post operation visits. I could go on and on praising your team and the care.

Thank you dear Durdans, we are convinced that we made the best choice.

Herman

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Chairman's Review

At the end of another eventful year, it is my honour and privilege to present to you the Annual Report and the Statement of Accounts of Ceylon Hospitals PLC for the year 2012/13.

We have just completed a challenging year, in a vibrant business environment, under demanding conditions. Your business continued to move forward steadfast, in its chosen path, innovating operating procedures, upgrading our technical and resource capabilities, and delivering excellence in clinical care to our patrons. We are proud to say that we are upholding our primary aim, which is to provide ultimate satisfaction to every single patron who seeks our services, delivering meaningful, preventative and curative healthcare.

Macroeconomic Situation

The year had mixed results. In terms of economic growth, the country witnessed a setback as GDP growth was recorded as 6.4% compared to 8.2% in the previous year, although this was well in line with growth projections made for the year. Inflation remained in high single digits. Currency devaluation was recorded at Rs 127 to a US dollar, which impacted businesses dependent on trading quite significantly. Cost of operations increased due to fuel price hikes and its resultant direct and indirect effects. However, the sector continues to be dynamic, and growth continues along with high levels of competition, which is anticipated to be the order of the day. We are committed to sailing through the storms, using effective navigation to direct us to our destination.

Healthcare in Sri Lanka

Private healthcare continues to grow, placing continuous demand on our services. Competition has become aggressive and has created an environment for patrons to demand excellence in service delivery. This in turn compels service providers to be on their toes all the time. Whilst Sri Lanka provides free healthcare to its population, keeping-up with growing needs has become an uphill task for the authorities. The tight-rope walk of balancing quality and quantity has created a great opportunity for private healthcare to thrive. Every single company providing private healthcare has invested heavily in building infrastructure and capacity to cater to this ever increasing demand. During the last two years the total available capacity has increased significantly.

The operating environment is changing rapidly and the needs of service-seekers are changing at a faster pace. The key reasons for this change have been identified as lifestyle changes, pressure of work, enhanced awareness and knowledge on physical and mental wellbeing, as well as the aging population. Each of these criteria adds a different dimension to the overall healthcare picture, and there continues to be a demand for continuous upgrading in the way healthcare is dispensed.

Due to the nature of some of the needs, planning for all healthcare requirements is not always an option. However, prevention drives become an important element in today's healthcare management.

Organisations worldwide are gearing themselves to excel equally in both preventative and curative healthcare.

Our Achievements

We recognise the responsibility placed on us to ensure the success of our business. Creating higher equity for your brand is an undertaking we have made, and in the process we are committed to providing an outstanding return on your investments. We proudly present another year of consistent performance at your company.

Your company performed well during the year under review. Turnover of the group reached a growth of 8% compared to previous year, amounting to Rs. 3,830 Mn in absolute terms.

With the ongoing upgrading of infrastructure plus equipment, the investment needed to achieve quality, along with skills development of our team resulted in finance costs remaining high, placing pressure on profitability. Major emphasis was placed on the refurbishment of the Cardiac facility, especially the Cardiac Surgical Intensive Care Unit, which was upgraded with the latest available technology and monitoring systems to support the high standards of service we deliver. The Cardiac wards underwent a transformation as well. Due to the upgrades, a significant loss in revenue was recorded as operations had to be curtailed. Overheads witnessed a hike due to volatile environmental conditions during the year. The total finance cost amounted to Rs.182 Mn, compared to the Rs.164 Mn we incurred last year. However, your Group recorded a profit of Rs. 300 Mn, a 5% growth over the previous year.

Durdans Medical and Surgical Hospital, our latest venture, has already made a significant contribution to our business, proving to be a great success. The facility is now almost fully launched, and has enabled us to enhance our service delivery differentiating us from other service providers. With this launch, we have managed to enter several much needed disciplines which are proving to be in high demand. During the year under review we have also managed to meet optimal levels of occupancy to make our business extremely viable. As a group our market share has been further augmented and we continue to dominate in the arena of private healthcare.

As a team we will persist in providing high value to our shareholders, constantly monitoring emerging markets, finding solutions to ever-evolving needs, innovating on our offerings, and committing to provide unmatched healthcare.

Our history marks many achievements. The common thread across time is the unrelenting stamina we display in making your business stay on top as the most valuable brand of private healthcare.

Our Immediate Focus

Currently our full efforts are directed towards obtaining a world renowned international accreditation for our business. The quality drive which commenced over twelve months ago has now gained

“...the sector continues to be dynamic, and growth continues along with high levels of competition, which is anticipated to be the order of the day.”

massive momentum, energizing the team across the business. We expect to complete this fully in the coming year and be able to contribute with enhanced vigor to all our stakeholder needs.

We signed an MOU with Singhealth (Singapore Health Services PTE) to enable the transfer of best practices and know-how, which will enhance the capability of our teams. We have already conducted one session for the nursing staff and plans are in place for sharing of continuous training input to ensure that we deliver international standards of care.

Durdans Team - Our Greatest Asset

We continue to invest in our people who are responsible for delivering outstanding services to our patrons. The commitment and competency of our team has been the key reason for our continuous growth. We as an organisation place enormous attention on creating the best environment for them to operate, providing them with the tools they need to excel and ambiance to deliver excellence. They are made accountable as individuals and are fully aware of the expectations of their roles. The performance is measured and rewards are aligned to delivery. Every single one of them is committed to deliver beyond their call of duty.

Durdans – Way Forward

Our success was always based on careful planning. Traditionally we create a strategic road map for the business once in five years. The next plan is due for creation by the end of 2013, and we have scheduled a session facilitated by an internationally renowned business strategy guru who was also involved in the last programme.

Conclusion

It is my duty to recognise the power behind our dynamic business - our team - without whom it would not have been possible to consistently reach such heights. The dedication of my team members is the key reason our service quality standards are in a class of their own. I appreciate the contribution of the Senior Management Team, who take full responsibility to deliver commitments in full during the year, and on time. Their commitment, loyalty and focus enable us to

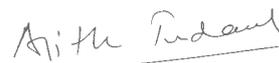
reach challenging goals. Last but not least, my gratitude is extended to the outstanding Board of Directors, who have helped me in guiding this operation efficiently and effectively.

As we embark on the new financial year, Dr K A T W P Jayawardene, one of the longstanding members of the Board, has indicated his intention to retire. We would like to take this opportunity to thank Dr K A T W P Jayawardene profusely for the valuable contributions he has made towards clinical care in the Durdans Healthcare Group. He was a pillar of strength when setting-up the formal Intensive Care Unit in 1992/93. His contributions as the Chair of the Critical Care Committee and as a senior member of the Medical Services Committee cannot be measured. As he does not seek re-election at the Annual General Meeting, the Directors join me in wishing him great contentment in his retirement from the Durdans Healthcare Group with effect from 27th June 2013.

Our vision as a leading organisation in healthcare is very clear, and we promise to deliver unparalleled returns on your investments year on year. We will continue to shape the healthcare of this country and at the same time excel in our quality of delivery, matching world-class standards. We will stay focused on emerging trends, making it available for local customers quickly and efficiently.

Your organisation is changing rapidly. We are initiating change in our category, in our people, and in the way we do things. This change will be the foundation of our future.

Let me conclude by quoting Walt Disney “All our dreams can come true - if we have the courage to pursue them.”



Ajith E Tudawe
Chairman/President

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Operational Review

A dynamic and progressive business such as ours needs constant involvement and attention to stay ahead. We have maintained our competitive edge, innovating the way health care is delivered in Sri Lanka and staying committed to our goals. In the process we have touched the lives of millions of people over generations and continue to do so every day. This requires that we excel at what we do and ensure that our skills are continuously strengthened as we move forward. Each year we have recorded several achievements that have contributed to our operational excellence.

In this report we share with you our major accomplishments during the year under review.

ISO accreditation for our laboratories

The Durdans laboratory chain is our primary point of contact with many Sri Lankans across the country who look for our services in the form of diagnostics required. We have realised the importance of the service and have been constantly investing in expanding the network, upgrading our facilities and services, as well as connecting the laboratories to collection centres to support remote locations.

We place significant importance and attention on the way we serve; an on the accuracy and speed of service, as well as upgrading the quality of our delivery, every step of the way. The ISO 15189:2007 accreditation that we have received from the Sri Lanka Accreditation Board (SLAB) is a certification of our process excellence. It certifies the quality of our services and our competence in conforming to international standards for medical laboratories. The SLAB is signatory to the Mutual Recognition Arrangement (MRA) of the International Laboratory Accreditation Corporation.

Continuous expansion of the laboratory network to spread diagnostic support

We constantly evaluate the needs of people from around the country so that we can help them with our expert diagnostic capabilities. Accurate and speedy diagnostic reports are the foundation for a high quality clinical assessment and treatment. Our objective is to provide this service closer to people's residences so that the patients are not inconvenienced by having to travel far. In this process of upgrading our services, we also evaluate expansion of operations in current locations, making them more efficient and service oriented.

During the year under review, the lab in Galle was renovated and facilities were expanded. The Udugama collection centre was also linked to the laboratory in Galle. Several upgrades took place to operations in Anuradhapura with a new collection centre being opened. The centre in Kekirawa was converted to a mini laboratory with the main laboratory was relocated and upgraded to a medical centre, providing facilities for consultation in addition to traditional diagnostic support.

In other developments, a mini laboratory was established in Wathupitiwala in the Ragama area to support the needs of people in the surrounding areas, a new collection centre was established in Jaffna to support the current operation there; in Kandy a new medical centre became functional during the year, while the current location was also renovated to provide better facilities. Two new collection centres were also established in Kandy and Akurana to support the increasing demand, in Kegalle the mini laboratory was moved to a new location .

Leveraging technology to enhance convenience – web enabled online payment gateway

The world is virtually connected through technology, and progressive businesses with technology being used to enhance service delivery standards. In recent years we have noticed the extensive involvement of expatriates being involved in the lives of their near and dear ones who reside in Sri Lanka through the use of technology. Similarly, our local customers are also embracing online tools for convenience and security, which makes the leveraging of technology by Durdans a timely initiative. The activation of an online payment portal using our highly popular website was considered a natural evolution.

Our payment portal is supported by the internationally respected HSBC global payment system, which ensures speed and security. Our patrons have embraced the introduction of the payment portal and it is being used for several transactions.

Introducing Neurology as a discipline

The need to introduce neurology as a discipline was felt some time ago. Neurology deals with the diagnosis and treatment of all categories of disease involving the central and peripheral nervous systems. This includes their coverings, blood vessels and all effector tissues such as muscle. The decision to enter into this discipline was taken after a meticulous feasibility process conducted by the team whenever they embark on a new project.

Our Neurology Centre is supported by the best medical personnel in this field of specialisation, who work along with our own team of medical and nursing cadre to address even complex interventions in a state-of-the-art theatre complex. The world class wards in the "6th Lane" wing of the hospital are available for patient recuperation.

Constant upgrades to maintain high standards of delivery

DHC Theatre complex

Cardiac care being a 'Centre of Excellence' and a core competency for Durdans Hospital requires constant focus and attention. We continue to observe emerging trends around the world that are related to this speciality and ensure that our capabilities are constantly developed to support our service offering. During the year under review, the Cardiac Theatre complex saw significant upgrades to further improve our delivery.

The theatre was enhanced with the latest available imaging technology and infrastructure upgrades, resulting in the latest cutting-edge services being offered by Durdans. The technology extensively enhances the clinician's effort, which has meant that patrons can continue to depend on our capabilities. Along with this upgrade, extensive attention was placed on enhancement of infrastructure in the cardiac care facility of Durdans to provide patrons with the high standards of comfort they expect from us.

UHID registration

We have embarked on a system to register all patients with a unique ID and provide them with an individual ID card. This will enable us to streamline all the services obtained by individual patients and to ensure their records are maintained in a systematic manner. Given that Durdans supports a large number of loyal patrons, this facility will become mutually beneficial. We are currently structuring the service delivery enhancement of Durdans around this system.

Quality enhancement drive

Durdans believes that our service quality should be benchmarked against the best in the world. We strive to enhance the way we do business with every step we take. The current focus on obtaining an international accreditation for Durdans epitomises our promise to deliver the best in clinical care. The quality enhancement process has already begun and we expect to complete the related formalities by the middle of 2013.

More capacity for comfort – Ward 19 in the Sixth Lane Wing becomes functional

Durdans is facing increased demand for space and in light of this we expanded the capacity of the 6th Lane Wing with the commencement of Ward 19. In line with the promises we made to our patrons, this ward is able to provide the ultimate in comfort with the perfect ambience for recuperation.



The modern, multi-speciality private hospital with state-of-the-art medical facilities, conveniently located in the heart of Colombo.

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Financial Review

Durdans completed another eventful year with impressive performance laying a strong foundation for very important activities in the coming years. The visionary focus of the management, enabled the company to record healthy achievements in spite of tough environmental conditions as well as investments for the future.

Sri Lankan Economy

Despite Sri Lanka's impressive growth in recent years, global headwinds and policy measures that curb opportunities for many sectors have become a hindrance overall. Exchange rate and the fluctuating interests rates impacted all sectors. The country recorded only a 6.4% GDP growth for 2012, after a significant 8% the previous year. However the service sector managed to record a 7.2% in spite of prevailing situations.

Our organisation recorded a significant year and will continue to drive our resources to maintain the positive momentum.

In spite of the less vibrant outlook for the next year, your company is planning to capitalise on all opportunities to emerge stronger.

Revenue and Profit Performance

The group recorded a strong revenue growth to reach Rs. 3.83Bn for the year, up 8% growth year on year. The revenue growth in combination with continued operational improvements and constant focus on managing the operation costs lead to the Group posting a healthy EBITDA of Rs. 767 Mn in the year 2012/13, up by 1% year on year with the Group EBITDA compared to previous year.

The post-tax profit was increased to Rs. 300 Mn in 2012/13 from Rs. 286 Mn in 2011/12, a growth of 5% or Rs. 14Mn.

The revenue of the company increased to Rs. 2.47 Bn during the year under review from Rs. 2.27 Bn the previous year, recording an increase of 9%. The post-tax profit of the company recorded a growth and end up at Rs.210.9 Mn against previous year's achievement of Rs.209.8 Mn.

Operating Expenses

The overhead costs of the group totaled to Rs. 1.88 Bn over the 2011/12 total of Rs.1.65Bn an increase of 14%. The increase in operational expenses excluding interest and depreciation was 17% over the previous year. The main contributor to the increase was the personnel costs which rose by 13%. The increase in overheads is partially attributable to the investments made in expanding and upgrading the diagnostic network.

The organisation continued its disciplined approach to expense management while diligently evaluating costs versus benefits.

The finance cost of the group increased by 11% to reach Rs. 182Mn for the year under review from Rs.164Mn previous year.

Taxation

The Group tax expense decreased to Rs. 30.3 Mn [2011/12: Rs. 61.2 Mn] due to the reversal of Deferred Taxation. The effective tax rate on Group profits was 9% compared with 17% in the previous year. With the announcement of the reduction to corporate tax from April 2012, from a 28% to a 12% for the health care industry, we expect to record even a greater positive impact.

Return on Capital Employed (ROCE)

The return on capital employed for the Group was reported at 10% as against 10% in the previous year.

Capital Expenditure

The investment in acquiring capital assets in the Group was Rs.191 Mn whilst the Group incurred Rs.112 Mn on revenue generating assets (medical Equipments) during the year.

Cash Flow

Net cash from operating activities increased to Rs. 527 Mn as against Rs. 491 Mn mainly due to increased profits. Net cash used in investing activities was Rs. 145 Mn [2011/12: Rs. 446 Mn]. In the current year, cash invested in purchase of property plant and equipment was Rs. 185 Mn which is significantly lower than in the previous year.

There have been no defaults under any covenants given on loans or borrowings in the year under review or the prior year.

Share Price, Net Assets and Total Equity

Basic earnings per share of the Group increased to Rs. 7.81 from Rs. 7.35 in the previous year and the Company's earnings per share increased to Rs. 6.23 from Rs. 6.20 last year.

The share price of Durdans ranged from a low of Rs. 62/- to a high of Rs. 106.20 during the year for the voting shares and low of Rs. 50.10 to a high of Rs. 88.90 during the year for the non-voting shares.

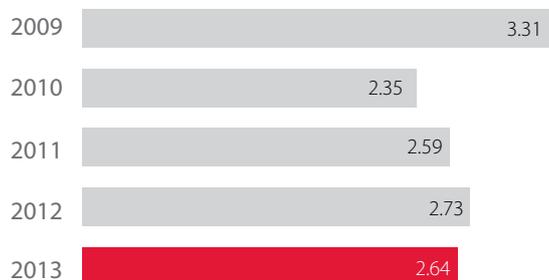
The Net Asset Per Share was increased by 3% to Rs. 71.49 from Rs. 69.26 in the previous year of the Company.

The increase in Group total equity amounted to Rs.3,050 Mn from Rs.2,917 Mn compared to previous year.

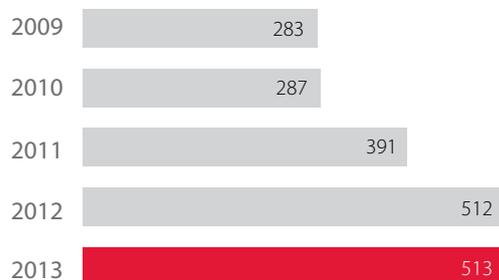
First-time Adoption of SLFRS/LKAS

The first annual financial statements in compliance with the new Sri Lanka Accounting Standards (SLFRS/LKAS) are published for the year ended 31st March 2013. For a more complete understanding of our financial condition and results, this review should be read together with the financial statements and related notes, and the Report of the Directors' on the Affairs of the Company. The Group financial statements for 2012/2013 include the financial statements of Ceylon Hospitals PLC and its subsidiaries of Durdans Medical and Surgical Hospital (Pvt) Ltd and Durdans Heart Surgical Centre (Pvt) Ltd.

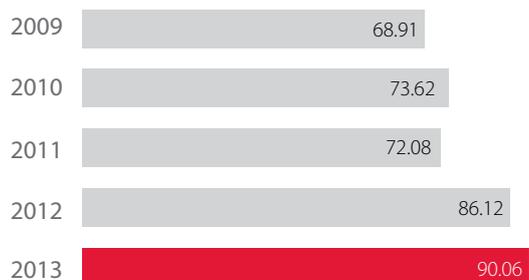
Interest Cover Ratio (Times)



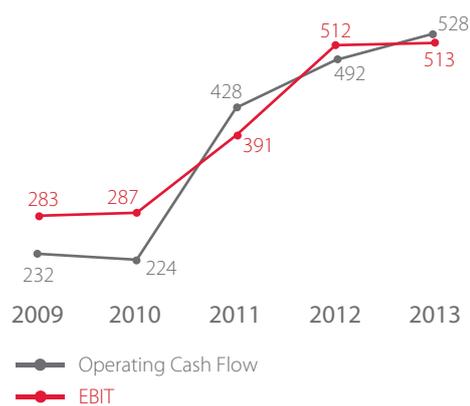
Profit Before Interest and Tax (Rs. Mn)



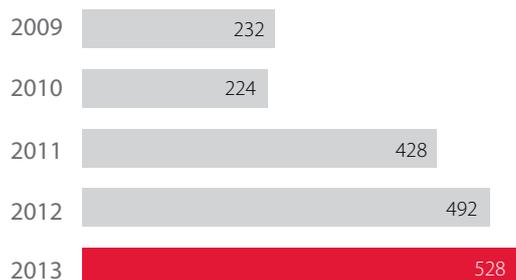
Net Assets Per Share (Rs.)



Profit Before Interest and Tax Vs Operating Cash Flow (Rs. Mn)



Operating Cash Flows (Rs. Mn)



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Board of Directors

Ajith Erandan Tudawe

Chairman/President

Ajith Tudawe holds a Bachelor's degree in Accounting from the United Kingdom. He is a Fellow of the Institute of Chartered Accountants in England and Wales, a Fellow of the Institute of Chartered Accountants of Sri Lanka, a Fellow of the Association of Chartered Certified Accountants in the UK, Fellow of the CPA Australia and Fellow of the Chartered Institute of Marketing in the UK. He is also a past president of the ACCA Sri Lanka. Ajith Tudawe is a Group Director of Tudawe Brothers Ltd., including all the Subsidiaries and Associate Companies.

Upul Dulip Tudawe

Executive Vice-President/ Director

Upul Tudawe holds a BSc in Microbiology from Texas Tech University as well as a BSc in Medical Technology from the University of Texas Health Science Centre Houston, Texas, USA. He is a Member of the American Society of Clinical Pathology (ASCP) and also of the Australian Institute of Medical Scientists (AIMS). Upul Tudawe acts as a Group Director of Tudawe Brothers Ltd., including all the Subsidiaries and Associate Companies.

Dr A D Preethiraj A Wijegoonewardene

Board Member / Senior Vice-President - Medical

Preethi Wijegoonewardene has MBBS from India, with a Postgraduate Diploma in Family Medicine from the Postgraduate Institute of Medicine (PGIM) – Colombo. He is a fellow of the College of General Practitioners of Sri Lanka. He functioned as the President of the College of General Practitioners of Sri Lanka (2004 – 2007), Past President of Sri Lanka Medical Association (SLMA) 2002. He was elected as the Regional President of WONCA – MESAR (World Organisation for Family Doctors – ME/SA region) in July 2007. He was re-elected as the Regional President of WONCA- South Asia from May 2010. He was awarded the Honorary Fellowship of the Royal College of General Practitioners of the UK in November 2008. He also serves as the Deputy Chairman of the South Asian Board of the RCGP-International SA, and as the Patron of the South Asia Primary Care Research Network.

Sathis Prithviraj Tudawe

Board Member / Senior Vice President- Administration

Chairman - Technical and Maintenance Subcommittee

Sathis Tudawe chairs the Technical and Maintenance Subcommittee, and leads the monthly security Co-ordinating meeting and Transport meeting of the Hospital. He is a Group Director of Tudawe Brothers (Pvt) Ltd., its Subsidiaries and Associate Companies and has over 35 years experience in the construction industry.

Dr K A Thistlethwayte Wilhelm P Jayawardene

Board Member / Vice-President - Critical Care

Thistlethwayte Jayawardene has MBBS Colombo, Ceylon. He holds Fellowships in the Royal College of Anaesthetists UK, as well as the American College of Cardiology. He was the Past President of the College of Anaesthesiologists of Sri Lanka and currently is a Trustee for the College. He was President of the Sri Lanka Medical Association in 1991 and is now a Trustee. He was the Vice-President of the Sri Lanka Heart Association 1994-2008. He was a Member of the Board of Management of the Postgraduate Institute of Medicine 1980-1995, and was also the Vice-President of OPA in 2001 and 2006/07. He was elected as Honorary Senior Fellow of the Postgraduate Institute of Medicine in 2009.

Y Nimal Ranjith Piyasena

Board Member

Nimal Piyasena is the Managing Partner of Y R Piyasena & Company. He is also the Vice-Chairman of Hotels Star Dust in Pottuvil.

Asoka S Abeyewardene

Board Member

AS Abeyewardene is a Fellow of The Institute of Chartered Accountants of Sri Lanka, Fellow of the Certified Management Accountants of Sri Lanka and a Fellow of the Institute of Directors UK. He is a former partner of KPMG Ford, Rhodes, Thornton & Co., Chartered Accountants. He is an Independent Director of Ceylon Hospitals PLC and is the Chairman of the Audit Committee and Remuneration Committee. He is also an Independent Director of Durdans Medical and Surgical Hospital (Pvt) Ltd., and an Independent Director of DFCC Bank. He serves as an Independent Director of J.L. Morrison Son & Jones (Ceylon) PLC and is the Chairman of the Audit Committee of that Company.

Dr Narendra Y Wijemanne

Board Member

Narendra Yayathi Wijemanne, having earned an MBBS (Ceylon), Fellowships at Royal College of Edinburgh and Royal College of England, joined the Board of Directors of Ceylon Hospitals PLC in year 2009. He has been serving in the public sector for over a period of 40 years. He brings to the board a vast amount of experience both locally and internationally. Prior to joining Durdans, he was the most senior Plastic Surgeon at the National Hospital of Sri Lanka.

Dr Wijemanne was one of the first to volunteer as a surgeon to the Sri Lanka Army. He served in all the conflict areas supporting the forces during the major battles in the North and East at the time.

He helped to set up several surgical facilities in these areas and has received several commendations from the Army commanders and field commanders. He was awarded the Vadamarachchi medal for services rendered.

He was a volunteer Surgeon to the Military Hospital in Colombo until 2006.

Senior Management Team

Sirimal Senaratne

Manager - Finance

Sirimal joined Durdans Hospital as Manager - Finance in April 2013. He has over 14 years of experience in the field of Finance, Banking, Accounting and Auditing in both local and foreign companies.

He is an Associate Member of the Institute of Chartered Accountants of Sri Lanka, holds a Master of Business Administration Degree from the University of Southern Queensland Australia, a Post Graduate Diploma in Financial Administration from the Institute of Chartered Accountants of Sri Lanka, Diploma in Information System Security Control Audit and Diploma in Marketing Management.

Jayantha Pathiratne

Manager - Human Resources

Jayantha Pathiratne joined Durdans Hospital in 2004 as the Human Resources Manager. He was a Council Member of the Institute of Personnel Management, Sri Lanka, is a member of the Institute of Supplies and Material Management, Sri Lanka and the Organisation of Professional Associations. He is functioning as a member of the Wages Board for the Nursing Homes Trade since 2006. He is an alumni of INSEAD and the recipient of HR Leadership Award for 2010/11 at the Global HR Excellence Awards held in Mumbai. He holds a Bachelor's Degree in Management Studies (HRM) with 2nd Class Upper from the Open University of Sri Lanka, MSc in Defence and Strategic Studies with 2nd Class Upper from the University of Madras and a MBA from the Indira Gandhi National Open University in India. He is presently reading for his MPhil/PhD at University of Colombo.

Dr Ruwan Senatilleke

Manager - Medical Services

Ruwan Senatilleke joined Durdans Hospital in 2008 as the Manager Medical Services. He holds an MBBS degree from the North Colombo Medical College, Ragama, and an MSc in Management from the Kotalawala Defence Academy. Prior to joining Durdans, he served in the Sri Lanka Army as the Battalion Commander of the 3rd Sri Lankan Army Medical Corps (3 SLAMC) and also has commanded Military Hospital Anuradhapura. He also functioned as the Chief Medical Officer of the Sri Lanka's 1st UN Peace Keeping Battalion to Republic of Haiti in 2004. He was also the recipient of the prestigious UN Peace Keeper Medal.

Aminda Tudawe

Brand Communication & Supply Chain Manager

Aminda Tudawe joined Durdans Hospital in February 2011 as a Management Executive after completing a BSc(Hons) degree in Business Management from the University of Wales, UK. He is presently serving as the Brand Communication & Supply Chain Manager with the mandate for enhancing the equity of the Corporate Brand and directly responsible for creating a world-class customer service experience throughout the organisation. He is in charge of the critical business functions covering the Supply Chain and has been responsible, for driving efficiency, and effectiveness whilst maintaining integrity and ethical practices.

Mahanil Perera

Manager - Marketing

Mahanil Perera joined Durdans Hospital Group in mid 2011 as the Assistant Marketing Manager and was promoted to the Senior Management team within a short period of time. He has hands on experience in sales and marketing with 20 years of experience in different ranks from Sales Executive to Marketing Manager. He holds a Post Graduate Diploma in Marketing from the Sri Lanka Institute of Marketing and is a Member of the Institute. With his displayed competencies in the field of engineering, he is now in charge of the critical area of maintenance.

Dr Jithendri Perera

Deputy Manager – Medical Services

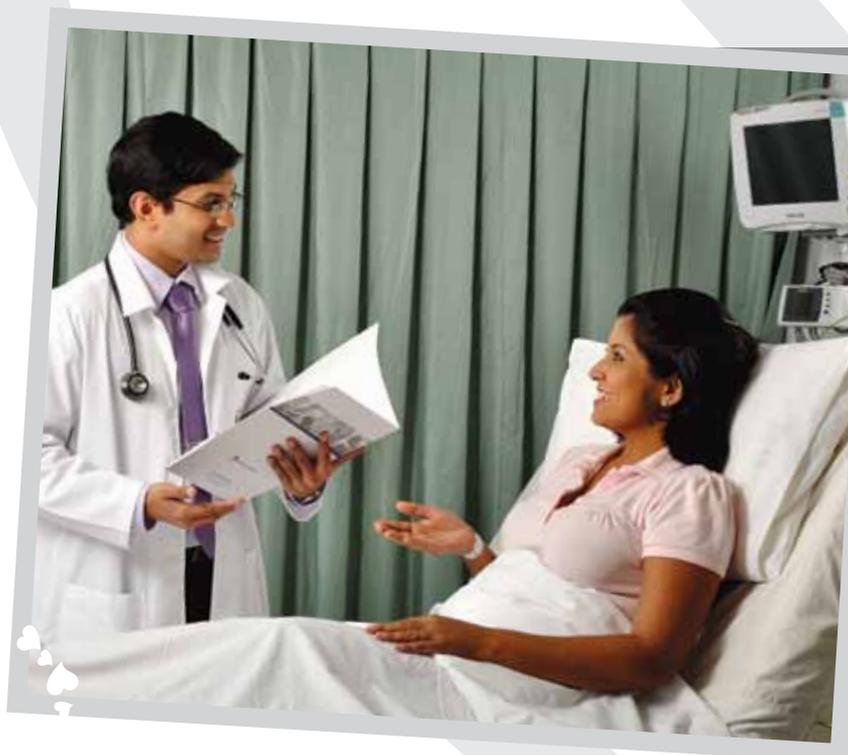
Dr Jithendri Perera took over the responsibility as the Deputy Manager – Medical Services in November 2012. She has an MBBS Graduate from Rajiv Gandhi University in Bangalore, India. Post qualifying, was associated with two hospitals in India and thereafter in Sri Lanka as an intern at the Negambo Base Hospital. Joined Durdans in November 2006 and has acquired knowledge on the operations across the group. She is also the champion supporting the current drive on quality.

Business Portfolio

Setting trends in healthcare is ingrained in our DNA. We take this responsibility very seriously and work at delivering on the same meticulously. We believe it is our mission to deliver the finest healthcare, with world-class clinical and medical services to our people. Our scope goes beyond healthcare to ensure that caring, curing and rejuvenation is also packaged into the same equation. Needless to say, that is the reason our services are sought after by millions of Sri Lankans, across socio-economic strata, generation after generation.

From humble beginnings, our healthcare business has grown over the last few decades into a world class entity; the eventful and momentous journey along the way has been a rewarding and learning experience. Our success in hindsight was due to our ability to identify emerging and anticipated needs in a rapidly changing environment and the capability to cater to those needs. Today, with a large team of visiting consultants, supported by a competent team of in- house medical, nursing and technical staff, we are unmatched in capability.

As we move along steadfast on our path, we make it our business to ensure our values are carved in stone. Our team of dedicated managers who are guided by visionary leaders, understand the need for continuous improvement, which results in never taking their eyes off the goal.



“Evolving as Sri Lanka’s first single centre concept in Cardiac Care, the Durdans Heart Centre specialises in prevention, early diagnosis and prompt treatment of heart disease; The Centre is manned by renowned Cardiologists and Cardiac Surgeons in Sri Lanka, supported by highly skilled staff who possess very high standards of care and levels of competency.”



The Centre has proven excellence in non invasive cardiac investigations, invasive and interventional cardiology and cardiac surgical procedures.

Cardiac Care

Heart disease is the major cause of mortality and morbidity in Sri Lanka, at present. Looking at the future, we identified the need to establish world-class Cardiac Care in Sri Lanka many years ago. We possess the honor of introducing Cardiac Care in Sri Lanka as a “Centre of Excellence,” a core competency to day for us, for the benefit of our patrons, but what matters most to us is the fact that our facility and the service we offer is now synonymous with the best in the world, and has the ability to generate top of mind recall, from any Sri Lankan who requires the service. That confirms the fact that we have arrived, but the journey continues, with constant upgrading and sharpening of skills.

Evolving as Sri Lanka’s first single centre concept in Cardiac Care, the Durdans Heart Centre specialises in prevention, early diagnosis and prompt treatment of heart disease; The Centre is manned by renowned Cardiologists and Cardiac Surgeons in Sri Lanka, supported by highly skilled staff who possess very high standards of care and levels of competency. This provides patrons and their family members the peace of mind and the confidence they seek in their time of need. The Centre has proven excellence in non invasive cardiac investigations, invasive and interventional cardiology and cardiac surgical procedures.

Our world class facilities comprise of:

- A Cardiac Intensive Care Unit (CICU) with 13 beds, including facilities for paediatric cardiac interventions from birth onwards.
- A Heart Station equipped with ultra modern facilities and managed by the best Cardiologists and Cardiac Surgeons. This unit contains dedicated consultation chambers to provide greater convenience and facilities for the patrons.



SISTER D M RANWALA
HCC & MICU

Dear Durdans,

I joined Durdans way back in 1994. For me this is my second home and the team at Durdans is my family. I have grown in every way possible thanks to Durdans. My professional skills have been sharpened with extensive input from the organisation. My caring skills have reached the highest level, as we promise nothing less than that. The best testimony to our delivery is the praise we hear from the people we serve, day in and day out. I am so grateful to the management of Durdans for the input they provide to sharpen our skills and the commitment to their people and their progress.

Thank you Durdans, I am so lucky to be a part of this team.

Sister Ranwala

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Business Portfolio



“Paediatric care traditionally has been a core competency for Durdans and a “Centre of Excellence.” We thrive on the fact that many generations have considered Durdans as the most suitable location for a new arrival to the family. We have watched the new born babies being nurtured and cared for under our roof by expert teams who consider it their duty to be responsible for their well being.”

- A Catheterisation Laboratory, for non invasive procedures such as angioplasty and invasive and interventional procedures such as stent placement, valvuloplasty and pacemaker implantation.
- A Digital Catheterisation Laboratory to carry out intricate procedures with highly sophisticated equipment.
- A state-of-the-art Cardiac Operating Theatre fully equipped with ultra-modern ventilators, a vein harvesting machine, heart-lung machines and intra-aortic balloon pumps and many other state-of-the-art modern facilities to support the most complex cardiac procedures conducted by our resident team of experts.

Heart Command Centre (HCC)

The fifteen bedded HCC is equipped with state-of-the-art CCU monitoring system and modern facilities with the most advanced technology and is able to handle any acute cardiac related conditions. The entire team of doctors, nurses and support staff handling pre and post operative care are exposed to international best practices and undergo continuous professional development. The resources available, both in terms of technical and human, guarantees the delivery of the best in attention and best in care, in line with what can be expected in the most developed countries of the world.

Our passion to excel ensures that we stay vigilant of any new developments taking place in the world, creating ways and means to acquire the knowledge and capabilities so that our people benefit from it.

That is our commitment to care.

Paediatric Care

Paediatric care traditionally has been a core competency for Durdans and a “Centre of Excellence.” We thrive on the fact that many generations have considered Durdans as the most suitable location for a new arrival to the family. We have watched the new born babies being nurtured and cared for under our roof by expert teams who consider it their duty to be responsible for their well being. Thus, a long

standing relationship naturally evolves, making us the trusted partner in all healthcare needs of the family.

The core paediatric facility at Durdans consists of 49 beds in two wards, and tends to always be fully patronised. The Special Care Baby Unit (SCBU) in the 6th Lane Wing of the hospital is equipped with the most up-to-date technology for paediatric care, including centrally distributed oxygen and suckers installed in every room. Our competencies cover a wide spectrum of services from basic vaccination to complex surgeries. A dedicated wing has been allocated for consultation services, creating the ideal ambience for a family with young children. The team of personnel comprises of the best consultants in paediatric care, supported by internal staff who have been trained in the discipline. We take caring seriously and make sure we excel at it.

Our strengths include:

- A team of Senior Paediatric Specialists and a support team that includes Specialist Paediatric nurses, Dietitians, Physiotherapists and specially trained diagnostics staff.
- Access to a resident consultant during the day time, for any emergency.
- Dedicated beds and treatment room with state-of-the-art monitoring facilities.
- A special Neonatal Intensive Care Unit.
- A dedicated outpatient area that provides a pleasant ambience for patients who are waiting to consult doctors, and also offers speedy consultation services.
- The ability to perform highly specialised paediatric surgery, quickly and efficiently.

Neonatal Intensive Care (NICU)

Neonatal Intensive Care is an obvious necessity for a specialist unit such as ours, and our NICU caters effectively to any emergency in the area of specialisation. The renowned NICU at Durdans is manned by specialist staff and possesses around the clock competencies

Dear Durdans

This letter should have been sent five months ago when my twins were born on October 31st 2012 at Durdans and I apologise for the long delay. Nevertheless, I thought I should write to you even at the late juncture. Many years ago, I too was born at your hospital and therefore we had no hesitation in selecting the same hospital for my babies' delivery. In fact it came about as an emergency caesarean section in the middle of the night.

On that night, I would like to commend the prompt, care and attention given by the ward and theatre staff. As my babies were premature they were kept in the NICU for seven days where we were accommodated by Sister Kamala Ranasinghe and her team of nurses. This team of nurses, guided by the Sister, were truly outstanding in their skill, dedication and attention given at all times throughout my twins' stay. The babies were showered with kindness and affection as if they were their own. Being a consultant myself, I have met many nursing staff in numerous private and state hospitals but this team at the NICU were simply the best. During the week, we were taught all the basic facts about looking after babies from changing nappies to sterilising feeding bottles. This devotion and kindness was shown not only to our babies but to all infants and worried parents who came to the NICU.

So I congratulate the hospital and your staff especially those of the NICU for doing such a fantastic job. Thank you so much.

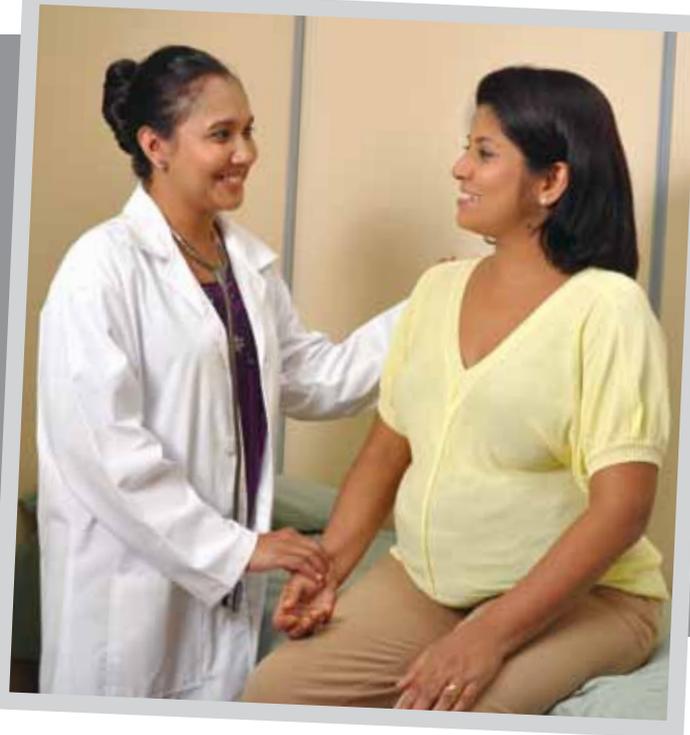
Dr. Sanjeewa Aryasingha

*Consultant Gastroenterologist and Hepatologist
North Colombo Teaching Hospital Ragama*

to handle emergency treatment. Durdans possesses the unique Triple Photo Therapy facility. To support neonatal transfers from any location, our ambulance is equipped with an ambulatory incubator that enhances the quality of transit care. In a nutshell, paediatric care at Durdans is unmatched and is endorsed by our patrons for its world-class standards.

Obstetrics and Gynaecology

This area is a core competency for us and after several decades of specialisation, we have already made it into a "Centre of Excellence". Over several decades we have learned from our experiences and evolved to create the warmth and care expected by our patrons. In return, our loyal patrons have confirmed their commitment to selecting Durdans as the only choice when a new addition to the family is expected. We continue to excel in providing the best in service and care to our patrons during this special period. The sixth lane wing houses a 20 bed and fully functional maternity ward with state-of-the-art modern technology including facilities for laparoscopic procedures. In addition, we possess another maternity ward with eight maternity beds.



Individual patients' rooms offer facilities in line with the specific needs of patrons. They are able to select rooms from basic to luxury categories in a highly secure, spacious environment. The maternity unit consists of one private labour room, a four bedded common labour room and a dedicated maternity theatre. Specialist gynaecological and obstetric related consultations are offered in a dedicated area to serve patients better.

Ophthalmology

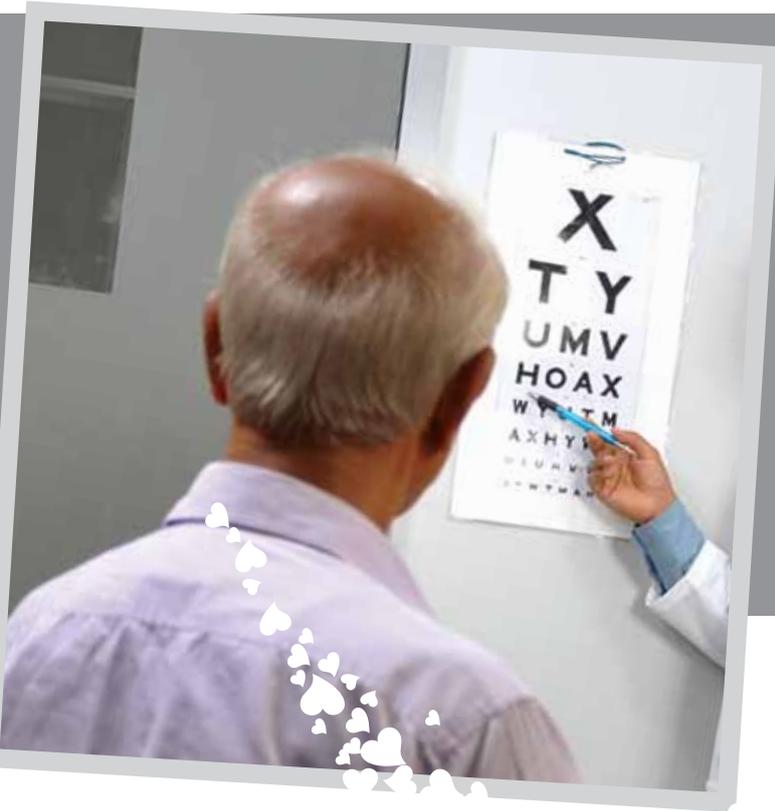
With a growing aging population, Ophthalmology has been another core competency of expertise for Durdans and we are proud to be recognised as a "Centre of Excellence" in this field. Our services are considered the best in "Eye Care" and we continue to outperform any similar facility in the country. Our success is due to our specialist team for Ophthalmology, headed by a renowned eye surgeon with decades of experience and trained support staff whose competencies have become the hallmark of our services.

Our strengths:

- A spacious eye clinic architecturally created to facilitate greater efficiency and a 100 seat capacity in the waiting area.
- The latest and most modern diagnostic technologies comparable to those used in the rest of the world.
- A laser therapy unit to perform advanced ophthalmology procedures.
- A Carl Zeiss Operating Microscope and accessories.
- Ocular CT machine with advanced technology.

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Business Portfolio



“ With a growing aging population, Ophthalmology has been another core competency of expertise for Durdans and we are proud to be recognised as a “Centre of Excellence” in this field. ”

General Surgery

We identified that expansion of general surgical facilities was a pressing need for our business. Our research established the need to provide around the clock general surgical support for emergency and planned interventions, which resulted in the creation of a state-of-the-art facility with cutting edge technology, within the Durdans umbrella. The entity is managed by a team of exceptionally competent surgeons, nursing staff and technicians to ensure that the best attention is made available. In addition to the dedicated sterile surgical theater complex, post surgical recuperation is facilitated at dedicated surgical wards with the ideal ambiance for faster recovery. The personnel dedicated to the units are the best in the industry and are therefore capable of handling all expectations.

Our strengths:

- A resident Consultant Surgeon, available on call for any emergencies.
- A highly advanced theater complex on standby for any emergency or planned intervention.
- State-of-the-art equipment in line with the most advanced technological capabilities available, and technically sound resources to ensure the best in attention every time.
- Fully equipped laparoscopy theatre with the most modern video system and high definition displays for accurate diagnosis and interventions with minimal discomfort.



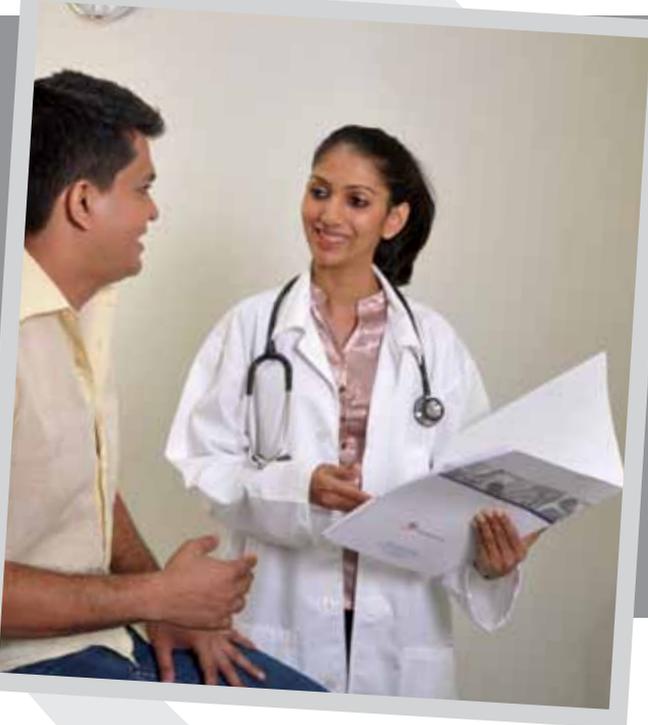
GAMINI TILAKARATHNA
Supervisor - Food & Beverages

Dear Durdans,

I joined this great organisation in 1991, for me this is part of my life. It is a lot more than a job for me, today what ever I have gained in life has been thanks to Durdans. My family has great and attained stability on the foundation of my job.

Thank you Durdans for what you have made me and the strength & stability provided to my family.

Gamini



Diagnostics

Accurate and advanced diagnostics is the cornerstone of successful treatment. Our mission was to ensure high quality, accurate and reliable diagnostic services were available throughout the island, within easy reach for any Sri Lankan. Modern diagnostics provide the ability for clinicians to focus on more targeted, accurate and effective methods of treatment for their patients. Our capabilities are relied upon by all clinicians practicing in both the public and private sector.

We make it our duty to be present in the most convenient locations around the country and to provide the best in class service in diagnostics for a wide portfolio of investigations.

Our strengths:

- Renowned Consultant Pathologists and competent technical staff manning one of the largest laboratory networks in the country, delivering precision and accuracy every time.
- A pathology laboratory which is verified for quality assurance by two internationally recognised organisations in the USA, and is equipped with fully automatic clinical analysers.
- A collection network that spans the country, adequately supported by strategically placed fully fledged laboratories.
- A Radiology Department that provides a comprehensive interventional radiology services through competent Radiologists.
- State-of-the-art ultrasound equipment and scans, and capacity to conduct Endoscopy, Videoendoscopy, Colonoscopy, Sigmoidoscopy and Bronchoscopy procedures.
- Satellite diagnostic centres are being identified in regional cities of Sri Lanka to provide ECG and Treadmill ECG services.
- Some centres provide consultation services for sought after specialties.
- Constant upgrading of technology and equipment based on emerging knowledge.

Dear Durdans

We have always had the best possible care at Durdans. My first experience with Durdans was in 2008 when my husband had to undergo a bypass performed by Dr K Dev. Clinically we couldn't have asked for more; there was round the clock attention always. It really put us at ease to know that we were getting the best care possible, all the time.

Since then, Durdans has been our destination healthcare partner. For every little need we would reach out to them.

I got pneumonia last year, and was admitted under the care of Dr Bandula Wijesiriwardena. I knew I was very sick, but I felt that I couldn't have had better care. The whole team worked like clockwork. Everyone of them would go way beyond their role. I felt so confident that at Durdans I was in safe hands, my ailment never bothered me.

Hats off to Durdans, Thank you for being there for us always.

Mrs Rasika L Perera
*Product Support Executive
 Sri Lankan Holidays*

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Business Portfolio



ENT Surgery

Using what is perhaps the most sophisticated equipment in the country including an ultra modern opmi-sensera ENT microscope, Durdans has become one of the foremost healthcare institutions renowned for specialist ENT surgery. It also has the distinction of being the first hospital to successfully perform a cochlear implant with a Sri Lankan team. A state-of-the-art Carl Zeiss ENT Microscope is utilised to perform highly intricate ENT surgical procedures. The field of audiology will see immense advancement in the near future as we consolidate our strengths in this area of specialisation.

Dear Durdans

I am happy to share my brief experience with you. I was at Durdans under Dr Thilak Jayarathna's care and in my opinion the service standards and care provided by your team of Doctors and Nurses was outstanding. I felt so at home with their friendly attention and unconditional support.

Thank You Durdans, we are grateful to you.

I Gomez
Mt Lavinia



Renal Care Unit

Kidney related issues have seen a rapid increase over the past decade, resulting in many of our patrons having to seek regular assistance to ensure their standard of life is not seriously compromised. We make it our duty to create support systems that will provide comfort and treatment in the most effective manner. Established in 2004, this fully equipped three bed unit has had the distinction of performing kidney transplants on a regular basis and is equipped with modern dialysis support. Our core strength is the professional caring expressed by our support team that is trained to care and heal.

Emergency Care Unit

The Emergency Care Unit becomes the haven for most people in a time of emergency, and it is the duty of the healthcare service provider to manage this facility so that it lives up to its reputation. Our team of medical and nursing staff are fully competent to handle any emergency and they are able to support the patient as well as his/her family effectively and ease their burden in a time of turmoil. We consider it our duty to be concerned with this holistic approach to healing and caring for all parties involved.

Equipped to handle medical or surgical emergencies around the clock, the six bed unit, is also specifically able to handle emergency requirements of our patrons. The unit is designed in line with international design standards. The unit is supported by mobile units geared to handle any situation as well as a new state-of-the-art ambulance with the latest monitoring equipment and with the capability for intermittent interventions to enhance the service of the unit.



“Our team of medical and nursing staff are fully competent enough to handle any emergency and they are able to support the patient as well as his/her family effectively and ease their burden in a time of turmoil. We consider it our duty to be concerned with this holistic approach to healing and caring for all parties involved.”

Genito-Urinary (GU) Centre

In the sixth lane wing of Durdans Hospital, we have set up a fully-fledged world-class stone management unit, equipped with the latest technology used in the rest of the developed world enabling minimum intervention and discomfort.

Our strengths:

- The stone laser machine along with high definition flexible and semi flexible Ureteroscope and Cystoscope.
- Renowned GU surgeons with highly trained, qualified nurses and technical staff make up the zealous 'Stone Management Team' of Durdans.
- A dedicated GU Theatre with state-of-the-art equipment.

Orthopaedic

Statistics reveal that over 25% of the population will be over 60 years of age by the end of 2020. One of the key issues restricting a free life of an aging population are orthopaedic concerns. Thus preventative as well as therapeutic interventions are required for the elderly and others who will be reaching this state in time to come. It is also becoming very important for external support systems to appreciate and be aware of how to deal with the inherent concerns and requirements of such a patron.

The dedicated Orthopaedic Surgical Theatre comprising of sophisticated and advanced technology is geared to perform major orthopaedic surgeries as well as arthroscopy procedures, complete knee and hip replacement surgeries, trauma care and many other relevant procedures.



Our strengths:

- This unit is headed by a well renowned and skilled Senior Orthopaedic Surgeon in Sri Lanka who has the expertise to perform complex orthopedic interventions.
- A dedicated Orthopaedic Theatre with modern equipment.
- Highly experienced nursing and technical staff include specially trained individuals with relevant exposure in the field.
- A dedicated Orthopaedic Centre with a seating capacity of 60.
- A separate ward for orthopaedic patients during recuperation.

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Business Portfolio



Diabetes and Endocrinology Centre

Diabetes, a dreaded disease that affects everyday life has already engulfed one in every fifth Sri Lankan. The main reasons have been attributed to unhealthy lifestyle, sedentary living as well as stress. It has not spared even the young and the incidence of childhood diabetes is also rising fast, mainly due to poor eating habits. Managing this requires careful intervention and a full understanding of how individuals need to change their current lifestyles.

Durdans is geared to offer a concept of total care using the best expertise and the latest technology. We focus on early detection of problems and remedies before irreversible damage occurs to organs such as the eyes, kidneys, nerves, blood vessels, heart and brain. Screening check-ups are carefully structured to identify those at risk and thereafter provide support on how to manage one's life with lifestyle changes and medication. We are also able to provide advice to the family on how to support the person and how to prevent others from becoming vulnerable to the disease.

One major area of concern for a diabetic becomes foot related ailments. We have devised support systems including total foot check-ups, special foot tests, special footwear with off-loading facilities and special foot procedures guided by a highly qualified Podiatrist. Specialist guidance for total care is done by a Diabetologist or Physician, with needy referrals to a Nephrologist, Ophthalmologist, Vascular Surgeon, Cardiologist, Neurologist or a Nutritionist as required.

Dental Unit

Oral health care in Sri Lanka is currently assessed to be highly unsatisfactory, with over 70% of both children and adults suffering from dental related issues according to a study conducted by WHO in 2010. This makes it necessary for people to seek expert intervention for both teeth and gum related ailments.



Our Dental Unit, manned by an expert dental consultant and trained staff has the capacity to handle simple to complex needs of patrons in a convenient, fast and effective manner. Durdans also offers the specialist services of Oro-Maxillofacial surgeons for the prevention, diagnosis and treatment of diseases and irregularities involving the teeth, gums and other tissues of the mouth. In addition, injuries and defects, both functional and aesthetic, of the oral and facial region can be treated with advanced technology, at the same premises.

We believe in providing a patient centric approach to our services and have ensured that our services are aligned to support our promise.

Neurology

A much needed specialty has now been introduced for the benefit of our patrons. In our effort to continuously seek ways to serve people better, neurology was identified as an essential area of specialisation. In line with the practices engaged in by the team, a careful study was conducted to assess the most suitable means to maintain a distinctive advantage.

Our competent team includes several highly qualified Consultant Neurologists to treat any neurological condition supported by highly competent specialist nursing and support staff. Our broad spectrum of neurological services also includes accurate patient information, patient education, continuous research on new development, advanced surgical procedures and rehabilitation.

An ultra modern theatre has been dedicated for the Neurology Unit with a separate surgical intensive care unit for post operative care and wards for recuperation.



“ A much needed specialty has now been introduced for the benefit of our patrons. In our effort to continuously seek ways to serve people better, neurology was identified as an essential area of specialisation. True to the traditional practices engaged in by the team, a careful study was conducted to assess the most suitable means to maintain a distinctive advantage. ”

Dear Durdans

I am from Pakistan, me and my family are citizens of both Canada and Pakistan. When we discovered that my 18 year old daughter needed a cornea transplant after undergoing a Lasik process, it was a challenge for our whole family. We decided Pakistan was not an option. Whilst we have hospitals with very advanced technology in Pakistan, we lack skilled human resources to execute an advanced procedure successfully.

Being Canadian citizens we had the option of getting it done in Canada. However I did extensive research and found that Sri Lanka is very advanced in this area of specialty and my research directed me to this great institute - Durdans Hospital and the amazing Eye Specialist Dr Charith Fonseka.

The momentum picked up rapidly from the time I made the initial inquiry. We were here in Sri Lanka, in no time and the preliminary investigations were conducted fast. I was totally impressed by the speed and commitment displayed by everyone involved to make sure everything necessary was lined up. The Surgeon scheduled the operation on the first day available which happened to be a holiday, which again was a shock to me." How could a surgeon sacrifice his own holiday to support a patient".

He told me " This is my duty, and your need is greater at this moment". To me this is commitment and the ultimate in care and this memory will be with us throughout our life. I have no words to express my gratitude. We are truly indebted to your team for touching my daughter's life. Thank you Durdans for your divine intervention. you are truly world class in infrastructure and delivery. Your team is outstanding.

I will share my experience, back at home and will promote you for highly complex interventions in ophthalmology without any hesitation. You have made a difference to our family for sure.

Farooq Shakoor

*Chief Financial Officer/Company Secretary
Lakson Tobacco Company Ltd - Karachi , Pakistan*



Dear Durdans

The craft that we deliver as caring nurses, was learnt at the Durdans Nursing Training Center. I feel at home, nourished and cared for. To me Durdans is my home, and my heart lies here. Excellence in clinical care is what we promise to every one, and we make it our responsibility to walk our talk. I speak on behalf of all my colleagues, and our sentiments are the same. It is an amazing organization which cares for its people and provides the space for us to grow. I am really fortunate to be here at Durdans, serving the people of Sri Lanka.

Thank you Durdans for making me into a truly caring person, and letting me heal the sick.

Shanika



Sustainability Report

SHANIKA KUMARAGE
Nurse - Medical and Surgical Ward

Sustainability Report



Sustainable business practices are a fundamental part of our business and is in our DNA, driving our growth and making sure we stay on track year after year. As we grow from strength to strength as an organisation, we make it our promise to ensure sustainable development is not at odds with our business. Our commitment to sustainability ensures that we stay true to our many stakeholders, which include our employees, our patrons and the community at large.

Our people

We are renowned for our exceptional levels of service and the care we take of our patrons however great or small their health needs. We are committed to delivering world-class services, and towards this end we invest continuously in training, research and development as well as constant upgrades in relation to our technical capabilities. In this way we ensure that our services are in line with emerging developments in modern healthcare and are comparable to those that can be obtained anywhere in the world.

Continuous development to sharpen skills

Training needs of our teams are identified at the beginning of the year and the training calendar is prepared taking into consideration the critical areas that need urgent attention. Resource personnel are selected from a pool of internal trainers as well as an extensive external pool. Targeted and well structured training programmes contribute to creating a workforce that is highly skilled and focused on achieving our goals.

“Cardiac Screening” initiative was held among the villagers of Gatamanne in the Matara district. Successful cardiac screenings were held for over 650 individuals

Our contribution to the community

Early detection and prevention CSR programme in Gatamanne, Matara District

24th November 2012

We are renowned for our exceptional levels of service and the care we take of our patrons however great or small their health needs. We are committed to delivering world-class services, and towards this end we invest continuously in training,

Systems, processes and policies to sustain employee welfare

Our management practices ensure that our people are taken care of and respected.

- We maintain a policy of fairness in recruitment, which does not allow for discrimination on the basis of race, colour, gender, language, religion, social origin or political affiliations.
- Majority of our workforce is female, and we have created a safe, secure and comfortable working environment that is geared towards maintaining a healthy work- life balance.
- All statutory obligations related to all our employees are fulfilled.
- We have a zero tolerance policy on sexual harassment. All team members are educated on their rights and respect for others, and any violations are dealt with seriously.
- A comprehensive medical insurance cover is available for all confirmed employees and their immediate family.
- Salaries and welfare benefits that are offered is much higher than industry standards.



- Employee grievances are handled in a systematic and effective manner to provide timely solutions.
- Job functions are clearly defined across the organisation, with clear and transparent systems for performance monitoring and evaluation in place. We operate in a performance driven culture which recognises and rewards outstanding contributions of the team.
- Ideas for continuous improvement from our teams are recognised and implemented.
- Corruption is not tolerated in our system and ethical practices are followed at all times. Corruption, extortion and bribery are strictly forbidden and such cases if they occur are dealt with quickly and effectively.

Our patrons

We strive to deliver more than what is expected of us. As a healthcare business we are mindful of our responsibility to deliver the best in healthcare services, while building awareness on preventative healthcare options.

Extended Cardiac Care Heart Club

Being a sought after center of excellence for cardiac care, our success stories are numerous. Our 'Heart Club' holds regular gatherings for its patients to create an opportunity for the patient and their families to network with other patients to share experiences, and meet cardiologists, surgeons and staff at an informal gathering. The event is also a platform for sharing of knowledge on life style and

We strive to deliver more than what is expected of us. As a healthcare business we are mindful of our responsibility to deliver the best in healthcare services, while building awareness on preventative healthcare options.

dietary changes. This is of particular importance given the increased incidence of non-communicable lifestyle related ailments and diseases. The 'Heart Club' plans to expand its programmes to a wider audience, thereby contributing to the promotion of preventative healthcare. In this way, our scope is not narrowed by treatment only. We believe it is our responsibility to contribute towards the building of a healthy nation. We encourage preventative measures through regular monitoring, whilst maintaining a healthy lifestyle. Several packages are available for a quick assessment of current health levels, supported by our competent diagnostic staff.

Promoting wellness in the community with HSBC Premier

We joined hands with HSBC to conduct an interactive session on 'cardiac care' for all HSBC Premier customers, many of who are busy professionals who lead stressful and demanding lives and cardiac related issues are often high on their list of concerns, The forum provided them with the opportunity to interact with renowned cardiologists and dieticians as well.

Sustainability Report



Based on our decision to base our CSR projects on our core competencies, a 'cardiac Screening' initiative was held among the villagers of Gatamanne in the Matara district on November 24th 2012. Successful cardiac screenings were held for over 650 individuals, which included the following tests and procedures:

Our contribution to the community

Early detection and prevention – CSR in Gatamanne, Matara District

Based on our decision to base our CSR projects on our core competencies, a 'cardiac Screening' initiative was held among the villagers of Gatamanne in the Matara district on 24th November 2012. Successful cardiac screenings were held for over 650 individuals, which included the following tests and procedures:

- Fasting Blood Sugar
- Lipid Profile
- ECG
- Blood Pressure Monitoring
- Physical examination by a doctor

“ We also donated 19 medicine trolleys to the Hambantota Base Hospital as well as a nebulizer and a blood pressure monitor to the Central dispensary. ”

*Dr. Ruwan Senathilleke
Manager, Medical services at the "Cardiac Screening" camp.*

Gatamanne Matara - 24th November 2012

We also donated 19 medicine trolleys to the Hambantota Base Hospital as well as a nebulizer and a blood pressure monitor to the Central dispensary.

Durdans supports the School for the Deaf and Blind in Ratmalana

The Ceylon School for the Deaf and Blind is a 100 year old charitable institution which runs three residential schools in Ratmalana and Jaffna, catering to approximately 650 differently abled children, both female and male. While the government provides limited funds, much of the funding needed to operate the schools is raised by the Board of Trustees through donations and projects.

The roof of the building known as the Stanley House at the School for the Deaf in Ratmalana, which housed the auditorium, the dining room, kitchen and pantry on the ground floor and the senior girls dormitories on the first floor, needed extensive repairs. During the rainy season the girls' dormitories used to get flooded due to the leaking roof. Durdans stepped in to rebuild the roof at a cost of Rs. 1 million under its CSR initiatives. Part of the funds was dispensed during the previous year and the balance during the year under review.

Our Environment

At Durdans we take our responsibility to safeguard our environment very seriously. During the year under review we implemented several measures to minimise any negative environmental impacts arising from our business operations.



“ In this “Cardiac Screening” camp we have done the following tests and procedures: ”

- Fasting Blood Sugar
- Lipid Profile
- ECG
- Blood Pressure Monitoring
- Physical examination by a doctor

Our team at the “Cardiac Screening” camp

Waste management

We dispose of all the waste we generate in an environmentally safe method, creating zero risks. Our operations conform fully to standards that are required in waste disposal and we ensure that no environmental pollution results from our actions. We have received the Environment Protection License which is issued only when the monitoring authorities are confident that an organisation fully complies with its requirements.

All electronic and office waste such as cartridges, ribbons and other discarded items are resold to third parties for safe disposal. A special team has been appointed to ensure systematic screening and careful disposal.

Directives on safety

We have created an extensive signage system enabling easy movement and traffic control. External signage effectively creates the awareness on safety required for patrons as well as neighbors, minimising any inconvenience to all parties.

Minimising pollution

Noise pollution is eliminated through the installation of sound proof generators. Equipment emitting radiation is secured through protection barriers approved by the Atomic Energy Authority. Our

We have created an extensively signage system enabling easy movement and traffic control. External signage effectively creates the awareness on safety required for patrons as well as neighbors, minimising any inconvenience to all parties.

external environment is maintained by external resource people, whilst the internal environment of the hospital is maintained by trained staff.

Reducing energy consumption

Energy usage is carefully monitored and effective steps are taken to minimise usage where possible. CFL bulbs have been replaced with energy efficient LED lights in most areas. The central air conditioning system with chilled water cooling chambers installed, contributes extensively to energy savings compared to earlier split and window type units.

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DR MADHANGA CHANDRASEKARA
Dental Surgeon

Enterprise Governance

Dear Durdans

When I decided to move my practice from Kandy to Colombo last year, I was keen to be associated with a progressive organization, which was willing to consider innovations in my area of specialty. My objective was to introduce effective Laser Dentistry.

I felt Durdans was the most suitable private health care institute to support this initiative as it already has a Heritage built on values and expertise.

My interactions with the management proved to me that they are indeed, always searching for cutting edge technology for every sphere of specialization. Therefore for me our partnership was the ideal solution. I relish the experience of serving as a member of this team, and the way the patients value our service. I am truly grateful to Durdans for helping me realize a dream.

Dr. Madhanga

Enterprise Governance

Establishing Enterprise Governance is no longer an option, it is becoming the frame work under which good governance is being benched marked. Regulatory requirements are now expecting the complimenting of the same fundamentals. To the shareholder it is his right to expect, his organisation follows the guidelines and conducts a business which is profitable, yet ethical and sustainable. Enterprise Governance is defined as “the set of responsibilities and practices exercised by the board and executive management with the goal of providing strategic direction, to meet the set objectives, whilst ascertaining that risks are managed appropriately and verifying that the organisation’s resources are used responsibly” (IFAC 2001)

The Enterprise Governance frame work encompasses complex yet essential accountability standards that need to be maintained, in any organisation, - Under the dimensions of Conformance and Performance. Maintaining conformance is now a hygiene factor in all well managed businesses. The fundamental elements covered under the Corporate Governance frame work such as the Structure of the Board, the roles of its members and the remuneration of the executives is already well defined and the processes are well entrenched at Durdans.

The performance aspect is enhanced as a dynamic involvement to holistically deliver on the Enterprise Governance measurements. The organisation has embarked on a further quality improvement exercise, when completed would result in clearly differentiation our business against competition. As a reputed, respected and trusted enterprise the organisation has ensured all stakeholder interests are fully addressed, in the most ethical, transparent and just manner. With the fundamental core values of the organisation reiterating the care and compassion offered to patrons, the new business health check via Enterprise Governance further reinforces the commitment of the organisation, and the management to continue its diligence.

Being a listed company, we honor our responsibility by fulfilling all statutory, regulatory requirements of Corporate Governance stipulated by the Colombo Stock Exchange. We comply fully with the requirements of the listing rules of the CSE (refer pages 37 to 38 for status on compliance). The company also adheres to the Code of Best Practice jointly issued by the Institute of Chartered Accountants of Sri Lanka and Colombo Stock Exchange. In addition ongoing efforts are made to improve operational standards to conform to evolving best practices in our own industry. The current emphasis on quality improvement would result in international accreditation for the business in the near future.

Overall business management practices have been enhanced to ensure world class standards in meeting the needs of all our stakeholders. Clearly identified medium term Strategic Plan becomes the foundation of the yearly plans. Business planning, allocation of accountability, managing the performance and rewarding based on performance is already an entrenched sequence which, today has become a key motivator for the Senior level staff to perform

beyond expectations, and cascading of the same process has already commenced. This has enabled the organisation to confidently achieve the sound foundation, needed to meet all future challenges as we continue to be the most preferred healthcare partner for the Sri Lankan consumer.

With the clear objective of providing world class health care to the nation and beyond, the team works tirelessly to achieve standards that are required to bench mark us with the best in the world.

Conformance Measurements

The Composition of the Board of Directors

The board of the company consists of eight directors including two Executive Directors and six Non-Executive directors. The names of the Directors and their profiles are detailed in the page 14 of this Annual Report.

The presence of six Non-Executive directors conforms to the stipulated rules of CSE of having more than one-third of the total as Non-Executive Directors. The Board consists of individuals who have competencies and skills in both technical and commercial aspects, thus are able to add extensive value in the strategic decision making and monitoring process.

Chairman / President

The Chairman holds the supreme position of Executive Chairman but this in no way compromises the open and independent views being shared by all members of the team. The organisation encourages the contribution of innovative ideas by all members, resulting in continuous upgrade to our functional excellence.

Responsibilities of the Board

The management team holds the primary responsibility to map out the direction of the business based on identified needs. The Board holds the responsibility to validate the management team’s recommendations on strategic direction. It also ensures that the organisations overall performance is in line with the plans it has created, whilst making sure the risks are well managed and that organisational ethics are upheld with utmost respect. Operational accountability lies with the management team based on the set plan. The Board approves the annual business plan in the form of SIA (Strategy into Action) of the company, and plays an active role in deciding on the investments relevant for the business.

Effectiveness of the Board

The business effectiveness is safeguarded by the Board. The Board comprises of members representing key management disciplines such as Finance, Medical, Engineering and Marketing fields, thus are able to effectively contribute to the betterment of the organisation, maintain a macro perspective of the ongoing operations. It focuses on monitoring financial performance against the plans, whilst observing and regulating the management committee and the sub committees.

Formal, well planned Board meetings are held at regular intervals, with Board papers related to the agenda being circulated to the members well in advance, to ensure full, well deliberated participation of all members.

THE COMMITTEES UNDER THE PURVIEW OF THE BOARD;

REMUNERATION COMMITTEE

The Remuneration Committee consists of three independent Non-Executive Directors, Mr A S Abeywardene acts as the Chairman of the committee. Mr Y N R Piyasena and Dr NY Wijemanne are members. The Chairman of the Company plays the role of an observer in the process.

The Finance Management Consultant joins the team by invitation, when compensation packages are being reviewed. The Committee meets once a year to review policy framework related to the remuneration of the Senior Management team, Executive Directors and the Chairman. The key focus is directed at ensuring that high performers are recognised and rewarded. All rewards are linked to individual and organisational performance, thus serving as a key motivator for the team.

AUDIT COMMITTEE

The Audit Committee oversees the preparation, presentation and adequacy of disclosures and the integrity of the Financial Statements, Risk Management processes, and Internal Controls. It also oversees

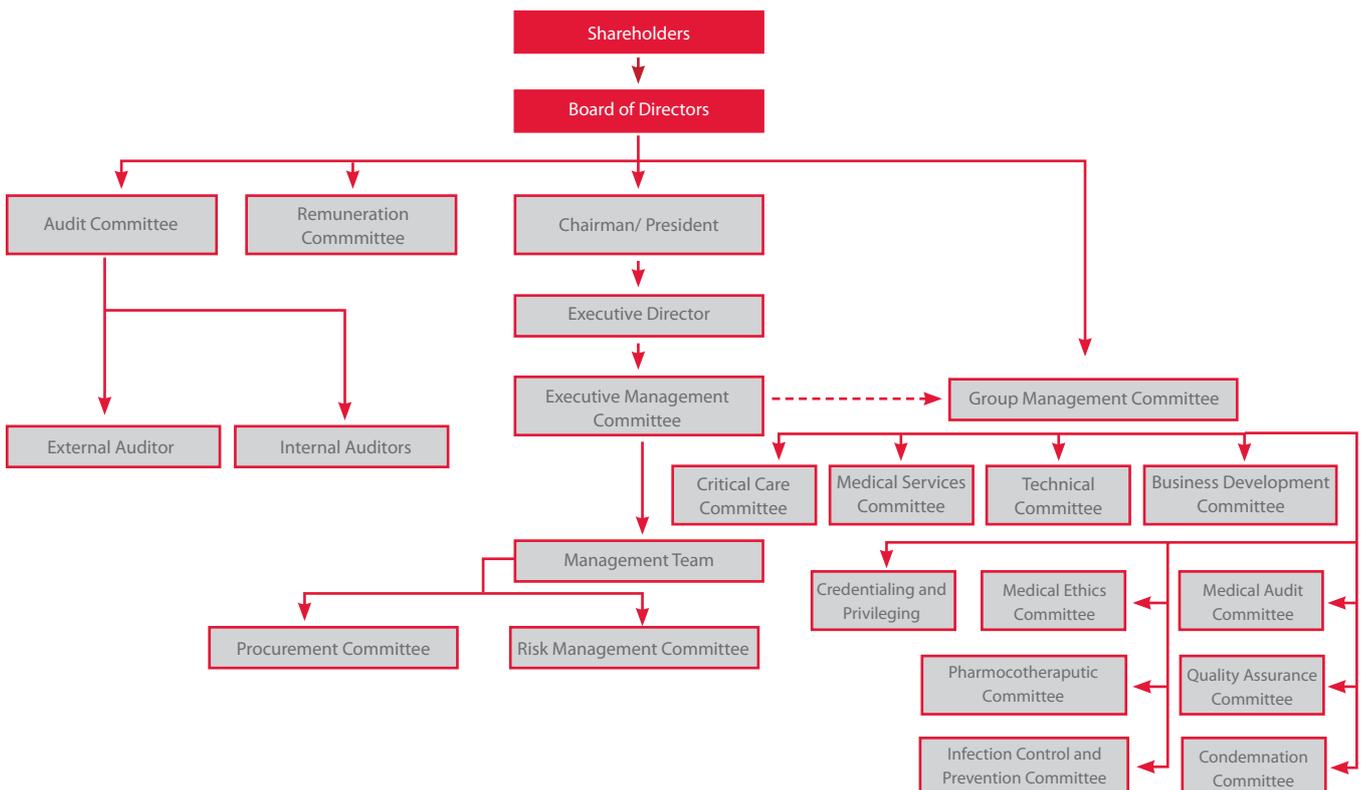
The organisation's compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations as well as the independence and performance of the External Auditors and monitors the internal audit function. The committee is responsible to ensure compliance with applicable laws and regulatory requirements and determine the appointment, evaluation, terms of engagement and fees of the Auditors.

The present Audit Committee comprises of three independent Non-Executive Directors. Mr A S Abeywardene, Chartered Accountant - (Chairman of the Committee), Dr NY Wijemanne and Mr Y N R Piyasena. The Chairman, Mr Ajith Tudawe and Executive Vice-President, Mr Upul Tudawe participates at the meetings by invitation as the executive directors.

Mr Sirimal Senaratne, Finance Manager, Dr Ruwan Senathilleke, Manager-Medical Services, Dr Jithendri Perera, Deputy Manager – Allied Medical Services, Mr Jayantha Pathiratne, Human Resources Manager, Mr Mahanil Perera, Marketing Manager and Mr Aminda Tudawe, Manager Brand Communication and Supply Chain attend the meetings by invitation.

The Internal Auditors Messers Ernst & Young Advisory Services (Pvt.) Ltd represented by a partner and his team attend the meeting by invitation as well.

Enterprise Governance Framework at Durdans



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Enterprise Governance

Group Management Committee (GMC)

The Group Management Committee assumes overall responsibility for all strategic and operational functions and is only preceded by the Board. This Committee comprises of the Chairman, Executive Director, Senior Vice-President - Administration, Senior Vice-President Medical, Vice-President Critical Care, Manager- Marketing, Manager-Brand Communication and Supply Chain, Manager - Medical Services, Deputy Manager - Medical Services, Manager-Finance and Manager-Human Resources.

The GMC acts as the intermediary body to validate strategic decision that needs to be made by the Executive Management Committee. GMC may seek Board approval, when necessary in matters related to the macro implications.

Executive Management Committee (EMC)

The Executive Management Committee comprises of the Chairman, Executive Director, Manager - Marketing, Manager- Brand Communication and Supply Chain, Manager - Medical Services, Deputy Manager- Medical Services, Manager- Finance and Manager-Human Resources. This Committee holds regular meetings weekly and takes full responsibility for the operational efficiency of the organisation.

Critical Care Committee (CCC)

The Committee is chaired by the Vice-President – Critical Care and comprises of the Vice-President -Medical Services, Executive Director, Manager -Human Resources, Manager - Medical Services, two Medical Officers from the Critical Care Units, Chief Nursing Officer and Matrons. The Senior Consultant - Cardiac Surgeon and the Senior Consultant Cardiac Anesthetist attend the meetings by invitation. The committee discusses all pertinent issues related to the Critical Care Units and issues related to Infection Control throughout the organisation. Their observations are reported to the Group Management Committee at its fortnightly meetings.

Medical Services Committee (MSC)

The Committee is chaired by the Senior Vice-President - Medical and includes the Executive Director, Critical Care Director, Manager - Medical Services, Manager -Human Resources, Deputy Manager - Medical Services, Chief Nursing Officer, Resident Physician, Resident Pediatrician, and the Senior Medical Officer. The meetings are held once a month, addressing all issues pertaining to the medical management of the full hospital, such as patient's complaints, issues concerning doctors and nurses and all other aspects of patient care, logistical problems of patients, accommodation, medical and nursing staff concerns etc., It also addresses the aspects of CPD and CME programs of doctors and nurses. The observations are reported to the Group Management Committee at its fortnightly meetings.

Procurement Committee (PC)

The Procurement Committee was established to ensure purchasing efficiency and controls on all purchases within the Group. Whilst delivering buying efficiency the team is expected to display transparency and best practices in the purchasing procedure. Meetings are held once a month.

Supply Chain efficiency is a critical ingredient for our success, we constantly strive to upgrade our processes benchmarking ours with the best practices in Supply Chain Management.

The committee comprises of the Manager- Brand communication and Supply Chain, Manager- Marketing, Manager - Finance, Manager - Medical Services, Deputy Manager Medical Services and Manager - Human Resources. The team is guided by the Chairman and Executive Vice President.

Credentialing and Privileging (C & P C)

Durdans strive on constantly upgrading the quality standards of our operations, and is currently focusing on achieving world recognised accreditation soon. The process requires that we match the skill set of the medical profession involved, with the needed skills required to make our business more meaningful. The objective of the newly formed committee is to screen all Consultants, and medical officers ensure the credentials are in line with the services undertaken.

Committee comprises of the Consultant Microbiologist, Senior Vice-President Medical services, Manager – Medical Services, Deputy Manager – Medical Services and other team members.

Medical Ethics Committee

The newly formed committee is responsible to facilitate good governance and ethical practices in the organisation, by being an advisory body to the management. The participants include Senior Vice-President - Medical, Consultant physician, Manager – Medical Services, Chief Nursing officer and other members representing the medical and nursing profession of the organisation, along with external support from a member of the legal profession, a religious leader and a member of the public. The committee meets once a month.

Medical Audit Committee

The committee is responsible to independently monitor, review and report to the chairman/Head of organisation on the processes of clinical governance and where appropriate, to facilitate and support through its independence, the attainment of effective processes and clinical care protocols. The committee of Senior Vice-President – Medical, Manager – Medical Services, Deputy Manager- Medical Services, Chief Nursing officer, Resident Consultants and the Medical record room officer. The committee meets once a month.

Quality Assurance Committee

The committee meets once a month chaired by the Chairman and attended by the Senior Vice-President - Medical, Vice-President-Critical Care, Manager- Medical Services, Deputy Manager- Medical Services, Manager- Finance, Manager – Marketing, Manager – Brand Communication and Supply Chain, Manager – Human Resources and other members as relevant.

The committee has the mandate to ensure that all quality parameters identified in the SOP, is assessed against the established KPIs and early attention made to any deviations. The process is aligned to the organisation wide, quality drive that has been initiated to benchmark world class standards.

Pharmacotherapeutic Committee

The committee which meets once a month works with the objective of streamlining the systems and processes related to all pharmacotherapeutic issues across the organisation, including setting up the best practices and regular audits to ensure adherence to set processes.

Infection Control and Prevention Committee

The committee is Chaired by the Consultant Microbiologist with the Executive Vice President, Senior Vice-President - Medical Services, Vice-President- Critical Care, Manager – Medical Services, Deputy Manager- Medical Services, Chief Nursing Officer, all resident Consultants, as well as other relevant members in attendance. The committee meets once a month.

The committee has established the scope of the function and critical measurements that need tracking, the key objective of the committee is to ensure that all parameters are kept within the acceptable norms in line with international standards.

Condemnation Committee

The Committee is headed by the Executive Vice President, supported by Senior Vice-President - Administration and attended by the Manager - Finance, Manager – Marketing, Manager - Brand Communication and Supply Chain, Deputy Manager- Medical Services along with relevant departmental heads. The key objective of the committee is to streamline the condemnation process and to ensure that ethical and safe measure are practiced by the organisation. The committee meets once a month.

Accountability and Audit

The Board takes necessary steps to ensure the integrity of the accounting and financial reporting systems and internal control processors which are subject to periodic reviews. The Board employs a Senior Chartered Accountant to provide the required knowledge and guidance on finance matters to ensure the financial and operational controls, ethical conduct and compliance with legal and regulatory requirements are maintained at all times.

The Company has complied with the mandatory disclosure requirement on Corporate Governance for Listed Companies in Sri Lanka issued by the Colombo Stock Exchange (CSE) as set out below.

Rule No	Area Covered	Requirement	Compliance Status	Details
7.10.1	Non-Executive Directors	Two or one third of the total number of directors whichever is higher should be Non-Executive	Compliant	Six out of eight directors are Non-Executive Directors
7.10.2 (a)	Independent Directors	Two or one-third of Non-Executive Directors, whichever is higher should be independent	Compliant	Three out of six Non-Executive Directors are independent
7.10.2 (b)	Non-Executive Directors	Each Non-Executive Directors should submit a declaration of independence/non-independence	Compliant	All Non-Executive Directors have submitted the declaration in the prescribed format
7.10.3 (a)	Disclosures Relating to Directors	The names of the Directors who are determined to be "independent" will be set out in the Annual Report	Compliant	
7.10.3 (b)	Disclosures Relating to Directors	A determination has to be made by the board as the independence or the non-independence of Non-Executive Directors	Compliant	
7.10.3 (c)	Disclosures Relating to Directors	Brief resume of each Independent Directors should be disclosed in the Annual Report	Compliant	Page 14 in the Annual Report
7.10.5	Remuneration Committee	A listed company shall have a Remuneration Committee	Compliant	Page 35 in the Annual Report provides the Remuneration Committee Report

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Enterprise Governance

Rule No	Area Covered	Requirement	Compliance Status	Details
7.10.5 (a)	Remuneration Committee - Composition	i) Remuneration Committee shall comprise of a minimum of two independent Non-Executive Directors or a majority of independent Non-Executive Directors, whichever is higher	Compliant	The Remuneration Committee comprises of three independent Non-Executive Directors Mr A S Abeywardene, independent Non-Executive director functions as the chairman of the committee
		ii) Non-Executive Director shall be appointed as Chairman of the Committee by the board	Compliant	
7.10.5 (b)	Remuneration Committee	The Remuneration Committee shall recommend the remuneration of the Chief Executive Officer and the Executive Directors	Compliant	Please refer the Remuneration Committee report on page 35
7.10.5 (c)	Remuneration Committee	The Annual Report shall set out;		
		i) Names of Directors comprising the Remuneration Committee	Compliant	Page 35 In the Annual Report
		ii) Statement of Remuneration Policy	Compliant	Page 35 in the Annual Report under Remuneration Committee
		iii) Aggregate remuneration paid to Executive & Non-Executive Directors	Compliant	Page 72 in the Annual Report
7.10.6	Audit Committee	A listed company shall have an Audit Committee	Compliant	Please refer the Audit Committee Report in the page 48
7.10.6 (a)	Audit Committee	Audit Committee shall comprise of two independent Non-Executive Directors or a majority of independent Non-Executive Directors, whichever is higher	Compliant	Audit Committee comprises of three independent Non-Executive Directors
		Chief Executive Officer and Chief Financial Officer shall attend Audit Committee meetings	Compliant	CEO is a member of the committee and CFO attends on invitation
		One Non-Executive Director, who is a member of a professional accounting body shall be appointed as Chairman of the Audit Committee by the Board	Compliant	Mr A S Abeywardene functions as the Chairman of the Audit Committee
7.10.6 (b)	Audit Committee	Audit Committee shall have functions as set out in section 7.10.6 of the listing rules	Compliant	Please refer the Audit Committee Report on the page 48
7.10.6 (c)	Audit Committee	The Annual Report shall set out the names of the Directors that comprises the Audit Committee	Compliant	Please refer the page 35
		The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination	Compliant	Please refer the page 48
		The Annual Report shall contain a Report of the Audit Committee setting out the manner of Compliance of the functions	Compliant	

Enterprise Risk Management in Action

Enterprise Risk Management covers strategies, techniques and approaches in recognising, acting upon and mitigating any current or potential threat the organisation could encounter which would hamper the progress of the organisation. Today it covers not only the conventional financial and insurable hazards but transcends into a wide variety of strategic, operational, reputational, regulatory information risks. With over six decades of experience behind us we have become exceptionally competent in taking calculated, prudent risks to support our objectives.

This learning has also generated a strong ability within the organisation in creating a strategic competitive advantage by managing risks in a proactive manner, with careful study. Whilst Risk Management is prudent but pragmatic, the following processes and methodologies have been implemented to ensure maximum effectiveness. The processes are validated periodically to ensure best fit to emerging needs.

- Risk Management Committee – the functions of the committee include of proactively mapping the potential risks, assessing the likelihood of occurrence, and assessing the impact of each event on the business.
- Risk-awareness culture is being created throughout the organisation by educating the team leaders on the risks faced by the organisation. This awareness and training has been put into practice in each area of functions and thereby risks of the organisation at operational level is mitigated and managed.
- The accountability and the responsibility of each type of risk has been identified and are reviewed periodically.

- Empower business areas/departments to be responsible for managing risks in accordance with the organisation’s Risk Management policy and reward risk optimisation initiatives – necessary training has been provided to all the departments for the successful monitoring and management of identified risks.
- Generate continuous assessment and improvement – the process is monitored on an ongoing basis for necessary interventions.

Risk Management Process at Durdans

The following process is in place, and will continue to be reviewed at the beginning of every year.

- Identifying the potential risks
- Identifying the level of the impact, in the event it occurs
- Identifying the likelihood of occurrence
- Mapping the risk in the Risk Rating Matrix
- Deciding on the action plan to mitigate or manage the risk

The impact of the event is estimated by ascertaining the possible loss that would be incurred by the company in the event the risk occurs. A five point ranking is being used to assess the gravity; Very High, High, Moderate, Minor and Insignificant.

The likelihood of the occurrence is also categorised in a similar manner; rare, unlikely, possible, likely, almost certain. The probability of the occurrence is assigned using the extensive experience the team has in the business. The risks are further classified on dual parameters of the likelihood of occurrence and the impact on the business using an assessment of; Very High Risk, High Risk, Moderate Risk, Minor Risk and Insignificant Risk.

The following table explains how the risk mapping is done at Durdans.

Impact	5	Very High					
	4	High					
	3	Moderate					
	2	Minor					
	1	Insignificant					
			Rare	Unlikely to occur	Possible to occur	Likely to occur	Almost certain to occur
			1	2	3	4	5
Likelihood of Occurring							

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Enterprise Governance

The committee holds full responsibility in applying an effective Risk Management Strategy in the company. The identified risk and suggested managing methodologies will be reported to the Group Management Committee by the Risk Management Committee and the Group Management Committee will review the effectiveness of the action plans and monitor the implementation.

Clinical Risk

Clinical risks are detrimental to our business. We believe in mitigating the Clinical Risks by creating high quality standards and paramount safety standards in what we do every day. At the same time the team deliberates extensively to identify any potential risk to the patients, and to ensure preventative measures are in place.

Our fundamental business philosophy revolves around the excellent medical, clinical and after care we provide. Every single member of the team is conscious of this discriminator that sets us apart from the rest in the healthcare sector. To ensure the further strengthening of our core strengths we use the Adverse Incident Reporting Mechanism, effectively.

The organisation is now moving a step ahead, by working toward an international accreditation for the operations. This world renowned programme covers the full business operations at maximum depths, ensuring that world-class best practices are in place, at Durdans. Given our continuous drive to innovate and improve the way healthcare is delivered in Sri Lanka, this programme will set our operations even further apart from all other contenders.

Awareness Programs are conducted to achieve necessary cultural and mindset changes among the team members to initiate volunteer reporting forming a strong foundation to this process. The activities implemented towards good Clinical Risk management include:

- Credentialing of medical staff
- Incident monitoring and tracking
- Complaints monitoring and tracking
- Infection control
- Documentation of medical records

Operational Risk

The Group aims to reduce Operational Risks such as damages to property, interruption to business and liability that could form a risk to our business through active risk reduction measures. The objective of our Operational Risk management is to identify and minimise risks associated with operations, assets, environment and personnel. The entire organisation is covered by the fire protection system. The remaining risks are covered with insurance to the maximum extent as defined by the management and the Board of Directors.

The organisation obtains the consultation from an external risk management organisation. This organisation evaluates the risks faced by the company at the beginning of the financial year and provides a

report to the Board of Directors. Appropriate actions are taken to put the recommendation in the report into operation.

Economic Risk

We operate in a highly volatile and dynamic environment, various factors that impact the economy of our country, tend to have implications on the success of businesses in general.

With health care being an almost essential service we are somewhat insulated relative to some other industries. However we have to be very agile in identifying potential risks that could impact our business plan and generate proactive steps to mitigate the same. The company follows a detailed management review process enabling the team to take prompt action to reverse any negative impact fast. With the collective experience of the team at the helm, generally anticipating changes are effectively done, and the adverse impact minimised always.

Industry Risk

The health care industry is expanding at a rapid pace, whilst the demand continues to increase, the pace at which all the service providers are gearing their offerings will soon result in a situation of over capacity. Therefore, it was considered important for the business to map the direction of the business, carefully carving a distinctive positioning for the Brand. The focused strategic planning process ensures that we mitigate potential industry risks and can continue to maintain the momentum of growth.

Our planning starts from understanding current and emerging needs and aligning our offering to deliver the ideal solution to fit the needs. During the process we continue to keep vigil on emerging innovations in health care in the developed world, borrowing with pride the technical and resource based knowledge and competencies. It is the reason for our ability to stay ahead, carving the path for health care in general in Sri Lanka.

Innovativeness in offering unique services, ensuring the best value for money, maintaining the highest standard of quality and maintain high efficiency are some of the fundamental strains that have made it possible for us to demarcate our edge mitigating industry risk.

Financial Risk

With our continuous drive to invest in technical superiority financial risks are real for our business. The organisation is mindful of the gearing levels and manage its borrowings carefully. Whilst meeting all the obligations on time, the management places utmost diligence in the monitoring any fluctuations in the interest rates, uses extensive negotiations to obtain the best return for the organisation.

The liquidity position of the organisation is monitored closely on a daily basis and cash flows are managed extremely well. Any investment opportunity is backed by an extensive feasibility prior to embarking so that Return on Investment (ROI) is guaranteed.

Credit Risk

With corporate customers and insurance companies comprising a significant share of our customer portfolio, credit risks are constantly monitored. To mitigate the Credit Risk, the Group has devised a mechanism of stringent monitoring, wherein credit limits are reviewed and renewed constantly, based on ratings generated, pertaining to business volumes and speedy settlement records.

Reputation Risk

Reputation Risk may create immeasurable damage to the equity of the brand, if and when it happens. Durdans safe guards its reputation with zeal, by carefully following laid down guide lines to handle consumer grievance if any. Greater focus of the team is always placed on making a memorable experience for every customer, at every point of interaction. Constant improvements to an already well established way of operation is undertaken by the management on a daily basis.

Patients and Staff Safety

Patient and staff safety is held in very high importance. We have evaluated this area in adequate depth and have mapped out all potential areas with clearly defined actions being in place.

Exposure to environmental risk is a challenge that is real today. We take responsibility to review and discuss any such risk and implement, fast, preventative actions necessary. Vaccination against infections such as Hepatitis B is used on staff members that are vulnerable. Regular screening tests are conducted for staff of critical care units to minimise hospital borne infections. Awareness programs initiated for medical, clinical staff and healthcare professionals to tackle some of the most formidable issues help to create defensible medical records.

Patient safety is upheld as paramount in our business always. The current ongoing, drive for accreditation, places this are at the helm and process review and modifications is being done to eradicate potential limitations.

Human Resources

We continue to value our people as the most important asset. They make our vision a reality by delivering utmost care to our patrons, every time. Every single employee epitomises our values while at work and away from work. In other words, the caring stance inherent to our culture is part of the DNA of our people. However, the dynamic private health care sector makes it necessary for us to constantly enhance our proposition. We have managed to address the need of keeping our team constantly motivated with a carefully designed performance driven culture. Every team member clearly understands how his function delivers value in the system and is committed to uphold the highest standard of delivery in every thing they do.

We have been making positive progressive steps in transforming our organisational culture to be able to create a cohesive team environment at every level. Today we are able to cascade information quickly and effectively through our Team Leaders which has resulted

in open and realistic communication being disseminated across the total organisation. Gaps identified through the Satisfaction Survey conducted have been addressed effectively.

Information Security

The Durdans operations run on a fully computerised environment and the information security is considered very important for uninterrupted service. The loss of data, due to technical failures, system down time and the threat of viruses have been identified as risks. Steps have been taken to ensure the protection of the system from such issues.

The system runs on a high-end VMware VSphere 4 server and system down time is zero due to the availability of a back-up server. Further, the accessibility to the server has been restricted to the maximum level.

Patient data which is confidential needs to be stored and protected in a secure manner. The organisation has taken steps to set up adequate firewalls to protect unauthorised access. Spam control and mail firewalls, protect the system from getting affected via regular communication. External labs are connected to the system via a secure IP- VPN connection.

Dear Durdans,

My story began at Durdans in 2004 as a Junior medical officer straight after my internship. I am currently attached to the Maternity Care unit. It is my personal belief that the knowledge I have acquired working here is immeasurable. We have the best of the consultants supporting our unit, and as in-house medical officers our horizon is widened with these interactions. We get the opportunity to share the wonderful experiences of bringing a life into this world. We touch the lives of our patients so closely that they continue to come here every time there is a new addition to their family. Furthermore, the goodwill they generate encourages the people around them to experience our services as well.

I am thankful to the management of Durdans, for the continuous input that is provided to make our services the best in the industry.

Thank you Durdans for giving me the opportunity to be a part of this great team

Dr. Mineri



Financial Reports

DR. MINERI BATUWITAGE HEWAWASAM
Obstetrics and Gynaecology

44 THE QUALITY PRINCIPLE

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

The Board of Directors of Ceylon Hospitals PLC takes pleasure in presenting its report combined with the audited Consolidated Financial Statements for the year ended 31st March 2013.

The details set out herein provide the pertinent information required by the Companies Act No. 07 of 2007 and the Colombo Stock Exchange Listing Rules and are guided by recommended best practices.

Core Competencies

We specialise in providing healthcare par excellence to the discerning consumers of Sri Lanka.

A comprehensive review of our competencies, the operations and future plans are fully explained in the Chairman's Message of the Annual Report.

Financial Statements

The Financial Statements of the Company are given on pages 50 to 97.

Auditors' Report

The Auditors' Report on the Financial Statements is given on page 49.

Accounting Policies

The Accounting Policies adopted in the preparation of the financial statements are given on pages 54 to 63.

The Board of Directors

The composition of the Board during the period under review is highlighted below:

Executive Directors

Mr A E Tudawe - Chairman/President
Mr U D Tudawe - Executive Director

Non-Executive Directors

Mr S P Tudawe
Dr A D P A Wijegoonewardene
Dr K A T W P Jayawardene
Mr Y N R Piyasena
Mr A S Abeyewardene
Dr N Y Wijemanne

Independent Non –Executive Directors

Mr A S Abeyewardene
Dr N Y Wijemanne
Mr Y N R Piyasena

Mr Y N R Piyasena has served more than ten years on the Board. The Board, taking into account all the circumstances, is of the opinion that Mr. Y N R Piyasena is nevertheless independent.

Mr S P Tudawe and Dr A D P A Wijegoonewardene play a consultative role in the Group Management Committee.

Dr N Y Wijemanne will vacate office as per the requirements of Section 210 of the Companies Act No. 07 of 2007 and a separate resolution will be tabled at the forthcoming Annual General Meeting to obtain the sanction of the shareholders to reappoint him a Director of the Board as per Section 211 of the Companies Act.

The Board unanimously recommends his re-appointment.

Dr K A T W P Jayawardena will retire from the Board from 27th June 2013. The Board wishes to record its appreciation for the services rendered by him to the Company during his tenure.

Mr Y N R Piyasena comes up for re-election under Article 58 of the Articles of Association and being eligible offers himself for re-election. The Board unanimously recommends his re- election.

Interest Register and Directors' Interest in Contracts

Directors interest in contracts or proposed contracts are disclosed under Note 30 to the Financial Statements and have been disclosed at Meetings of the Directors and recorded in the Interest Register as per the Section 192 of the Companies Act No.07 of 2007.

Directors' Interest in Shares

	31.03.2013 No of Shares		31.03.2012 No of Shares	
	Voting	Non -Voting	Voting	Non -Voting
Mr A E Tudawe	205,052	-	205,052	-
Dr A D P A Wijegoonewardene	199,462	-	199,462	-
Mr S P Tudawe	307,936	-	307,936	-
Mr U D Tudawe	170,616	-	170,616	-
Dr K A T W P Jayawardene	5,672	7,200	5,672	7,200
Mr Y N R Piyasena	553,134	-	553,134	-
Mr A S Abeyewardene	1,440	1,200	1,440	1,200
Dr N Y Wijemanne	762	-	762	-

Directors' Remuneration

The Directors' remuneration is disclosed in Note 07 to the Financial Statements.

Corporate Governance

The Board is committed to maintain high standards of corporate governance, the process by which the Company is directed and managed. The corporate governance report is given on pages 34 to 38 of the Annual Report.

Risk and Internal Control

The risk management report is given on pages 39 to 41 of the Annual Report.

The Directors accept the ultimate responsibility for the system of internal controls of the Company. The systems are geared to provide reasonable assurance that the assets of the Company are safeguarded and that all transactions conducted as relevant are properly authorised and duly recorded. Further details of the internal control systems in operation are also contained in the Statement of Directors' Responsibilities on page 47 and the Audit committee Report on page 48 of the Annual Report.

Taxation

The tax liability of the Company has been computed according to the provisions of the Inland Revenue Act No.10 of 2006 and amendments thereto.

The method of computation of taxes of the Company and the Group has been shown in the Note 8 to the Financial Statements.

Corporate Donations

During the year under review, charitable donations amounting to Rs. 1.56 Mn were made by the Company.

Capital expenditure

The total capital expenditure during the year amounted to Rs. 108 Mn for the company.

Property, Plant & Equipment

Details of property, plant & equipment are given in Note 10 to the Financial Statements.

Stated Capital

The stated capital of the Company as at 31st March 2013 was Rs. 916,366,104/- represented by 25,527,272 voting shares and 8,345,454 non voting shares.

Shareholdings

There were 2,593 registered Voting Ordinary Shareholders and 1,542 Non-Voting Ordinary Shareholders as at 31st March 2013.

The distribution of share holdings is shown on page 101 of the Annual Report.

Share Information

Information relating to earnings, dividends, net assets and market value per share is available under Share Information on pages 101 to 102 of the Annual Report along with information on share trading.

Substantial Shareholding

The twenty major shareholders as at 31st March 2013 are given on pages 102 to 103 of the Annual Report.

Director's Responsibility for Financial Reporting

The Directors are responsible for the preparation of Financial Statements of the Company and the Group to reflect a true and fair view of the state of its affairs. The Directors are of view that these Financial Statements appearing on pages 50 to 97 have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No.15 of 1995 and the Listing Rules of the Colombo Stock Exchange. The Statement of Directors' Responsibility for Financial Reporting is given on page 47 of this Annual Report which forms an integral part of this Report and also confirm that the Company has complied with prudential requirements, regulations, laws and internal controls.

46 THE QUALITY PRINCIPLE

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

Dividends

An interim dividend of Rs 2/- per share for the period under review was paid to Voting and Non-Voting Shareholders of the Company in the month of March 2013.

The Directors do not recommended further dividends for the financial year under review.

Statutory Payments

The Directors, to the best of their knowledge and belief are satisfied that all statutory payments due in relation to employees and the Government, have been made promptly upto date, or adequately provided for the in the Financial Statements.

Events Occuring after the Reporting Date

No circumstances have arisen since the reporting date which would require adjustments to or disclosure in the accounts except those disclosed in Note 28 to the Financial Statements.

Going Concern

The Board of Directors is satisfied that the Company will have adequate resources to continue its operations without any disruption in the foreseeable future. Accordingly, the Directors consider that it is appropriate to prepare Financial Statements as an ongoing concern basis.

Auditors

The Financial Statements of the Company for the year have been audited by Messrs B R De Silva and Company, Chartered Accountants, who are recommend for re-appointment.

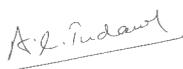
A sum of Rs. 847,796/- was paid to them as audit fee during the year under review.

Annual General Meeting

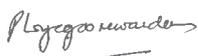
A resolution will be passed at the forthcoming Annual General Meeting for reappointment of Messrs B R De Silva and Company as Auditors and authorising the Directors to fix their remuneration.

The Annual General Meeting of the Company will be held at the Durdans Auditorium (11th floor) of Ceylon Hospitals PLC, No. 03, Alfred Place, Colombo 03 on 27th June 2013 at 9.30 a.m. The Notice of the Annual General Meeting appears on page 104.

For and on behalf of the Board,



A E Tudawe
Chairman



Dr A D P A Wijegoonewardene
Director

Statement of Directors' Responsibility in Relation to Financial Statements

The following statement which should be read in conjunction with the Auditor's Statement of their responsibilities, as set out in their report, is made with a view to distinguish the respective responsibilities of the Directors' and the Auditors, in relation to the financial statements.

The Companies Act No. 07 of 2007 requires that the Directors prepare the financial statements and circulate it among shareholders. These financial statements comprise a Statement of Comprehensive Income, which presents a true and fair view of the profit or loss of the Company for the financial year and a Statement of Financial Position, which presents a true and fair view of the state of affairs of the Company as at the end of the financial year.

Since the Directors are satisfied that the Company has adequate resources to continue in business for the foreseeable future, the financial statements continue to be prepared on 'going concern' basis.

The Directors consider that in preparing the financial statements disclosed on pages 50 to 97 the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgment and estimates, and that all accounting standards which they consider to be applicable have been followed.

The Financial Statements for the year to 31st March 2013 and the comparative periods have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS) that became effective from year to 31st March 2013 for the first time. These SLFRS are a new set of Accounting Standards replacing the previous Sri Lanka Accounting Standards referred to as Generally Accepted Accounting Principles (GAAP). The new sets of Accounting Standards are identical to International Financial Reporting Standards issued up to 2009.

Consequent to the adoption of new Accounting Standards referred to as new SLFRS, new Accounting Policies have been formulated as explained in the notes to the Financial Statements. As per SLFRS the new Accounting Policies formulated in accordance with the new Accounting Standards are not regarded as a change of Accounting Policies; instead they are the outcome of new regime of Accounting Standards replaced.

The Directors have the responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy of the financial position of the Company and which enable them to ensure that the financial statements comply with the provisions of the Companies Act No. 07 of 2007.

The Directors have general responsibility for taking reasonable steps to safeguard the assets of the Company and in this regard to give proper consideration to the establishment of appropriate internal control systems, with a view to preventing and detecting frauds and other irregularities.

The Directors confirm that to the best of their knowledge all taxes, duties and levies payable by the Company and all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and all 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.

By order of the Board,

(Sgd.)

Nexia Corporate Consultants (Pvt) Ltd.

Secretaries to the Company

Audit Committee Report

Purpose of the Audit Committee

- i. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the Financial Statement is correct, sufficient and credible.
- ii. Reviewing, with the management, the Annual Financial Statements before submission to the Board for approval.
- iii. Reviewing, with the management, the quarterly Financial Statements before submission to the Board for approval.
- iv. Reviewing, with the management, performance of statutory and Internal Auditors and the adequacy of the internal control systems.
- v. Reviewing the adequacy of internal audit function, including the structure of the Internal Audit Department, staffing and seniority of the official heading the department, reporting structure coverage and frequency.
- vi. Recommending to the Board, the appointment, reappointment and, if required the replacement or removal of the statutory Auditor and the fixing of audit fees.
- vii. Reviewing the independence and performance of the External Auditors.
- viii. Approval of payment to statutory Auditors for any other services rendered by the statutory Auditors.

Composition of the Audit Committee

The Audit Committee comprises of three Non-Executive/Independent Directors. The Finance Manager, Manager Medical Services, Marketing Manager and the Human Resources Manager, attend the Audit Committee meetings by invitation. In addition, the Internal Auditors of the Company, Messers Ernst & Young Advisory Services (Pvt) Ltd. Represented by a Director of that Company, attend the meeting by invitation.

The members of the Audit Committee are:

Mr A S Abeyewardene - *Chairman (Non-Executive/Independent Director)*

Mr Y N R Piyasena - *Member (Non-Executive/Independent Director)*

Mr N Y Wijemanna - *Member (Non-Executive/Independent Director)*

On Invitation,

Mr Ajith Tudawe - *(Executive Director)*

Mr Upul Tudawe - *(Executive Director)*

The Audit Committee is empowered to examine the financial reporting process and to review the adequacy of the internal controls established by the management, disclosure of Accounting policies, compliance with Sri Lanka Accounting Standards, compliance with statutory laws and corporate governance, the Internal Auditors reports, External Auditors Management reports and the respective internal and external audit programme.

Report of the committee

The Audit Committee had five meetings: all meetings were held on during the year. During these meetings the Audit Committee reviewed the Monthly Internal Audit Reports for the period 01st April 2012 to 31st March 2013.

The Audit Committee also had a meeting on 11th May 2013 to discuss the Annual Audited Accounts of the Company for the year ended 31st March 2013 and the External Auditors Management Letter.

The Audit Committee reviewed and discussed in detail, the monthly Internal Audit Reports submitted by the Internal Auditors for the months of April 2012 to November 2012 relevant to the financial year 01st April 2012 to 31st March 2013. The Internal Audit reports for these months covered all the areas of operations of the Company and were extensively documented. The observations detailed in the Internal Audit Reports together with their recommendations were discussed at the meetings with the Internal Auditors. They also reported to the Audit Committee the status of the implementation of their recommendations and consequently action was taken by the management to ensure that they are effectively carried out by the respective departmental heads of the Company. The Audit Committee is of the view that adequate internal controls and procedures have been established by the management to ensure the effectiveness of the operations of the Company and to safeguard its assets. The Internal Auditors submitted the Internal Audit Plan for the financial year 1st April 2012 to 31st March 2013, to the Audit Committee and after a detailed review and discussion; the Internal Audit Plan was approved by the Audit Committee.

The Audit Committee reviewed the quarterly financial statements submitted to the Colombo Stock Exchange for the financial year 01st April 2012 to 31st March 2013, prior these statements being submitted to the Board of Directors for their approval.

The Audit Committee reviewed and discussed in detail with the External Auditors and the Management, the Annual Audited Accounts of the Company and the External Auditors Management Letter at its meeting on 11th May 2013. The Audit Committee also reviewed the comparative figures of 01st April 2011 and 31st March 2012 and reviewed the accounting standards and the gap analysis. The Audit Committee is of the view that the Accounts of the Company have been prepared in accordance with the Sri Lanka Financial Reporting Standards (SLFRS/LKAS) and the Accounting Policies have been properly disclosed in the Annual Audited Accounts. The Audit Committee also ensured that there is effective interaction between the Internal Auditors and the External Auditors. The Committee requested the External Auditors to independently examine the Internal Audit Reports and to report in their Management Letter for the ensuing year, their observations as to the implementation of the recommendations made by the Internal Auditors.

The Audit Committee has recommended to the Board of Directors that Messers B R De Silva & Company, Chartered Accountants, be re-appointed as Auditors of the Company for the financial year ending 31st March 2014, subject to the approval of the shareholders at the next Annual General Meeting.

Sgd.

A S Abeyewardene

Chairman

Audit Committee

25th May 2013

Independent Auditor's Report

Private & Confidential

B.R.DE SILVA & CO.
Chartered Accountants



INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF CEYLON HOSPITALS PLC

1. Report on the Financial Statements

We have audited the accompanying Financial Statements of Ceylon Hospitals PLC, the Consolidated Financial Statements of the Company and its subsidiaries as at that date, which comprise the Statement of Financial Position as at 31st March, 2013 and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant Accounting Policies and other explanatory notes.

2. Management's Responsibility for the Financial Statements

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

3. Scope of Audit and Basis of Opinion

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

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 principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

We, therefore, believe that our audit provides a reasonable basis for our opinion.

4. Opinion

In our opinion, so far as it appears from our examination of the Financial Statements, the Company maintained proper accounting records for the year ended 31st March, 2013 and the Financial Statements give a true and fair view of the Company's state of affairs as at 31st March, 2013 and its Profit and Cash Flows for the year then ended, in accordance with Sri Lanka Accounting Standards.

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs as at 31st March, 2013 and the Profit and Cash Flows for the year then ended, in accordance with Sri Lanka Accounting Standards of the Company and its subsidiaries dealt with thereby, so far as it concerns the members of the Company.

5. Report on Other Legal and Regulatory Requirements

These Financial Statements also comply with the requirements of Sections 151(2) and 153(2) to 153 (7) of the Companies Act No.07 of 2007.

B.R. de Silva & Co

B. R. DE SILVA & CO.
Chartered Accountants

14th May 2013

Partners – N.S.C. De Silva FCA, FCMA(UK), L.C.Piyasena FCA, L.L.S. Wickremasinghe FCA,
F.S.N. Marikkar FCA, S.M.S.S. Bandara MBA, FCA, D.S. De Silva LLB, Attorney-at-Law
ACA, ACMA(UK)
Partner (Kandy) W.L.L. Perera FCA.

22/4,
Vijaya Kumaranatunga Mv.,
Colombo 05.
Telephone: 0112 513 420-22
Fax: 0114 512 404

E-mail : brds@eureka.lk
www.brdesilva.com

Consolidated Statement of Comprehensive Income

For the year ended 31 st March, 2013	Notes	Group		Company	
		2012/2013 Rs.	2011/2012 Rs.	2012/2013 Rs.	2011/2012 Rs.
Revenue	(3)	3,830,369,150	3,546,523,106	2,470,162,902	2,276,636,557
Cost of Sales		(1,651,414,663)	(1,567,685,682)	(990,271,816)	(903,346,872)
Gross Profit		2,178,954,487	1,978,837,424	1,479,891,086	1,373,289,685
Other Operating Income	(4)	14,410,393	11,803,360	15,035,699	11,565,710
Overheads					
Administration Expenses		(1,410,831,833)	(1,249,822,289)	(1,012,266,062)	(882,413,995)
Other Operating Expenses		(290,038,709)	(239,150,451)	(217,646,477)	(190,288,010)
Finance Cost	(5)	(182,428,489)	(164,558,030)	(113,931,645)	(105,436,683)
Finance Income	(5.1)	19,924,650	10,351,852	67,748,220	62,614,528
		(1,863,374,381)	(1,643,178,918)	(1,276,095,964)	(1,115,524,160)
Share of profit of an associate	(6)	647,380	-	-	-
Profit before Taxation	(7)	330,637,879	347,461,866	218,830,821	269,331,235
Taxation	(8)	(30,334,352)	(61,209,879)	(7,917,869)	(59,441,790)
Net Profit after Taxation		300,303,527	286,251,987	210,912,952	209,889,445
Other Comprehensive Income					
Net (loss)/gain on available for sale financial assets		(819,785)	2,080,002	40,000	72,000
Income Tax effect		-	-	-	-
Other comprehensive income for the year, net of tax		(819,785)	2,080,002	40,000	72,000
Total comprehensive income for the year, net of tax		299,483,742	288,331,989	210,952,952	209,961,445
Profit attributable to:					
Equity Holders of the Parent		264,412,999	249,011,192	210,912,952	209,889,445
Non - Controlling Interest		35,890,528	37,240,795	-	-
		300,303,527	286,251,987	210,912,952	209,889,445
Total Comprehensive Income attributable to:					
Equity Holders of the Parent		263,593,214	251,091,194	210,952,952	209,961,445
Non - Controlling Interest		35,890,528	37,240,795	-	-
		299,483,742	288,331,989	210,952,952	209,961,445
Earnings per Share - Basic	(9)	7.81	7.35	6.23	6.20

The Significant Accounting Policies and the notes from pages 54 to 97 form an integral part of these Financial Statements.

Consolidated Statement of Financial Position

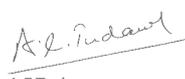
As at 31 st March, 2013	NOTES	Group				Company	
		As at 31.03.2013 Rs.	As at 31.03.2012 Rs.	As at 01.04.2011 Rs.	As at 31.03.2013 Rs.	As at 31.03.2012 Rs.	As at 01.04.2011 Rs.
ASSETS							
Non-Current Assets							
Property, Plant & Equipment	(10)	4,239,622,087	4,310,488,658	4,000,023,056	1,955,704,463	1,980,322,312	1,791,789,587
Capital Work-In-Progress	(10)	-	6,542,915	8,498,451	-	6,542,915	8,498,451
Investments in Subsidiary	(11)	-	-	-	1,171,229,922	1,157,797,422	1,135,297,420
Investment in an Associate	(7)	877,340	-	-	229,960	-	-
Other non-current financial assets	(20)	21,662,198	24,614,329	22,292,702	8,809,979	11,876,443	11,368,689
Prepaid Rent		760,000	860,000	2,400,000	-	-	-
		4,262,921,625	4,342,505,902	4,033,214,209	3,135,974,324	3,156,539,092	2,946,954,147
Current Assets							
Inventories	(12)	237,296,605	215,964,515	166,721,987	156,821,121	137,517,015	97,640,436
Trade and Other Receivables	(13)	106,082,963	125,759,924	99,112,979	74,469,237	147,302,156	60,221,431
Prepayments	(13)	78,880,128	57,882,956	76,444,468	59,870,191	44,075,811	57,201,514
Amount Due from Related Parties	(14)	517,609	1,838,512	3,400,000	204,980,716	192,248,039	276,717,127
Other current financial assets	(20)	148,222,486	169,067,215	72,810,315	88,519,061	55,036,048	47,221,866
Cash and Cash Equivalents	(15)	96,958,764	21,278,821	71,062,716	74,970,871	12,592,181	17,136,645
		667,958,555	591,791,943	489,552,464	659,631,197	588,771,250	556,139,019
Total Assets		4,930,880,180	4,934,297,845	4,522,766,673	3,795,605,521	3,745,310,342	3,503,093,166
EQUITY AND LIABILITIES							
Equity Attributable to Equity holders of the parent							
Stated Capital	(16)	916,366,104	916,366,104	916,366,104	916,366,104	916,366,104	916,366,104
Other Capital Reserve	(17)	532,338,890	532,338,890	344,126,161	532,338,890	532,338,890	344,126,161
Available for Sale Reserve		4,346,999	5,144,002	3,086,782	176,000	136,000	64,000
Revenue Reserves	(18)	1,103,286,544	975,136,627	778,052,109	972,680,647	897,258,599	738,178,243
		2,556,338,537	2,428,985,623	2,041,631,156	2,421,561,641	2,346,099,593	1,998,734,508
Non Controlling Interests	(19)	494,335,061	488,029,456	400,145,347	-	-	-
Total Equity		3,050,673,598	2,917,015,079	2,441,776,503	2,421,561,641	2,346,099,593	1,998,734,508
Non-Current Liabilities							
Interest Bearing Loans & Borrowings	(20.3)	668,719,780	936,706,962	1,031,701,899	383,046,040	541,793,316	620,414,136
Other Non Current Financial Liabilities	(20.2)	105,187,450	102,267,482	100,839,947	105,187,450	102,267,482	100,839,947
Deferred Revenue	(21)	-	-	-	30,024,600	31,364,600	32,704,600
Provisions and Other Liabilities	(22)	99,991,266	81,566,563	79,038,173	89,671,628	75,635,045	74,787,235
Deferred Tax Liabilities	(23)	98,982,194	100,136,651	92,285,237	82,162,746	95,071,408	86,629,618
		972,880,690	1,220,677,658	1,303,865,256	690,092,464	846,131,851	915,375,536
Current Liabilities							
Bank Overdraft		249,759,045	146,861,585	217,349,655	160,445,190	107,456,573	120,535,999
Interest Bearing Loans & Borrowings	(20.3)	312,531,794	313,146,484	226,497,437	172,403,410	172,590,745	151,755,357
Trade and Other Payables	(24)	300,099,066	286,570,343	301,100,539	201,614,533	188,513,563	157,552,439
Taxation Payable	(25)	8,303,932	24,904,916	9,024,504	4,296,673	26,808,674	10,347,832
Amount Due to Related Parties	(14)	1,905,710	1,361,780	976,499	110,465,265	57,709,343	148,791,495
Dividend Payable		34,726,346	23,760,000	22,176,280	34,726,346	-	-
		907,325,893	796,605,108	777,124,914	683,951,417	553,078,898	588,983,122
Total Equity and Liabilities		4,930,880,180	4,934,297,845	4,522,766,673	3,795,605,521	3,745,310,342	3,503,093,166

These Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.



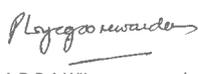
Sirimal Senaratne
Finance Manager

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



A E Tudawe
Chairman/President

14th May 2013



ADPA Wijegoonewardene
Director

Statement of Changes in Equity

For the year ended 31 st March 2013	Stated Capital Rs.	Revaluation Reserves Rs.	General Reserve Rs.	Available for Sale Reserve Rs.	Accumulated Profits Rs.	Total Rs.	Non Controlling Interests Rs.	Total Rs.
GROUP								
Balance as at 01st April 2011	916,366,104	344,126,161	4,822,163	-	781,893,148	2,047,207,576	401,774,165	2,448,981,741
Adjustment on the transition date	-	-	-	3,086,782	(8,663,202)	(5,576,420)	(1,628,818)	(7,205,238)
Surplus on revaluation of Assets	-	188,212,729	-	-	-	188,212,729	-	188,212,729
Increase in the Share of Minority Interest	-	-	-	-	(1,117,583)	(1,117,583)	74,403,313	73,285,730
Net Profit for the Year	-	-	-	-	249,011,192	249,011,192	37,240,795	286,251,987
Other Comprehensive Income	-	-	-	2,080,002	-	2,080,002	-	2,080,002
Dividend Paid - Ordinary Shares	-	-	-	-	(50,809,089)	(50,809,089)	(23,760,000)	(74,569,089)
Balance as at 31st March 2012	916,366,104	532,338,890	4,822,163	5,166,784	970,314,466	2,429,008,407	488,029,455	2,917,037,862
Net Profit for the Year	-	-	-	-	264,412,999	264,412,999	35,890,528	300,303,527
Other Comprehensive Income	-	-	-	(819,785)	-	(819,785)	-	(819,785)
Dividend Paid - Ordinary Shares	-	-	-	-	(135,490,904)	(135,490,904)	(16,924,600)	(152,415,504)
Acquisition of non controlling Interest	-	-	-	-	(772,178)	(772,178)	(12,660,322)	(13,432,500)
Balance as at 31st March 2013	916,366,104	532,338,890	4,822,163	4,346,999	1,098,464,383	2,556,338,539	494,335,061	3,050,673,600

	Stated Capital Rs.	Revaluation Reserves Rs.	General Reserve Rs.	Available for Sale Reserve Rs.	Accumulated Profits Rs.	Total Rs.	
COMPANY							
Balance as at 01st April 2011		916,366,104	344,126,161	4,822,163	-	736,155,952	2,001,470,380
Adjustment on the transition date	-	-	-	-	64,000	(2,799,872)	(2,735,872)
Net Profit for the year	-	-	-	-	-	209,889,445	209,889,445
Surplus on revaluation of Assets	-	188,212,729	-	-	-	-	188,212,729
Other Comprehensive Income	-	-	-	72,000	-	-	72,000
Dividend Paid - Ordinary Shares	-	-	-	-	(50,809,089)	(50,809,089)	(50,809,089)
Balance as at 31st March 2012	916,366,104	532,338,890	4,822,163	136,000	892,436,436	2,346,099,593	
Net Profit for the year	-	-	-	-	210,912,952	210,912,952	
Other Comprehensive Income	-	-	-	40,000	-	40,000	
Dividend Paid - Ordinary Shares	-	-	-	-	(135,490,904)	(135,490,904)	
Balance as at 31st March 2013	916,366,104	532,338,890	4,822,163	176,000	967,858,484	2,421,561,641	

Statement of Cash Flows

For the year ended 31 st March 2013	Group		Company	
	2012/2013 Rs.	2011/2012 Rs.	2012/2013 Rs.	2011/2012 Rs.
Cash Flows from/(Used in) Operating Activities				
Net Profit before Income Tax Expenses	330,637,879	347,461,866	218,830,821	269,331,235
Adjustments for				
Inventory Write - off	2,597,313	5,818,602	1,179,834	3,926,097
Bad Debts Write-off	4,762,285	1,168,249	1,833,500	966,787
Depreciation Charge for the year	254,333,182	249,911,055	126,976,487	125,485,932
Finance Income	(19,924,650)	(68,879,264)	(67,748,220)	(62,430,834)
Finance Costs	182,428,489	164,558,030	113,931,645	105,436,683
Amortisation of Deferred Rent	100,000	100,000	(1,340,000)	(1,340,000)
Profit on Disposal of Property Plant & Equipment	(3,349,312)	(921,682)	(1,809,312)	(921,682)
Bad debts written back	(334,114)	-	(334,114)	-
Increase/(Decrease) in Financial Instruments	(797,003)	2,080,002	40,000	72,000
Share of Profit of an Associates	(647,380)	-	-	-
Provision for Defined Benefit Plans	28,317,741	9,731,799	22,537,892	7,789,914
Operating Profit/(Loss) before Working Capital Changes	778,124,430	711,028,657	414,098,533	448,316,132
(Increase)/ Decrease in Inventories	(23,929,404)	(53,168,624)	(20,483,941)	(43,802,675)
(Increase)/Decrease in Trade and Other Receivables and Prepayments	(5,709,484)	55,675,294	58,605,616	(17,841,009)
Increase/(Decrease) in Trade and Other Payables	13,528,722	(15,151,221)	13,100,970	30,961,124
Increase/(Decrease) Related Party Dues	1,864,834	401,412	40,023,245	(6,613,064)
Cash Generated from Operations	763,879,098	698,785,518	505,344,424	411,020,508
Finance Costs Paid	(178,037,298)	(162,886,829)	(111,011,677)	(103,796,242)
Defined Benefit Plan Costs Paid	(9,893,038)	(7,203,409)	(8,501,309)	(6,942,104)
Income Tax Paid	(48,089,793)	(37,177,566)	(43,338,531)	(34,539,158)
Net Cash From/(Used in) Operating Activities	527,858,969	491,517,714	342,492,907	265,743,004
Cash Flows from/(Used in) Investing Activities				
Acquisition of Property, Plant & Equipment	(185,151,578)	(362,535,797)	(101,768,605)	(122,033,333)
Proceeds from Sale of Property, Plant & Equipment	11,577,194	3,710,000	7,762,193	3,710,000
(Acquisition) / Disposal of other Investments	9,083,984	(97,532,092)	(33,483,013)	(7,814,182)
Investment in Associates	(229,960)	-	(229,960)	-
Finance Income	19,694,905	10,139,264	67,748,220	4,629,373
Net Cash Flows from/(Used in) Investing Activities	(145,025,455)	(446,218,625)	(59,971,165)	(121,508,142)
Cash Flows from/(Used in) Financing Activities				
Proceeds From Issuance of Share Capital	-	72,600,007	-	-
Receipts from Interest bearing Loans & Borrowings	54,000,000	172,383,023	19,000,000	49,233,116
Re-payments to Interest bearing Loans & Borrowings	(322,601,872)	(196,592,855)	(177,934,610)	(111,623,925)
Investment in Subsidiary	-	-	(13,432,500)	(22,500,002)
Dividends Paid	(141,449,158)	(72,985,089)	(100,764,558)	(50,809,089)
Net Cash Flows from/(Used in) Financing Activities	(410,051,030)	(24,594,914)	(273,131,668)	(135,699,900)
Net Increase/(Decrease) in Cash and Cash Equivalents	(27,217,517)	20,704,175	9,390,073	8,534,962
Cash and Cash Equivalents at the beginning of the year	(125,582,764)	(146,286,939)	(94,864,392)	(103,399,354)
Cash and Cash Equivalents at the end of the year	(152,800,281)	(125,582,764)	(85,474,319)	(94,864,392)
Analysis of Cash & Cash Equivalents				
Cash at Bank - Overdrawn	(249,759,045)	(146,861,585)	(160,445,190)	(107,456,573)
Cash in Hand and at Bank	96,958,764	21,278,821	74,970,871	12,592,181
	(152,800,281)	(125,582,764)	(85,474,319)	(94,864,392)

Notes to the Financial Statements

1 CORPORATE INFORMATION

1.1 General

Ceylon Hospitals PLC is a Limited Liability Company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The registered office and the principal place of business are situated at No.3, Alfred Place, Colombo 3.

1.2 Parent Enterprise and Ultimate Parent Enterprise

The consolidated financial statements of the Company for the year ended 31st March 2013, comprises the Company and its subsidiaries. (together referred to as the 'Group'). The ultimate holding company is Durdans Management Services Limited.

1.3 Principal Activities and Nature of Operations

During the year the principal business activities of the group are as follows:

Name of the Company	Nature of the Business
Ceylon Hospitals PLC	Providing Healthcare Services
Durdans Heart Surgical Center (Pvt) Ltd	Providing Cardiac Surgical Operations
Durdans Medical and Surgical Hospital (Pvt) Ltd	Providing Healthcare Services

1.4 Date of Authorisation for Issue

The financial of statements for the year ended 31st March 2013 were authorised for issue in accordance with a resolution of the Board of Directors on 14th May 2013.

1.5 Companies in the Group

Subsidiaries

The Group financial statements include the results of the Durdans Heart Surgical Centre (Pvt) Limited and Durdans Medical and Surgical Hospital (Pvt) Limited which are subsidiaries of the Company. The details of subsidiaries are as follows:

Company Name	Year of Incorporation	Percentage of Ownership
Durdans Heart Surgical Centre (Pvt) Limited	2000/2001	78.02%
Durdans Medical and Surgical Hospital (Pvt) Limited	2007/2008	71.78%

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 General Accounting Policies

2.1.1 Basis of Preparation of Financial Statements

The consolidated financial statements of the Group have been prepared in accordance with Sri Lanka Accounting Standards comprising SLFRS/LKAS (hereinafter SLFRS) as issued by the Institute of Chartered Accountants in Sri Lanka.

For all periods up to and including the year ended 31st March 2012, the Group prepared its financial statements in accordance with SLAS's effective upto 31st December 2011. These financial statements for the year ended 31st March 2013 are the first the Group has prepared in accordance with the new accounting standards issued by the Institute of Chartered Accountants for financial periods beginning on or after 01st January 2012, prefixed with SLFRS/LKAS.

These financial statements presented in Sri Lanka Rupees have been prepared on a historical cost basis except for the revaluation of certain property plant and equipment, derivative financial instruments and available-for-sale financial assets that have been measured at fair value.

2.1.2 Statement of Compliance

The Consolidated financial statement of Ceylon Hospitals PLC and its subsidiary companies have been prepared in accordance with the Sri Lanka Accounting Standards as laid down by the Institute of Chartered Accountants of Sri Lanka and the requirements of the Companies Act No. 07 of 2007.

2.1.3 Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern and they certified that the company has adequate resources to continue its operations in the foreseeable future. Therefore, these financial statements are prepared on going concern basis.

2.1.4 Materiality and Aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

2.1.5 Consolidation Policy

(a) Basis of Consolidation

Subsidiaries

Subsidiaries are those enterprise controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The interest of the outside shareholders of the Group is disclosed separately under the heading of "Non Controlling Interest". Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A listing of the Group's significant subsidiaries is set out in Note (1.5) to the financial statements.

(b) Financial Year

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

(c) Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. 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.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

(d) Intra-Group Balances and Transactions

Intra-group balances and transactions, any unrealised gains/losses from the intra-group transactions are eliminated in preparing the Consolidated financial statements.

(e) Investment in an associate

The Group's investment in its associate is accounted for using the equity method. An associate is an entity in which the Group has significant influence.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The Statement of Comprehensive Income reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises

its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The share of profit of an associate is shown on the face of the Statement of Comprehensive Income. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the 'share of profit of an associate' in the Statement of Comprehensive Income.

Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

2.1.6 Foreign Currency Transactions

The Group's consolidated financial statements are presented in Sri Lanka Rupees ("Rupees"), which is also the parent company's functional currency. Transactions in foreign currencies are translated into Sri Lanka Rupees ("Rupees") at the foreign exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the date of Financial Position are translated to Rupees at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translations are recognised in the Statement of Comprehensive Income.

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

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Notes to the Financial Statements

2.1.7 Comparative Information

Comparative Information has been reclassified, wherever necessary, to conform to the current year's presentation and classification.

2.1.8 Taxation

(a) Current Taxes

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act.

The profits of Durdans Medical and Surgical Hospitals (Pvt) Limited are exempt from Income Tax for a period of 6 years from the date on which the Company first commenced to make profit under the BOI Agreement No.2618 of 20th September 2007.

(b) Deferred Taxation

Deferred Tax is provided, using the liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the Reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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

2.1.9 Events after the Reporting date

All the material events after the Reporting date have been considered and appropriate adjustments/ disclosures have been made, where necessary.

2.2 Valuation of Assets and their Measurement Bases

2.2.1 Inventories

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

The cost incurred in bringing inventories to their present location and conditions are accounted for as follows:

Drugs & Dressings	- At actual cost on weighted average basis
X-Ray Films & Chemicals	- At actual cost on weighted average basis

Pantry Provisions	- At actual cost on weighted average basis
General Issues & Reagents	- At actual cost on weighted average basis

Net realisable value is the estimated price at which inventories can be sold in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.2.2 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 & cash equivalent consists of cash in hand and deposits in banks net of outstanding bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

Investment with short term maturities i.e. three months or less from the date of acquisitions is also treated as cash equivalents.

Statement of Cash Flows

The cash flow statements are prepared using "Indirect Method" of preparing cash flows in accordance with the LKAS 7 Statement of Cash Flow, on cash flow statements whereby gross cash receipts and gross cash payments on Operating Activities, Investing Activities and Financial Activities are recognised.

2.2.3 Property Plant & Equipment

(a) Cost and Valuation

Property plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property plant and equipment are required to be replaced at intervals, the Group derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Statement of Comprehensive Income as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of Comprehensive Income, in which case the increase is recognised in the Statement of Comprehensive Income. A revaluation deficit is recognised in the Statement of Comprehensive Income, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. Any balance remaining in the revaluation surplus in respect of an asset is transferred directly to Accumulated Profits on retirement or disposal of the assets.

The Company Policy is to revalue the company Land and Building between 3-5 years.

(b) Depreciation

The provision for depreciation is calculated by using straight line basis on the cost or valuation of all Property Plant and Equipment other than freehold land, in order to write off such amounts over the following estimated useful lives. The principal annual rates used are:

Buildings	@	2.5%
Plant & Machinery	@	10%
Electrical Equipment	@	10%
Furniture & Fittings	@	10%
Sundry Equipment	@	10%
Telephones	@	20%
Electrical Power Plant & Transformer	@	10%
Air Conditioners	@	10%
Motor Vehicles	@	10%
Linen	@	50%
Computer Equipment	@	10%

Durdans Heart Surgical Centre (Pvt) Ltd.

Cardiac Catheterisation Laboratory	@	10%
Theatre & SICU Equipment	@	10%
Furniture & Fittings	@	20%
Computer Equipment	@	25%
Electrical & Other Equipment	@	20%
Motor Vehicles	@	20%

Durdans Medical & Surgical Hospital (Pvt) Ltd.

Buildings	@	2.5%
Computer Equipment	@	10%
Medical Equipment	@	10%
Furniture & Fittings	@	5%
Curtaining & Linen	@	50%
Other Equipment	@	10%

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.

(c) Restoration Cost

Expenditure incurred on repairs and maintenance of Property, Plant & Equipment in order to restore or maintain the future economic benefits expected from originally assessed standard of performance, is recognised as an expense when incurred.

(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. Gains or losses on derecognition are recognised in profit or loss and gains are not classified as revenue.

2.2.4 Leases

Finance Leases – Where the company is the lessee

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

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

The corresponding principal amount payable to the lessor is shown as a liability, lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. The interest payable over the period of the lease is transferred to an interest in suspense account. The interest element of the rental obligations applicable to each financial year is charged to the Statements of Comprehensive Income over the period of the lease.

Operating lease payments are recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

2.2.5 Capital Work-In-Progress

The cost of Capital Work-In-Progress is the cost of purchase or construction together with any related Expenses thereon.

Expenditure Incurred on Capital Work-In-Progress for permanent nature or for the purpose of Increasing the earning capacity of the business has been treated as capital expenditure.

Capital Work-In-Progress is transferred to the respective asset accounts at the time of the first utilization or at the time the asset is commissioned.

Notes to the Financial Statements

2.2.6 Intangible Assets

An intangible asset is initially recognised at cost, if it is probable that future economic benefit will flow to the enterprise, and the cost of the asset can be measured reliably. Following the initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level.

2.2.7 Financial instruments — initial recognition and subsequent measurement

(i) *Financial assets*

Initial Recognition and Measurement

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

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

The Group's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables, quoted and unquoted financial instruments and derivative financial instruments.

Subsequent measurement

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

(a) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined

by IAS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or finance costs in the Statement of Comprehensive Income.

The Group evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flow that would otherwise be required.

(b) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Comprehensive Income. The losses arising from impairment are recognised in the Statement of Comprehensive Income in finance costs.

(c) *Held-to-maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Comprehensive Income. The losses arising from impairment are recognised in the Statement of Comprehensive Income in finance costs. The Group did not have any held-to-maturity investments during the years ended 31 March 2012 and 2011.

(d) Available-for-sale financial investments

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

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

The Group evaluates its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the expected cash flow is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the Statement of Comprehensive Income.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flow from the asset have expired
- The Group has transferred its rights to receive cash flow from the asset or has assumed an obligation to pay the received cash flow in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred

substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flow from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Group's continuing involvement in it.

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flow of the financial asset or the group of financial assets, that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flow, such as changes in arrears or economic conditions that correlate with defaults.

Financial Assets carried at Amortised Cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

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If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flow (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flow is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Comprehensive Income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flow for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the Statement of Comprehensive Income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the Statement of Comprehensive Income.

Available-for-sale Financial Investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement — is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairments are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the Statement of Comprehensive Income.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flow for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the Statement of Comprehensive Income, the impairment loss is reversed through the Statement of Comprehensive Income.

(ii) Financial liabilities

Initial Recognition and Measurement

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

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs.

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

Subsequent Measurement

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

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by LKAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the Statement of Comprehensive Income.

(b) Loans and Borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the Statement of Comprehensive Income when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part

of the EIR. The EIR amortisation is included as finance costs in the Statement of Comprehensive Income.

(c) Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Comprehensive Income.

(iii) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(iv) Fair value of Financial Instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 20.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the

higher of an asset's or cash-generating unit's (CGU) 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 inflow that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU 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 flow 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, recent market transactions are taken into account, if available. If no such transactions can be identified, 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.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flow after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Comprehensive Income in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Comprehensive Income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

2.3 Liabilities and Provisions

Liabilities classified as current liabilities on the Statement of Financial Position are those, which fall due for payment on demand or within one year from the reporting date. Non-current liabilities are those balances that fall due for payment after one year from the reporting date. Provisions are recognised when the Group has a present

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obligation (legal or constructive) as a result of a past event, 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. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

All known liabilities have been accounted for in preparing the financial statement.

Estimates and Assumptions

The estimates at 1st April 2011 and at 31st March 2012 are consistent with those made for the same dates in accordance with previous SLAS (after adjustments to reflect any differences in accounting policies). The estimates used by the Group to present these amounts in accordance with SLFRS reflect conditions at 1st April 2011, the date of transition to SLFRS and as of 31st March, 2012.

2.3.1 Deferred Revenue

Rental income received upfront for the rent of space to Durdans Heart Surgical Centre (Pvt) Limited is treated as deferred revenue.

Revenue is recognized over the lease life of 35 years.

2.3.2 Retirement Benefit Obligations

(a) Defined Benefit Plan - Gratuity

Employees are eligible to receive a gratuity payment of half month's salary per year of service at the end of service provided the employee has provided 5 years of service. Defined benefit plan is a post employment benefit plan other than a defined contribution plan. The present value of the defined benefit obligation is calculated annually by independent actuaries using Projected Unit Credit Method (PUC) as recommended by LKAS 19 Employees benefits. The defined benefit liability is recognised in the Statement of Financial Position.

The actuarial gains and losses are charged or credited to Statement of Comprehensive Income in the period in which they arise. The assumptions based on which the results of the actuarial valuation was determined as at 31st March 2013, are given below. However, according to the Payment of Gratuities Act No.12 of 1983, the liability for the gratuity payment to an employee arises only on the completion of 5 years of continued service with the Company.

- a. Average Rate of Interest - 11% (Per annum)
- b. Average Rate of Salary Increase – 10%
- c. Average Retirement Age – 55 years
- d. The company will continue in business as a going concern

The liability is not externally funded.

(b) Defined Contribution Plans - Employees' Provident Fund & Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in accordance with the respective Statutes and Regulations.

2.4 The Statement of Comprehensive Income Revenue Recognition

Revenue is recognised 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 recognised in the accounting period in which the services are rendered or performed.

(b) Interest

Interest Income is recognised on an accrual basis.

(c) Dividends

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

(d) Rental Income

Rental income is recognised on an accrual basis.

(e) Deferred Revenue

The revenue to be recognised over 35 years, which is the agreed lease period.

(f) Others

Other Income is recognised on an Accrual Basis.

(g) Gains or Losses on the disposal of Property Plant and Equipment

Net gains and losses of a revenue nature on the disposal of Property Plant & Equipment and other non-current assets including investments have been accounted for in the Statement of Comprehensive Income, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses.

Expenditure Recognition

- (a) Expenses are recognised in the Statement of Comprehensive Income 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 in arriving at the profit for the year.

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

2.4.1 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.4.2 Dividend on Ordinary Shares

Dividend on ordinary shares are recognised as a liability and deducted from equity when they are approved by the company's shareholders. Interim dividends are deducted from equity when they are declared and are no longer the discretion of the company.

2.4.3 First-time adoption of IFRS

The Group has applied the following exemptions:

SLFRS 1 First time Adoption of Sri Lanka Financial Reporting Standards allows first-time adopters certain exemptions from the retrospective application of certain SLFRS.

Freehold land and buildings were carried in the statement of financial position prepared in accordance with previous SLAS on the basis of valuations performed on 31 March 2012. The Group has elected to regard those values as deemed cost at the date of the revaluation since they were broadly comparable to fair value.

Effect of Sri Lanka Accounting Standards issued but not yet effective

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

- Sri Lanka Financial Reporting Standards (SLFRS) 10 – Consolidated Financial Statements
- Sri Lanka Financial Reporting Standards (SLFRS) 11 – Joint Arrangements
- Sri Lanka Financial Reporting Standards (SLFRS) 12 – Disclosure of Interest in Other Entities
- Sri Lanka Financial Reporting Standards (SLFRS) 13 – Fair Value measurement

The effective date of SLFRS 10, 11, 12 and 13 to be effective for financial periods beginning on or after 01 January 2013. These four standards have been amended and forms a part of the new set of financial reporting standards.

These Financial Statements, for the year ended 31st March 2013, are the first the Group has prepared in accordance with SLFRS/LKAS. For periods up to and including the year ended 31st December 2012, the Group prepared its financial statements in accordance with the previous Sri Lanka Accounting Standards (SLAS) issued by Institute of Chartered Accountants effective up to 31st December 2012.

Accordingly, the Group has prepared financial statements which comply with SLFRS/LKAS applicable for periods ending on or after 31st March 2013, together with the comparative period data as at and for the year ended 31st March 2011 and 2012, as described in the accounting policies. In preparing these financial statements, the Group's opening statement of financial position was prepared as at 01st April 2011, the Group's date of transition to SLFRS/LKAS. This note explains the principal adjustments made by the Group in restating its Sri Lanka Accounting Standards statement of financial position as at 01st April 2011 and its previously published SLAS financial statements as at and for the year ended 31st March 2011.

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Reconciliation of Equity as at 01st April 2011 (Date of Transition to SLFRS/LKAS)

Company

	Notes	Local GAAP Rs.	Reclassification Rs.	Remeasurement Rs.	SLFRS/LKAS 01.04.2011 Rs.
ASSETS					
Non-Current Assets					
Property Plant & Equipment		1,791,789,587	-	-	1,791,789,587
Capital Work In Progress		8,498,451	-	-	8,498,451
Investment in Subsidiaries		1,135,297,420	-	-	1,135,297,420
Other Non-current Financial Assets	A	-	11,732,433	(363,744)	11,368,689
		2,935,585,458	11,732,433	(363,744)	2,946,954,147
Current Assets					
Inventories		97,640,436	-	-	97,640,436
Investments		47,861,866	(47,861,866)	-	-
Other Current Financial Assets	B	-	47,221,866	-	47,221,866
Debtors & Receivables	C	130,047,558	(130,047,558)	-	-
Trade & Other Receivables	D	-	62,181,355	(1,959,925)	60,221,431
Advances and Prepayments		-	56,773,770	427,744	57,201,514
Amount Due from Related Parties		276,717,127	-	-	276,717,127
Cash and Bank Balances		17,136,645	-	-	17,136,645
		569,403,632	(11,732,433)	(1,532,181)	556,139,019
Total Assets		3,504,989,090	-	(1,895,925)	3,503,093,166
EQUITY AND LIABILITIES					
Equity					
Stated Capital		916,366,104	-	-	916,366,104
Revaluation Reserve		344,126,161	-	-	344,126,161
Available for Sale Reserve		-	-	64,000	64,000
Retained Earnings	E	740,978,114	-	(2,799,872)	738,178,243
Total Equity		2,001,470,379	-	(2,735,872)	1,998,734,508
Non-Current Liabilities					
Interest Bearing Loans & Borrowings		720,414,136	(100,000,000)	-	620,414,136
Other Non-current Financial liabilities		-	100,000,000	839,947	100,839,947
Provisions and other Liabilities		74,787,235	-	-	74,787,235
Deferred Revenue		32,704,600	-	-	32,704,600
Deferred Tax Liabilities		86,629,618	-	-	86,629,618
		914,535,589	-	839,947	915,375,536
Current Liabilities					
Bank Overdraft		120,535,999	-	-	120,535,999
Trade and Other Payables		157,552,439	-	-	157,552,439
Interest Bearing Loans & Borrowings		151,755,357	-	-	151,755,357
Taxation Payable		10,347,832	-	-	10,347,832
Amount due to Related Parties		148,791,495	-	-	148,791,495
Dividend Payable		-	-	-	-
		588,983,122	-	-	588,983,122
Total Equity and Liabilities		3,504,989,090	-	(1,895,925)	3,503,093,166

Reconciliation of Equity as at 31st March 2012
Company

	Notes	Local GAAP Rs.	Reclassification Rs.	Remeasurement Rs.	SLFRS/LKAS 31.03.2012 Rs.
ASSETS					
Non-Current Assets					
Property Plant & Equipment		1,980,322,312	-	-	1,980,322,312
Capital Work In Progress		6,542,915	-	-	6,542,915
Investment in Subsidiaries		1,157,797,422	-	-	1,157,797,422
Other Non-current Financial Assets	A	-	12,762,433	(885,990)	11,876,443
		3,144,662,649	12,762,433	(885,990)	3,156,539,092
Current Assets					
Inventories		137,517,015	-	-	137,517,015
Investments		55,676,048	(55,676,048)	-	-
Other Current Financial Assets	B	-	55,036,048	-	55,036,048
Debtors & Receivables	C	205,376,874	(205,376,874)	-	-
Trade & Other Receivables	D	-	150,171,408	(2,869,252)	147,302,156
Advances and Prepayments		-	43,083,033	992,778	44,075,811
Amount Due from Related Parties		192,248,039	-	-	192,248,039
Cash and Bank Balances		12,592,181	-	-	12,592,181
		603,410,157	(12,762,433)	(1,876,474)	588,771,250
Total Assets		3,748,072,806	-	(2,762,464)	3,745,310,342
EQUITY AND LIABILITIES					
Equity					
Stated Capital		916,366,104	-	-	916,366,104
Revaluation Reserve		532,338,890	-	-	532,338,890
Available for Sale Reserve		-	-	136,000	136,000
Retained Earnings	E	902,424,545	-	(5,165,946)	897,258,599
Total Equity		2,351,129,539	-	(5,029,946)	2,346,099,593
Non-Current Liabilities					
Interest Bearing Loans & Borrowings		641,793,316	(100,000,000)	-	541,793,316
Other non-current Financial Liabilities		-	100,000,000	2,267,482	102,267,482
Provisions and other Liabilities		75,635,045	-	-	75,635,045
Deferred Revenue		31,364,600	-	-	31,364,600
Deferred Tax Liabilities		95,071,408	-	-	95,071,408
		843,864,369	-	2,267,482	846,131,851
Current Liabilities					
Bank Overdraft		107,456,573	-	-	107,456,573
Trade and Other Payables		188,513,563	-	-	188,513,563
Interest Bearing Loans & Borrowings		172,590,745	-	-	172,590,745
Taxation Payable		26,808,674	-	-	26,808,674
Amount due to Related Parties		57,709,343	-	-	57,709,343
Dividend Payable		-	-	-	-
		553,078,898	-	-	553,078,898
Total Equity and Liabilities		3,748,072,806	-	(2,762,464)	3,745,310,342

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Notes to the Financial Statements

Reconciliation of Total Comprehensive Income for the year Ended 31st March 2012 Company

	Notes	Local GAAP Rs.	Reclassification Rs.	Remeasurement Rs.	SLFRS/LKAS as at 31.03.2012 Rs.
Revenue	G	2,189,110,603	87,525,954	-	2,276,636,557
Cost of Sales	G	(815,820,918)	(87,525,954)	-	(903,346,872)
Gross Profit		1,373,289,685	-	-	1,373,289,685
Other Operating Income		73,996,544	(62,430,834)	-	11,565,710
Administrative Expenses	E	(881,504,668)	-	(909,327)	(882,413,995)
Other Operating Expenses		(190,288,010)	-	-	(190,288,010)
Finance Cost	E	(103,796,242)	-	(1,640,441)	(105,436,683)
Finance Income	E	-	62,430,834	183,694	62,614,528
Profit Before Tax		271,697,309	-	(2,366,074)	269,331,235
Income Tax Expense		(59,441,790)	-	-	(59,441,790)
Net Profit after Taxation		212,255,519	-	(2,366,074)	209,889,445
Other Comprehensive Income					
Net (loss)/gain on available for Sale Financial Assets		-	-	72,000	72,000
Total Comprehensive Income		212,255,519	-	(2,294,074)	209,961,445

Reconciliation of Equity as at 01st April 2011 (Date of Transition to SLFRS/LKAS)

Group

	Notes	Local GAAP Rs.	Reclassification Rs.	Remeasurement Rs.	SLFRS/LKAS 01.04.2011 Rs.
ASSETS					
Non-Current Assets					
Property Plant & Equipment		4,000,023,056	-	-	4,000,023,056
Capital Work In Progress		8,498,451	-	-	8,498,451
Prepaid Rent		2,400,000	-	-	2,400,000
Other non-current financial assets	A	-	19,771,106	2,521,596	22,292,702
Goodwill		1,341,521	-	(1,341,521)	-
		4,012,263,028	19,771,106	1,180,075	4,033,214,209
Current Assets					
Inventories		166,721,987	-	-	166,721,987
Investments		74,341,068	(74,341,068)	-	-
Other current financial assets	B	-	72,746,315	64,000	72,810,315
Debtors & Receivables	C	195,687,546	(195,687,546)	-	-
Trade & Other Receivables	D	-	101,567,911	(2,454,933)	99,112,979
Advances and Prepayments		-	75,943,282	501,186	76,444,468
Amount Due from Related Parties		3,400,000	-	-	3,400,000
Cash and Bank Balances		71,062,716	-	-	71,062,716
		511,213,317	(19,771,106)	(1,889,747)	489,552,464
Total Assets		4,523,476,345	-	(709,672)	4,522,766,673
EQUITY AND LIABILITIES					
Equity					
Stated Capital		916,366,104	-	-	916,366,104
Revaluation Reserve		344,126,161	-	-	344,126,161
Available for Sale Reserve		-	-	3,086,782	3,086,782
Retained Earnings	E	786,715,311	-	(8,663,202)	778,052,109
		2,047,207,576	-	(5,576,420)	2,041,631,156
Non Controlling Interest		401,774,165	-	(1,628,818)	400,145,347
Total Equity		2,448,981,741	-	(7,205,238)	2,441,776,503
Non-Current Liabilities					
Interest Bearing Loans & Borrowings		1,131,701,899	(100,000,000)	-	1,031,701,899
Other non-current financial liabilities		-	100,000,000	839,947	100,839,947
Provisions and other Liabilities		79,038,173	-	-	79,038,173
Deferred Tax Liabilities	F	86,629,618	-	5,655,619	92,285,237
		1,297,369,690	-	6,495,566	1,303,865,256
Current Liabilities					
Bank Overdraft		217,349,655	-	-	217,349,655
Trade and Other Payables		301,520,690	(420,151)	-	301,100,539
Interest Bearing Loans & Borrowings		226,077,286	420,151	-	226,497,437
Taxation Payable		9,024,504	-	-	9,024,504
Amount due to Related Parties		976,499	-	-	976,499
Dividend Payable		22,176,280	-	-	22,176,280
		777,124,914	-	-	777,124,914
Total Equity and Liabilities		4,523,476,345	-	(709,672)	4,522,766,673

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Notes to the Financial Statements

Reconciliation of Equity as at 31st March 2012

Group

	Notes	Local GAAP Rs.	Reclassification Rs.	Remeasurement Rs.	SLFRS/LKAS 31.03.2012 Rs.
ASSETS					
Non-Current Assets					
Property Plant & Equipment		4,310,488,658	-	-	4,310,488,658
Capital Work In Progress		6,542,915	-	-	6,542,915
Prepaid Rent		860,000	-	-	860,000
Other non-current financial assets	A	-	20,722,610	3,891,719	24,614,329
Goodwill		1,341,521	-	(1,341,521)	-
		4,319,233,094	20,722,610	2,550,198	4,342,505,902
Current Assets					
Inventories		215,964,515	-	-	215,964,515
Investments		170,525,968	(170,525,968)	-	-
Other current financial assets	B	-	168,931,215	136,000	169,067,215
Debtors & Receivables	C	205,251,254	(205,251,254)	-	-
Trade & Other Receivables	D	-	129,325,647	(3,565,723)	125,759,924
Advances and Prepayments		-	56,797,750	1,085,206	57,882,956
Amount Due from Related Parties		1,838,512	-	-	1,838,512
Cash and Bank Balances		21,278,821	-	-	21,278,821
		614,859,070	(20,722,610)	(2,344,517)	591,791,943
Total Assets		4,934,092,164	-	205,681	4,934,297,845
EQUITY AND LIABILITIES					
Equity					
Stated Capital		916,366,104	-	-	916,366,104
Revaluation Reserve		532,338,890	-	-	532,338,890
Available for Sale Reserve		-	-	5,144,002	5,144,002
Retained Earnings	E	985,948,883	-	(10,812,256)	975,136,627
		2,434,653,877	-	(5,668,254)	2,428,985,623
Non Controlling Interest		489,488,246	-	(1,458,790)	488,029,456
Total Equity		2,924,142,123	-	(7,127,044)	2,917,015,079
Non-Current Liabilities					
Interest Bearing Loans & Borrowings		1,036,706,962	(100,000,000)	-	936,706,962
Other non-current financial liabilities		-	100,000,000	2,267,482	102,267,482
Provisions and other Liabilities		81,566,563	-	-	81,566,563
Deferred Tax Liabilities	F	95,071,408	-	5,065,243	100,136,651
		1,213,344,933	-	7,332,725	1,220,677,658
Current Liabilities					
Bank Overdraft		146,861,585	-	-	146,861,585
Trade and Other Payables		286,570,343	-	-	286,570,343
Interest Bearing Loans & Borrowings		313,146,484	-	-	313,146,484
Taxation Payable		24,904,916	-	-	24,904,916
Amount due to Related Parties		1,361,780	-	-	1,361,780
Dividend Payable		23,760,000	-	-	23,760,000
		796,605,108	-	-	796,605,108
Total Equity and Liabilities		4,934,092,164	-	205,681	4,934,297,845

Reconciliation of Total Comprehensive Income for the year ended 31st March 2012

Group

	Notes	Local GAAP Rs.	Reclassification Rs.	Remeasurement Rs.	SLFRS/LKAS as at 31.03.2012 Rs.
Revenue	G	3,451,992,560	94,530,546	-	3,546,523,106
Cost of Sales	G	(1,473,155,136)	(94,530,546)	-	(1,567,685,682)
Gross Profit		1,978,837,424	-	-	1,978,837,424
Other Operating Income		21,942,623	(10,139,263)	-	11,803,360
Administrative Expenses	E	(1,248,711,500)	-	(1,110,789)	(1,249,822,289)
Other Operating Expenses		(239,150,451)	-	-	(239,150,451)
Finance Cost	E	(162,886,829)	-	(1,671,201)	(164,558,030)
Finance Income	E	-	10,139,263	212,589	10,351,852
Profit Before Tax		350,031,267	-	(2,569,401)	347,461,866
Income Tax Expense	F	(61,800,255)	-	590,376	(61,209,879)
Net Profit after Taxation		288,231,012	-	(1,979,025)	286,251,987
Other Comprehensive Income					
Net (loss)/gain on available for Sale Financial Assets		-	-	2,080,002	2,080,002
Total Comprehensive Income		288,231,012	-	100,977	288,331,989

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Notes to the Financial Statements

For the year ended 31st March 2013

A Refundable Deposits

Under SLAS, the Group categorised refundable deposits and receivables as "Trade and Other Receivables". Under SLFRS, these deposits are meet the definition of Financial Assets as defined in LKAS 39 and accordingly it classified as non current financial assets in the Statement of Financial Position as such presentation would facilitate a better understanding of the entity's financial position.

B Investments in Quoted and Non Quoted Shares

Under SLAS, the Group accounted for investments in quoted shares, is measured at cost. Under SLFRS, the Group has designated such investments as available-for-sale investments. SLFRS requires available-for-sale investments to be measured at fair value. Therefore the Investment in equity shares has been recognised as a separate component of available-for-sale investments, in Other Non Current Financial Assets. Accordingly, fair value changed have been recognised in the other Comprehensive Income.

C Advance and Prepayments

Under SLAS, the Group categorised Receivables, Advances and Prepayments as "Trade and Other Receivables". Under SLFRS, Advances and Prepayments do not fall within the definition of Financial Assets as defined in LKAS 39. Advances and prepayments has therefore been disclosed separately in the Statement of Financial Position as such presentation would facilitate a better understanding of the entity's financial position.

D Trade Receivables

Provision for bad and doubtful debts made under previous standards consisted of both a specific amount for incurred losses and a general amount for expected future losses.

SLFRS does not permit recognition of impairment for expected future losses and instead required on a collective as well as individual basis assessment based on objective evidence that has been an impairment based on such assessment Group/ Company re-assess the bad and doubtful debt provision at each year-end and made the adjustments accordingly.

E Retained Earnings

The change in Retained Earnings is as follows;

	Group		Company	
	2011/2012 Rs.	As at 01.04.2011 Rs.	2011/2012 Rs.	As at 01.04.2011 Rs.
Impairment of Trade Debtors and other receivables	(3,565,723)	(2,454,933)	(2,869,252)	(1,959,925)
Amortisation of Refundable Deposits rent expense	(243,666)	-	(212,906)	-
Interest income on Refundable Deposits	212,589	-	183,694	-
Impairment of Goodwill	(1,341,521)	(1,341,521)	-	-
Provisioning of deferred tax liabilities	(3,606,453)	(4,026,800)	-	-
Net Loss on financial liabilities at fair value through profit or loss	(2,267,482)	(839,947)	(2,267,482)	(839,947)
	(10,812,256)	(8,663,201)	(5,165,946)	(2,799,872)

F Deferred Tax Liability

Under SLFRS, deferred tax liability was reassessed, hence a deferred tax liability of Rs.5,655,619/- was brought in to the statement of Financial Position in Durdans Heart Surgical Center (Pvt) Ltd., a subsidiary company within the Group.

G Revenue/Cost of Sales (Reclassification)

Laboratory Commission

Under SLAS, the Group accounted the lab revenue in net basis after deducting all their commissions paid. Under SLFRS the total gross receipts need to be recognised as the total income and accordingly the same deducted commission has been added back to the revenue to facilitate a better understanding of Group's financial performance.

H Statement of Cash Flows

The transition from SLAS to SLFRS has not had a material impact on the Statement of Cash Flows.

For the year ended 31st March 2013

	Group		Company	
	2012/2013 Rs.	2011/2012 Rs.	2012/2013 Rs.	2011/2012 Rs.
3 REVENUE				
Sales	3,830,369,150	3,546,523,106	2,470,162,902	2,276,636,557
4 OTHER OPERATING INCOME				
Reversal of Bad Debt Provision	334,114	-	334,114	-
Deferred Income Residential Fees	-	-	1,340,000	1,340,000
Sundry Income	10,726,967	10,881,678	11,552,273	9,304,028
Profit on Disposal of Property Plant & Equipment	3,349,312	921,682	1,809,312	921,682
	14,410,393	11,803,360	15,035,699	11,565,710
5 FINANCE COST				
Loan Interest	147,918,251	136,408,210	87,090,279	82,870,045
Debenture Interest	12,000,000	12,000,000	12,000,000	12,000,000
Interest Expense on Overdraft	17,027,180	11,928,951	11,004,664	7,741,291
Other Interest	1,091,867	2,549,668	662,239	1,184,906
Amortisation of Rent Deposits	268,644	243,666	254,496	212,906
Impairment provision on investments	1,202,579	-	-	-
Net Loss on financial liabilities at fair value through profit or loss	2,919,968	1,427,535	2,919,968	1,427,535
	182,428,489	164,558,030	113,931,645	105,436,683
5.1 Finance Income				
Interest Income	19,430,343	9,930,039	7,450,546	3,687,227
Amortisation of deferred rent expenses	229,745	212,589	218,808	183,694
Dividend Income	251,199	199,749	60,073,720	58,740,000
Dividend Income from Unit Trust	13,363	9,475	5,146	3,607
	19,924,650	10,351,852	67,748,220	62,614,528

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Notes to the Financial Statements

For the year ended 31st March 2013

6 INVESTMENT IN AN ASSOCIATE

The company has a 46% interest in Ceygen Biotech (Pvt) Ltd, which is involved in the production and supply of Molecular Biology, Biochemical and Biotechnology reagents for Molecular Diagnostic and research purpose.

Ceygen Biotech (Pvt) Ltd is a private entity that is not listed on any public exchange. The following table illustrates summarised financial information of the company's investment in Ceygen Biotech (Pvt) Ltd :

Share of the associate's statement of financial position:

	Group		Company	
	2012/2013 Rs.	2011/2012 Rs.	2012/2013 Rs.	2011/2012 Rs.
Current assets	1,886,908	-	-	-
Non-current assets	624,290	-	-	-
Current liabilities	(603,938)	-	-	-
Non-current liabilities	-	-	-	-
Equity	1,907,260	-	-	-
Share of the associate's profit:	647,380	-	-	-
Carrying amount of the investment	877,340	-	-	-

7 PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE TAX

Profit / (Loss) from ordinary activities before tax is stated after charging all expenses including the following.

	Group		Company	
	2012/2013 Rs.	2011/2012 Rs.	2012/2013 Rs.	2011/2012 Rs.
Director's Emoluments	20,394,405	16,230,425	18,769,405	15,645,425
Auditors Remuneration - Internal	1,370,603	907,243	775,770	787,243
- External	1,315,396	1,197,943	847,796	807,943
Depreciation	254,333,182	249,911,055	126,976,487	125,485,932
Defined Benefit Plan Costs - Gratuity	28,317,741	9,731,799	22,537,892	7,789,914
Legal Fees	2,966,500	721,784	-	721,784
Salaries	639,959,911	576,813,138	461,288,464	410,788,601
Employee Provident Fund	48,751,161	43,114,932	37,637,904	33,551,650
Employee Trust Fund	12,687,201	11,454,007	9,384,292	8,386,707
Donations	1,963,108	2,125,233	1,560,033	1,394,893

	Group		Company	
	2012/2013 Rs.	2011/2012 Rs.	2012/2013 Rs.	2011/2012 Rs.
8 INCOME TAX EXPENSES				
Income Tax (Note 8.1)	31,488,809	53,358,465	20,826,531	51,000,000
Deferred Tax	(1,154,457)	7,851,414	(12,908,662)	8,441,790
	30,334,352	61,209,879	7,917,869	59,441,790

For the year ended 31st March 2013

	Group		Company	
	2012/2013 Rs.	2011/2012 Rs.	2012/2013 Rs.	2011/2012 Rs.
8.1 Reconciliation between Current Tax expense and the Accounting profit				
Accounting Profit before Tax	330,637,879	408,771,267	218,830,821	271,697,309
Aggregated Disallowed Items	519,646,080	283,019,615	181,064,509	150,399,418
Aggregated Allowed Items	(454,689,670)	(539,038,315)	(177,325,137)	(181,507,407)
Income not Subject to Tax	(81,852,662)	(58,949,597)	(67,529,412)	(58,743,607)
Taxable Profit	313,741,627	93,802,970	155,040,781	181,845,713
Statutory Tax Rate	12%			
	25,414,593	-	18,652,894	-
Statutory Tax Rate	28%			
	6,074,216	53,358,465	2,173,637	50,916,800
Income Tax Provision	31,488,809	53,358,465	20,826,531	51,000,000

Parent Company - Ceylon Hospitals PLC

The Company is liable for Income Tax for the year of assessment 2012/2013 at the rate of 12%.

Durdans Heart Surgical Centre (Pvt) Ltd.

The Company is liable for Income Tax for the year of assessment 2012/2013 at the rate of 12%.

Durdans Medical & Surgical Hospitals (Pvt) Ltd

The profit of the company is exempted from Income Tax for a period of 6 years from the year in which the company commences to make profits or any year of assessments not later than two years recognised from the date of commencement of commercial operations, whichever is earlier.

9 EARNINGS PER SHARE

Basic Earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders over the weighted average number of Ordinary Shares outstanding during the year.

	Group		Company	
	2012/2013 Rs.	2011/2012 Rs.	2012/2013 Rs.	2011/2012 Rs.
Net Profit attributable to Ordinary Shares	264,412,999	249,011,192	210,912,952	209,889,445
Weighted Average Number of Shares outstanding during the year	33,872,726	33,872,726	33,872,726	33,872,726
Earnings per Share	7.81	7.35	6.23	6.20

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Notes to the Financial Statements

As at 31st March 2013

10 PROPERTY PLANT & EQUIPMENT

Group

	Freehold Land & Buildings Rs.	Medical & Other Equipment Rs.	Furniture & Fittings Rs.	Computer Equipment Rs.	Motor Vehicles Rs.	Motor Vehicles on Finance Lease Rs.	Total Rs.
Cost / Valuation							
Balance as at 01.04.2011	2,526,710,636	1,766,383,082	140,528,018	78,666,214	52,210,453	-	4,564,498,403
Additions	221,581,243	99,742,127	25,765,746	5,237,214	12,165,003	10,505,357	374,996,690
Disposals	-	1,013,758	-	-	4,161,819	-	5,175,577
Transfers to the Revaluation	140,625,272	-	-	-	-	-	140,625,272
Balance as at 31.03.2012	2,888,917,151	1,865,111,451	166,293,764	83,903,428	60,213,637	10,505,357	5,074,944,788
Additions	52,963,140	112,082,968	8,163,765	5,356,300	13,128,320	-	191,694,493
Disposals	-	-	-	-	(15,450,494)	-	(15,450,494)
Balance as at 31.03.2013	2,941,880,291	1,977,194,419	174,457,529	89,259,728	57,891,463	10,505,357	5,251,188,787
Accumulated Depreciation							
Balance as at 01.04.2011	47,857,785	453,611,356	28,066,810	26,961,903	7,977,493	-	564,475,347
Depreciation Charge for the year	40,772,286	178,952,388	12,754,656	8,650,357	7,607,723	1,173,645	249,911,055
Disposals	-	967,175	-	-	1,375,641	-	2,342,816
Transfers to the Revaluation	(47,587,456)	-	-	-	-	-	(47,587,456)
Balance as at 31.03.2012	41,042,615	631,596,569	40,821,466	35,612,260	14,209,575	1,173,645	764,456,130
Depreciation Charge for the year	41,267,450	180,815,113	14,115,762	9,213,588	7,480,732	1,440,536	254,333,182
Disposals	-	-	-	-	(7,222,612)	-	(7,222,612)
Balance as at 31.03.2013	82,310,065	812,411,682	54,937,228	44,825,848	14,467,695	2,614,181	1,011,566,700
Net Book Value							
At 31st March 2013	2,859,570,226	1,164,782,737	119,520,301	44,433,880	43,423,768	7,891,176	4,239,622,087
At 31st March 2012	2,847,874,536	1,233,514,882	125,472,298	48,291,168	46,004,062	9,331,712	4,310,488,658
At 01st April 2011	2,478,852,851	1,312,771,726	112,461,208	51,704,311	44,232,960	-	4,000,023,056

As at 31st March 2013

10 PROPERTY PLANT & EQUIPMENT CONTD.**Company**

	Freehold Land & Buildings Rs.	Medical & Other Equipment Rs.	Furniture & Fittings Rs.	Computer Equipment Rs.	Motor Vehicles Rs.	Motor Vehicles on Finance Lease Rs.	Total Rs.
Cost / Valuation							
Balance as at 01.04.2011	1,082,251,925	857,550,394	84,323,826	73,034,189	35,678,471	-	2,132,838,805
Additions	34,089,803	60,790,829	15,085,643	4,906,338	7,160,720	6,605,357	128,638,690
Disposals	-	(1,013,758)	-	-	(4,161,819)	-	(5,175,577)
Transfers to the Revaluation	140,625,272	-	-	-	-	-	140,625,272
Balance as at 31.03.2012	1,256,967,000	917,327,465	99,409,469	77,940,527	38,677,372	6,605,357	2,396,927,190
Additions	29,269,695	53,932,907	6,727,798	5,252,800	13,128,320	-	108,311,520
Disposals	-	-	-	-	(11,550,494)	-	(11,550,494)
Balance as at 31.03.2013	1,286,236,695	971,260,372	106,137,267	83,193,327	40,255,198	6,605,357	2,493,688,216
Accumulated Depreciation							
Balance as at 01.04.2011	35,513,407	258,147,944	20,865,619	21,920,306	4,601,942	-	341,049,218
Depreciation Charge for the year	12,074,049	92,166,061	9,268,093	7,555,813	3,898,271	523,645	125,485,932
Disposals	-	(967,175)	-	-	(1,375,641)	-	(2,342,816)
Transfers to the Revaluation	(47,587,456)	-	-	-	-	-	(47,587,456)
Balance as at 31.03.2012	-	349,346,830	30,133,712	29,476,119	7,124,572	523,645	416,604,878
Depreciation Charge for the year	8,944,432	94,816,507	10,329,726	8,043,928	4,181,358	660,536	126,976,487
Disposals	-	-	-	-	(5,597,612)	-	(5,597,612)
Balance as at 31.03.2013	8,944,432	444,163,337	40,463,438	37,520,047	5,708,318	1,184,181	537,983,753
Net Book Value							
At 31st March 2013	1,277,292,263	527,097,035	65,673,829	45,673,280	34,546,880	5,421,176	1,955,704,463
At 31st March 2012	1,256,967,000	567,980,635	69,275,757	48,464,408	31,552,800	6,081,712	1,980,322,312
At 01st April 2011	1,046,738,518	599,402,450	63,458,207	51,113,883	31,076,529	-	1,791,789,587

10.1 Capital Work-In-Progress

	Group			Company		
	2012/2013 Rs.	2011/2012 Rs.	As at 01.04.2011 Rs.	2012/2013 Rs.	2011/2012 Rs.	As at 01.04.2011 Rs.
Balance as at 31.03.2012	6,542,915	8,498,451	1,170,783,098	6,542,915	8,498,451	-
Add : Additions for the year	-	-	8,498,451	-	-	8,498,451
Less : Transfer During the Year	(6,542,915)	(1,955,536)	(1,170,783,098)	(6,542,915)	(1,955,536)	-
Balance as at 31.03.2013	-	6,542,915	8,498,451	-	6,542,915	8,498,451

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Notes to the Financial Statements

As at 31st March 2013

10 PROPERTY PLANT & EQUIPMENT CONTD.

Revaluation of land and buildings

The Company uses the revaluation model of measurement of land and buildings. The Company engaged with Mr. P M B Edmund, an accredited independent valuer, to determine the fair value of its land and buildings. Fair value is determined by reference to market-based evidence. Valuations are based on active market prices, adjusted for any difference in the nature, location or condition of the specific property. The date of the most recent revaluation was 31 March 2012.

Property Plant and Equipment includes fully depreciated assets having a gross carrying amounts of Rs.39,173,935/- (2012 - Rs. 34,696,414/-).

During the financial year, the Group acquired Property Plant and Equipment to the aggregate value of Rs. 191,694,493/- (2012 - Rs.374,996,690/-). Acquisitions through Cash payments amounting to Rs.185,151,578/- (2012 - Rs. 364,491,333/-).

The carrying value of Motor Vehicles held under finance leases at 31 March 2013 was Rs.5,421,176/- (2012 -Rs.6,081,712/-). No additions made during the year under finance leases. Lease Assets are pledged as securities for the related Finance Lease.

The Carrying Value of the Assets if Revaluation has not been carried out.

Description	Address	Extent	Company	
			Rs.	Rs.
Land 01	No 03, Alfred Place, Colombo 03	0A-3R-30.24P	494,400,237	494,400,237
Land 02	No 05, Alfred Place, Colombo 03	0A-0R-32.68P	118,750,000	118,750,000
Building	No 03, Alfred Place, Colombo 03	(01 Building) 97,340 Sq.ft	455,604,034	433,588,281
Total			1,068,754,271	1,046,738,518

11 INVESTMENT IN SUBSIDIARIES

Company

	As at 31.03.2013				As at 31.03.2012			
	Number of Shares	Holding %	Carrying Value Rs.	Directors Valuation Rs.	Number of Shares	Holding %	Carrying Value Rs.	Directors Valuation Rs.
Durdans Heart Surgical Centre (Pvt) Ltd	8,581,960	78.02	98,729,910	98,729,910	7,831,960	71.20	85,297,410	85,297,410
Durdans Medical & Surgical Hospital (Pvt) Ltd	106,607,144	71.78	1,072,500,012	1,072,500,012	106,607,144	71.78	1,072,500,012	1,072,500,012
	115,189,104		1,171,229,922	1,171,229,922	114,439,104		1,157,797,422	1,157,797,422
	As at 01.04.2011							
	Number of Shares	Holding %	Carrying Value Rs.	Directors Valuation Rs.				
Durdans Heart Surgical Centre (Pvt) Ltd	7,831,960	71.20	85,297,410	85,297,410				
Durdans Medical & Surgical Hospital (Pvt) Ltd	105,000,001	75.00	1,050,000,010	1,050,000,010				
	112,831,961		1,135,297,420	1,135,297,420				

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As at 31st March 2013

	Group			Company		
	2012/2013 Rs.	2011/2012 Rs.	As at 01.04.2011 Rs.	2012/2013 Rs.	2011/2012 Rs.	As at 01.04.2011 Rs.
16 STATED CAPITAL						
33,872,726 Shares (2011/12 - 33,872,726)	916,366,104	916,366,104	916,366,104	916,366,104	916,366,104	916,366,104
17 REVALUATION RESERVES						
Balance Brought Forward	532,338,890	344,126,161	746,671,576	532,338,890	344,126,161	746,671,576
Less: Transfer to Bonus Issue of Shares	-	-	(402,545,415)	-	-	(402,545,415)
Add: Transfer from Revaluation of Property Plant & Equipment	-	188,212,729	-	-	188,212,729	-
Balance Carried Forward	532,338,890	532,338,890	344,126,161	532,338,890	532,338,890	344,126,161
18 REVENUE RESERVES						
General Reserves						
Balance Brought Forward	4,822,163	4,822,163	4,822,163	4,822,163	4,822,163	4,822,163
Balance Carried Forward	4,822,163	4,822,163	4,822,163	4,822,163	4,822,163	4,822,163
Accumulated Profits						
Balance Brought Forward	970,314,464	773,229,946	696,198,562	892,436,436	733,356,080	672,959,182
Profit for the year	264,412,999	249,011,192	128,035,494	210,912,952	209,889,445	105,537,678
Increase in the Share of Non Controlling Interest	(772,178)	(1,117,585)	-	-	-	-
Dividend Paid						
- Ordinary Shares	(135,490,904)	(50,809,089)	(42,340,908)	(135,490,904)	(50,809,089)	(42,340,908)
Adjustments on SLFRS/LKAS transition	-	-	(8,663,202)	-	-	(2,799,872)
Balance Carried Forward	1,098,464,381	970,314,464	773,229,946	967,858,484	892,436,436	733,356,080
Total	1,103,286,544	975,136,627	778,052,109	972,680,647	897,258,599	738,178,243

	Group		
	2012/2013 Rs.	2011/2012 Rs.	As at 01.04.2011 Rs.
19 NON CONTROLLING INTEREST			
Balance Brought Forward	488,029,455	400,145,347	393,602,851
Profit for the year	35,890,528	37,240,795	30,347,594
Increase/(Decrease) in the Share of Non Controlling Interest	(12,660,322)	74,403,313	-
Dividend Paid	(16,924,600)	(23,760,000)	(22,176,280)
Adjustment on SLFRS/LKAS transition	-	-	(1,628,818)
Balance Carried Forward	494,335,061	488,029,455	400,145,347

As at 31st March 2013

20 OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES**20.1 Other Financial Assets**

	Group			Company		
	2012/13 Rs.	2011/12 Rs.	As at 01.04.2011 Rs.	2012/13 Rs.	2011/12 Rs.	As at 01.04.2011 Rs.
Loans and Receivables						
Refundable Deposits	14,904,446	17,212,792	16,971,167	7,993,979	11,100,443	10,664,689
Fixed Deposits on financial institutions	148,222,486	169,067,215	72,810,315	88,519,061	55,036,048	47,221,866
Total Loans and Receivables	163,126,932	186,280,007	89,781,482	96,513,040	66,136,491	57,886,555
Available for Sale Investments						
Quoted Equity Shares	6,757,752	7,401,537	5,321,535	816,000	776,000	704,000
Total Available for Sale Investments	6,757,752	7,401,537	5,321,535	816,000	776,000	704,000
Total other Financial Assets	169,884,684	193,681,544	95,103,017	97,329,039	66,912,491	58,590,555
Total current	148,222,486	169,067,215	72,810,315	88,519,061	55,036,048	47,221,866
Total non - current	21,662,198	24,614,329	22,292,702	8,809,979	11,876,443	11,368,689

Loans and Receivables - Refundable Deposits and Fixed Deposits in Financial Institutions

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs.

Available-for-Sale Investment — Quoted Equity Shares

The Group has investments in listed equity securities. The fair value of the quoted equity shares is determined by reference to published price quotations in an active market.

Impairment on Available-for-Sale Financial Investments

For Available-for-Sale Financial Investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as Available-for-Sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the Group evaluates, among other factors, historical share price movements and the duration or extent to which the fair value of an investment is less than its cost.

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20 OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES CONTD.

20.2 Other financial liabilities

	Group			Company		
	2012/2013 Rs.	2011/2012 Rs.	As at 01.04.2011 Rs.	2012/2013 Rs.	2011/2012 Rs.	As at 01.04.2011 Rs.
Financial Liabilities at fair value through profit or loss						
Embedded Derivatives						
(Redeemable Debentures)	105,187,450	102,267,482	100,839,947	105,187,450	102,267,482	100,839,947
Total Financial Liabilities at fair value through profit or loss	105,187,450	102,267,482	100,839,947	105,187,450	102,267,482	100,839,947
Total current	-	-	-	-	-	-
Total non - current	105,187,450	102,267,482	100,839,947	105,187,450	102,267,482	100,839,947

In 2007, the Company issued Rs.100 Mn redeemable debentures to Lanka Venture PLC (LVL) and pays 12% interest on the debentures. Of these debentures, Rs. 68.75 Mn will be settled in 5 equal annual installments from June 2013 to June 2017 with the company having the option to prematurely settle.

The remaining Rs.31.50 Mn of the debentures will be exchanged for shares of the company's subsidiary, Durdans Medical & Surgical Hospital (Pvt) Ltd (DMSH), before June 2016. The derivative is contingently puttable if DMSH is not listed by June 2016 and in such case, Company will buy back those DMSH shares from LVL in 2 equal annual installments at a price linked to DMSH's EPS in 2016 and 2017.

This contract has embedded derivatives which require bifurcation.

The redeemable debentures will be carried at fair value through profit or loss.

20.3 Interest Bearing Loans & Borrowings

	Notes	Re-payable within one year Rs.	Re-payable after one year Rs.	Total as at 31.03.2013 Rs.	Total as at 31.03.2012 Rs.
Group					
Bank Loans	20.3.1	310,710,233	666,291,552	977,001,785	1,242,161,091
Lease Creditors	20.3.2	1,821,561	2,428,228	4,249,789	7,693,963
		312,531,794	668,719,780	981,251,574	1,249,855,054
Company					
Bank Loans	20.3.1	171,595,281	381,955,440	553,550,721	709,936,082
Lease Creditors	20.3.2	808,129	1,090,600	1,898,729	4,447,979
		172,403,410	383,046,040	555,449,450	714,384,061

As at 31st March 2013

20.3.1 Bank Loans - Group

Lender	Within One Year Rs.	After One Year Rs.	Total Rs.	Interest Rate %	Obtained Date	Repayment Terms	Security
DFCC Bank							
- 500 Million Loan	71,428,571	291,666,667	363,095,238	AWDR + 5%	01.05.2010	(A)	(i) An agreement to mortgage over allotments of land marked as Lot 01 depicted in Plan No. 7187 dated 10th June 2008 made by Gamini B. Dodanwela, Licensed Surveyor of the land bearing assessment No. 03, Alfred Place situated at Kollupitiya within the Municipality Council limits of Colombo containing in extent 0A-3R-30.24P, together with the buildings standing thereon owned by the company. (ii) A tripartite agreement assigning 86,000,001 ordinary shares of the Durdans Medical and Surgical Hospital (Pvt) Ltd held by the company as equity investment.
- 100 Million Loan	14,285,712	61,904,768	76,190,480	80% of loan AWDR + 4.75% 20% of loan AWPLR + 1%	26.07.2010	(B)	Primary Mortgage over proposed movable list of machinery with CT Scanner and a Promissory Note.
- 22.5 Million Loan	6,249,998	-	6,249,998	AWPLR + 2% p.a.	28.02.2012	(C)	Company guarantee through board resolution and duly signed loan agreement.
- 35 Million Loan	9,990,803	23,308,113	33,298,916	AWPLR + 3% p.a.	14.08.2012	(D)	Primary mortgage over the specified Neurology Equipment purchased and Corporate guarantee from CHPLC.
- 200 Mn Loan	49,850,028	70,620,761	120,470,789	AWPLR + 1.50% p.a.	23.06.2009	(E)	Land An Allotment of Land marked lot 1 depicted in Plan No.7123 dated 08th April 2008 made by Gamini B. Dodanwela, Licensed Surveyor, of a land called Durdans Hospital, presently bearing assessment No. 04, 06th Lane and part of assessment No.03, Alfred Place situated at Kollupitiya, within the Municipal Council Limits of Colombo and containing in extent 0A-1R-26.54P according to the said Plan No. 7123 together with the building standing thereon owned by the Durdans Medical & Surgical Hospital (Pvt) Ltd.
NDB Bank							
- 100 Million Loan	33,600,000	18,800,000	52,400,000	AWDR + 3.9% p.a.	15.10.2010	(F)	Primary Mortgage over the equipment purchased of Rs.26.1 million and corporate guarantee.
- 50 Million Loan	20,040,000	1,570,000	21,610,000	AWDR + 3.9% p.a.	18.03.2011	(G)	Primary Mortgage over the equipment purchased and Corporate Guarantee from Durdans Heart Surgical Center (Pvt) Ltd.
- 50 Million Loan	20,040,000	8,250,000	28,290,000	AWDR + 3.9% p.a.	07.07.2011	(H)	Primary Mortgage over the equipment purchased and Corporate Guarantee from Ceylon Hospitals PLC.
- 25 Million Loan	9,163,000	6,674,000	15,837,000	AWDR + 3.9% p.a.	25.10.2011	(I)	Primary Mortgage over proposed movable machinery with CT Scanner.

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20 OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES CONTD.

20.3.1 Bank Loans - Group Contd.

Lender	Within One Year Rs.	After One Year Rs.	Total Rs.	Interest Rate %	Obtained Date	Repayment Terms	Security
Nations Trust Bank							
- 8 Million Loan	5,328,000	1,340,005	6,668,005	AWPLR + 2% p.a.	21.12.2012	(J)	Primary Mortgage over motor vehicle value of Rs. 08 million and duly signed loan agreement.
- 13 Million Loan	11,500,000	-	11,500,000	AWPLR + 2% p.a.	24.12.2012	(K)	Company guarantee through board resolution and duly signed loan agreement.
Amana Investments Bank							
- 140 Million Loan	26,001,645	81,862,910	107,864,555	AWDR + 3.5% p.a. subject to a cap of 23% p.a. & floor of 13.5% p.a.	11.08.2010	(L)	Primary Mortgage over MRI Scanner
- 175 Million Loan	33,232,476	100,294,327	133,526,803	AWDR + 3.5% p.a. subject to a cap of 23% p.a. & floor of 13.5% p.a.	24.12.2009	(M)	Primary mortgage over Medical Equipment purchased
Total	310,710,233	666,291,552	977,001,785				

20.3.1 Bank Loans - Company

Lender	Within One Year Rs.	After One Year Rs.	Total Rs.	Interest Rate %	Obtained Date	Repayment Terms	Security
DFCC Bank							
- 500 Million Loan	71,428,571	291,666,667	363,095,238	AWDR + 5%	01.05.2010	(A)	(i) An agreement to mortgage over allotments of land marked as Lot 01 depicted in Plan No. 7187 dated 10th June 2008 made by Gamini B.Dodanwela, Licensed Surveyor of the land bearing assessment No. 03, Alfred Place situated at Kollupitiya within the Municipal Council limits of Colombo containing in extent OA-3R-30.24P, together with the buildings standing thereon owned by the company. (ii) A tripartite agreement assigning 86,000,001 ordinary shares of the Durdans Medical and Surgical Hospital (Pvt) Ltd held by the company as equity investment.
- 100 Million Loan	14,285,712	61,904,768	76,190,480	80% of loan AWDR + 4.75% 20% of loan AWPLR + 1%	26.07.2010	(B)	Primary Mortgage over proposed movable list of machinery with CT Scanner and a Promissory Note.
- 22.5 Million Loan	6,249,998	-	6,249,998	AWPLR + 2% p.a.	28.02.2012	(C)	Company board resolution and duly signed loan agreement.
NDB Bank							
- 100 Million Loan	33,600,000	18,800,000	52,400,000	AWDR + 3.9% p.a.	15.10.2010	(F)	Primary Mortgage over the equipment Purchased of Rs.26.1 million and corporate guarantee from Durdans Heart Surgical Center (Pvt) Ltd.

As at 31st March 2013

20.3.1 Bank Loans - Company Contd.

Lender	Within One Year Rs.	After One Year Rs.	Total Rs.	Interest Rate %	Obtained Date	Repayment Terms	Security
NDB Bank Contd.							
- 50 Million Loan	20,040,000	1,570,000	21,610,000	AWDR + 3.9% p.a.	18.03.2011	(G)	Primary Mortgage over the equipment Purchased and Corporate Guarantee from Durdans Heart Surgical Centre (Pvt) Ltd.
- 25 Million Loan	9,163,000	6,674,000	15,837,000	AWDR + 3.9% p.a.	25.10.2011	(I)	Primary Mortgage over proposed movable machinery with CT Scanner.
Nations Trust Bank							
- 8 Million Loan	5,328,000	1,340,005	6,668,005	AWPLR + 2% p.a.	21.12.2012	(J)	Primary Mortgage over motor vehicle value of Rs. 08 Mn and duly signed loan agreement.
- 13 Million Loan	11,500,000	-	11,500,000	AWPLR + 2% p.a.	24.12.2012	(K)	Company guarantee through board resolution and duly signed loan and trade finance agreement.
Total	171,595,281	381,955,440	553,550,721				

Name of Lease Creditor and Description of Asset on Finance Lease	Balance As At 01.04.2012 Rs.	New Leases Obtained Rs.	Repayments Rs.	Balance As At 31.03.2013 Rs.
20.3.2 Lease Creditors - Group				
<i>Gross Liability</i>				
NDB Bank				
- Axio Motor Car	2,514,512	-	(2,327,163)	187,349
- JMC Double Cab	2,939,743	-	(860,412)	2,079,331
- Allion Motor Car	3,864,068	-	(1,220,232)	2,643,836
	9,318,323	-	(4,407,807)	4,910,516
<i>Finance Charges Allocated to Future Years</i>				
NDB Bank				
- Axio Motor Car	284,168	-	(281,045)	3,123
- JMC Double Cab	722,108	-	(357,280)	364,828
- Allion Motor Car	618,084	-	(325,308)	292,776
	1,624,360	-	(963,633)	660,727
Present Value of Lease Creditors	7,693,963	-	-	4,249,789
20.3.2 Lease Creditors - Company				
<i>Gross Liability</i>				
NDB Bank				
- Axio Motor Car	2,514,512	-	(2,327,163)	187,349
- JMC Double Cab	2,939,743	-	(860,412)	2,079,331
	5,454,255	-	(3,187,575)	2,266,680
<i>Finance Charges Allocated to Future Years</i>				
NDB Bank				
- Axio Motor Car	284,168	-	(281,045)	3,123
- JMC Double Cab	722,108	-	(357,280)	364,828
	1,006,276	-	(638,325)	367,951
Present Value of Lease Creditors	4,447,979	-	-	1,898,729

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As at 31st March 2013

20 OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES CONTD.

20.3.1 Bank Loan Contd.

- (A) In 84 equal monthly installments of Rs.5,952,380/- with a grace period of 12 months.
- (B) In 84 equal monthly installments of Rs.1,190,476/- with a grace period of 12 months.
- (C) In 18 equal monthly installments of Rs.1,250,000/- and 48 equal monthly installments of Rs. 468,750/-.
- (D) In 42 equal Monthly installments of Rs 833,333/- after 6 months Grace period.
- (E) In 48 equal monthly installments of Rs.4,166,667/- commencing after a grace period of 12 months.
- (F) In 36 equal monthly installments of Rs.2,777,777/- with a grace period of 13 months.
- (G) In 29 equal monthly installments of Rs.1,670,000/- and final installment of Rs.1,570,000/-.
- (H) In 29 equal monthly installments of Rs.1,670,000/- and final installment of Rs.1,570,000/-.
- (I) In 29 equal monthly installments of Rs.833,000/- and final installment of Rs.843,000/-.
- (J) In 17 equal monthly installments of Rs.464,000/- and final installment of Rs.452,000/-.
- (K) In 11 equal monthly installments of Rs.500,000/- and one installment of Rs.7,500,000/-.
- (L) In 72 monthly installments as per the schedule given by the lender, commencing after a grace period of 12 months.
- (M) In 84 monthly installments as per the schedule given by the lender, commencing after a grace period of 12 months.

20.4 Fair Values - Group

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments that are carried in the financial statements.

	Carrying Amount			Fair Value		
	2012/2013 Rs	2011/2012 Rs.	As at 01.04.2011 Rs.	2012/2013 Rs	2011/2012 Rs.	As at 01.04.2011 Rs.
Financial Assets						
Trade & Other receivables	106,082,963	125,759,924	99,112,979	106,082,963	125,759,924	99,112,979
Other financial assets						
- Loans and other receivables	165,117,246	188,036,290	90,922,668	163,126,932	186,280,007	89,781,482
- Available for sale financial investments	2,234,753	2,234,753	2,234,753	6,757,752	7,401,537	5,321,535
Cash and short-term deposits	96,958,764	21,278,821	71,062,716	96,958,764	21,278,821	71,062,716
Total	370,393,726	337,309,788	263,333,116	372,926,411	340,720,289	265,278,712
Financial liabilities						
Interest Bearing Loans & Borrowings	977,001,785	1,242,161,091	1,257,779,185	977,001,785	1,242,161,091	1,257,779,185
Obligations under finance leases	4,249,789	7,692,356	-	4,249,789	7,692,356	-
Trade and other payables	300,099,066	286,570,343	301,100,539	300,099,066	286,570,343	301,100,539
Bank overdraft	249,759,045	146,861,585	217,349,655	249,759,045	146,861,585	217,349,655
Derivative financial liabilities at fair value through profit & loss	100,000,000	100,000,000	100,000,000	105,187,450	102,267,482	100,839,947
Total	1,631,109,685	1,783,285,375	1,876,229,379	1,636,297,135	1,785,552,857	1,877,069,326

As at 31st March 2013

20.4 Fair Values - Company

	Carrying Amount			Fair Value		
	2012/2013 Rs.	2011/2012 Rs.	As at 01.04.2011 Rs.	2012/2013 Rs.	2011/2012 Rs.	As at 01.04.2011 Rs.
Financial Assets						
Trade & Other receivables	74,469,237	147,302,156	60,221,431	74,469,237	147,302,157	60,221,431
Other financial assets						
- Loans and other receivables	98,408,398	67,798,481	58,954,299	96,513,040	66,136,491	57,886,555
- Available for sale financial investments	640,000	640,000	640,000	816,000	776,000	704,000
Cash and short-term deposits	74,970,871	12,592,181	17,136,645	74,970,871	12,592,181	17,136,645
Total	248,488,506	228,332,818	136,952,375	246,769,148	226,806,829	135,948,631
Financial liabilities						
Interest Bearing Loans & Borrowings	553,550,721	709,936,082	772,169,493	553,550,721	709,936,082	772,169,493
Obligations under finance leases	1,898,729	4,447,979	-	1,898,729	4,447,979	-
Trade and other payables	201,614,533	188,513,563	157,552,439	201,614,533	188,513,563	157,552,439
Bank overdraft	160,445,190	107,456,573	120,535,999	160,445,190	107,456,573	120,535,999
Embedded Derivative	100,000,000	100,000,000	100,000,000	105,187,450	102,267,482	100,839,947
Total	1,017,509,173	1,110,354,197	1,150,257,931	1,022,696,623	1,112,621,679	1,151,097,878

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- The fair value of loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.
- Fair value of available-for-sale financial assets is derived from quoted market prices in active markets, if available.

20.5 Fair Value Hierarchy

As at 31st March 2013, the Group/Company held the following financial instruments carried at fair value on the statement of financial position:

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

Level 2: techniques which use inputs that have an effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have an effect on the recorded fair value that are not based on observable market data

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As at 31st March 2013

20 OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES CONTD.

20.5 Fair Value Hierarchy Contd.

	Group				Company			
	2012/2013 Rs.	Level 01 Rs.	Level 02 Rs.	Level 03 Rs.	2012/2013 Rs.	Level 01 Rs.	Level 02 Rs.	Level 03 Rs.
Assets measured at fair value								
<i>Available for sale financial assets</i>								
Quoted equity shares	6,757,752	6,757,752	-	-	816,000	816,000	-	-
<i>Loans and Receivables</i>								
Refundable Deposits & Short term Deposits	163,126,932	-	14,904,446	148,222,486	96,513,041	-	7,993,979	88,519,061
Trade & Other Receivables	106,082,963	-	106,082,963	-	74,469,236	-	74,469,236	-
Liabilities measured at fair value								
Embedded derivatives	105,187,450	-	105,187,450	-	105,187,450	-	105,187,450	-

As at 31st March 2012, the Group/Company held the following financial instruments measured at fair value:

	Group				Company			
	2011/2012 Rs.	Level 01 Rs.	Level 02 Rs.	Level 03 Rs.	2011/2012 Rs.	Level 01 Rs.	Level 02 Rs.	Level 03 Rs.
Assets measured at fair value								
<i>Available for sale financial assets</i>								
Quoted equity shares	7,401,537	7,401,537	-	-	776,000	776,000	-	-
<i>Loans and Receivables</i>								
Refundable Deposits & Short term Deposits	186,280,007	-	17,212,792	169,067,215	66,136,491	-	11,100,443	55,036,048
Trade & Other Receivables	125,759,924	-	125,759,924	-	147,302,157	-	147,302,157	-
Liabilities measured at fair value								
Embedded derivatives	102,267,482	-	102,267,482	-	102,267,482	-	102,267,482	-

As at 01st April 2011, the Group/Company held the following financial instruments measured at fair value:

	Group				Company			
	2010/2011 Rs.	Level 01 Rs.	Level 02 Rs.	Level 03 Rs.	2010/2011 Rs.	Level 01 Rs.	Level 02 Rs.	Level 03 Rs.
Assets measured at fair value								
<i>Available for sale financial assets</i>								
Quoted equity shares	5,321,535	5,321,535	-	-	704,000	704,000	-	-
<i>Loans and Receivables</i>								
Refundable Deposits & Short term Deposits	89,781,483	-	16,971,167	72,810,316	57,886,555	-	10,664,689	47,221,866
Trade & Other Receivables	99,112,979	-	99,112,979	-	60,221,431	-	60,221,431	-
Liabilities measured at fair value								
Embedded derivatives	100,839,947	-	100,839,947	-	100,839,947	-	100,839,947	-

As at 31st March 2013

21 DEFERRED REVENUE

	Group			Company		
	2012/2013 Rs.	2011/2012 Rs.	As at 01.04.2011 Rs.	2012/2013 Rs.	2011/2012 Rs.	As at 01.04.2011 Rs.
Balance Brought Forward	-	-	-	31,364,600	32,704,600	34,044,600
Less:						
Amortized during the year	-	-	-	(1,340,000)	(1,340,000)	(1,340,000)
Balance Carried Forward	-	-	-	30,024,600	31,364,600	32,704,600

22 PROVISIONS & OTHER LIABILITIES**Gratuity**

Balance Brought Forward	81,566,563	79,038,173	63,579,302	75,635,045	74,787,235	60,059,617
Provision for the year	28,317,741	9,731,799	20,708,096	22,537,892	7,789,914	19,976,843
	109,884,304	88,769,972	84,287,398	98,172,937	82,577,149	80,036,460
Payments made during the year	(9,893,038)	(7,203,409)	(5,249,225)	(8,501,309)	(6,942,104)	(5,249,225)
Balance Carried Forward	99,991,266	81,566,563	79,038,173	89,671,628	75,635,045	74,787,235

Note:

As at 31st March 2013 the gratuity liability was actuarially valued under the projected unit credit method by Mr.M.Poopalanathan of Actuarial and Management Consultant (Pvt) Ltd. The liability is not externally funded. The valuation is performed at 02 years intervals.

Principal actuarial assumptions used % per annum

(a) Discount Rate	11%
(b) Incidence of Withdrawal	10%
(c) Salary Increased	10%
(d) Retirement Age	55 years

Expense recognised in the Statement of Income

	Group			Company		
	2012/2013 Rs.	2011/2012 Rs.	As at 01.04.2011 Rs.	2012/2013 Rs.	2011/2012 Rs.	As at 01.04.2011 Rs.
Current service cost	14,633,218	10,578,183	9,080,613	12,498,577	9,451,168	8,554,560
Interest cost	8,972,322	1,969,023	5,702,222	8,319,855	1,569,832	5,619,422
Actuarial gain/(loss)	4,712,201	(2,815,407)	5,925,261	1,719,460	(3,231,086)	5,802,861
Total included in the staff cost	28,317,741	9,731,799	20,708,096	22,537,892	7,789,914	19,976,843

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Notes to the Financial Statements

As at 31st March 2013

23 DEFERRED TAXATION

	2012/2013 Rs.	2011/2012 Rs.	As at 01.04.2011 Rs.	2012/2013 Rs.	2011/2012 Rs.	As at 01.04.2011 Rs.
Balance Brought Forward	100,136,651	92,285,237	39,173,611	95,071,408	86,629,618	39,173,611
Provision for the year	(1,154,457)	7,851,414	53,111,626	(12,908,662)	8,441,790	47,456,007
Balance Carried Forward	98,982,194	100,136,651	92,285,237	82,162,746	95,071,408	86,629,618
Deferred tax provision as at the year is made up as follows; Deferred tax provision from:						
Temporary difference of property, plant & Equipment	110,981,146	109,212,856	113,225,662	92,923,341	85,995,203	77,655,150
Temporary difference of retirement benefit obligation	(11,998,952)	(9,076,205)	(20,940,425)	(10,760,595)	(9,076,205)	(8,974,468)
	98,982,194	100,136,651	92,285,237	82,162,746	95,071,408	86,629,618

24 TRADE & OTHER PAYABLES

Trade Creditors	113,779,470	112,334,717	85,773,089	81,826,722	81,528,902	60,661,709
Accrued Expenses & Sundry Payables	186,319,596	174,235,626	215,327,450	119,787,811	106,984,661	96,890,730
	300,099,066	286,570,343	301,100,539	201,614,533	188,513,563	157,552,439

25 TAXATION PAYABLE

	Group			Company		
	2012/2013 Rs	2011/2012 Rs.	As at 01.04.2011 Rs.	2012/2013 Rs	2011/2012 Rs.	As at 01.04.2011 Rs.
Balance Brought Forward	24,904,916	9,024,504	5,561,631	26,808,674	10,347,832	5,281,054
Provisions for the year	31,488,809	53,358,465	34,202,995	20,826,531	51,000,000	33,100,000
Payments during the year	(45,639,046)	(28,033,117)	(7,635,367)	(42,512,233)	(28,033,117)	(7,635,255)
- SRL Paid	-	(529,590)	(569,765)	-	(513,045)	(550,682)
Tax credits for						
- ESC Paid	(870,507)	(7,939,296)	(21,482,770)	-	(5,462,378)	(19,239,215)
- WHT deducted	(1,580,240)	(976,050)	(1,052,220)	(826,299)	(530,618)	(608,070)
Balance Carried Forward	8,303,932	24,904,916	9,024,504	4,296,673	26,808,674	10,347,832

26 CAPITAL COMMITMENTS

There were no material capital commitments outstanding as at 31st March 2013.

27 CONTINGENT LIABILITIES

There were no contingent liabilities as at 31st March 2013 that requires adjustment to or disclosure in the Financial Statements.

For the year ended 31st March 2013

28 EVENTS OCCURRING AFTER THE REPORTING DATE

There were no material events occurring after the reporting date that require adjustments or disclosure in the Financial Statements.

29 DIVIDEND

This represents the final dividend paid at a rate of Rs.2.00 per share for the year 2011-12 and Interim dividend paid at a rate of Rs.2.00 per share for the year 2012-2013.

30 RELATED PARTY DISCLOSURES

30.1 The Directors of Ceylon Hospitals PLC are also the Directors of the following related Companies

Name of the Director	Durdans Management Services Ltd.	Tudawe Brothers (Pvt) Ltd.	Tudawe Engineering Services (Pvt) Ltd.	Durdans Medical & Surgical Hospital (Pvt) Ltd.	Durdans Heart Surgical Centre (Pvt) Ltd.	Ceygen Biotech (Pvt) Ltd.
Mr A E Tudawe	√	√	√	√	√	
Mr S P Tudawe	√	√	√	√	√	
Mr U D Tudawe	√	√	√	√	√	√
Dr A D P A Wijegoonewardena	√			√	√	
Dr K A T W P Jayawardena	√			√	√	
Mr Y N R Piyasena	√			√	√	
Dr N Y Wijemanne				√		
Mr A S Abeyewardene				√		

Name of the Company

Relationship

Ceylon Hospital PLC	Company
Durdans Management Services Ltd	Immediate/Ultimate Parent Company
Durdans Medical & Surgical Hospital (Pvt) Ltd	Subsidiary
Durdans Heart Surgical Centre (Pvt) Ltd	Subsidiary
Ceygen Biotech (Pvt) Ltd	Associate
Tudawe Brothers (Pvt) Ltd	Other Affiliates
Tudawe Engineering Services (Pvt) Ltd	Other Affiliates

30.2 Substantial Shareholding and Immediate and Ultimate Parent Company

The company's immediate parent company is Durdans Management Services Ltd., which holds 64.67% of the issued Ordinary Shares of the company as at reporting date.

30.3 Key Management Personnel Information

According to Sri Lanka Accounting Standard 24 (LKAS) "Related Party Disclosures", Key management personnel are those having authority and responsibility for planning, directing and controlling activities of the entity. Accordingly, the Board of Directors (including Executive and Non executive Directors) has been classified as Key Management Personnel of the Company.

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Notes to the Financial Statements

For the year ended 31st March 2013

30 RELATED PARTY DISCLOSURES CONTD.

30.4 Related Party Transactions

The Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard 24 (LKAS), "Related Party Disclosures", the details of which are reported below.

30.4.1 Transactions with Companies in which Directors of the Company hold Other Directorships

The Company has carried out transactions with entities where the Chairman or a Director of the Company is the Chairman or a Director of such entities as detailed below.

30.4.1.1 Transactions with Immediate Parent Company

Name of immediate Parent Company	Description of Transaction
Durdans Management Services Ltd. (DMSL)	DMSL provides the Management and Consultancy Services to Ceylon Hospitals PLC. During the year the company has paid Rs. 20,395,379/- (Previous Year - Rs. 12,456,844/-) as Management Fee to DMSL.

30.4.2 Transactions with Other Related Companies

a) Company

Name of immediate Parent Company	Description of Transaction
Durdans Heart Surgical Centre (Pvt) Ltd. (DHSC)	<p>The company has received the services of Rs.58,388,928/- (Previous Year - Rs.54,172,052/-) from DHSC for the medical related activities of the hospital.</p> <p>The company has paid amount of Rs.56,882,802/- (Previous Year - Rs.7,078,544/-) to DHSC for the services rendered in relate to medical activities.</p> <p>Company provides the Management and Consultancy Services to DHSC. During the year the company has received Rs. 3 million (Previous Year - Rs.3 million) as Management Fee from DHSC.</p> <p>Company has received Rs.3 million as operating lease rentals from DHSC during the period based on operating lease agreement engaged in two companies for the usage of Cardio Vascular Angiography System.</p>
Durdans Medical & Surgical Hospital (Pvt) Ltd. (DMSH)	<p>The company has invest the amount of Rs. Nil (Previous Year - Rs.22,500,002/-) in ordinary shares of DMSH during the year.</p> <p>The company has received the amount of Rs.314,466,273/- (Previous Year - Rs.173,917,069/-) from DMSH for the services rendered to the company.</p>

For the year ended 31st March 2013

b) Group

Transactions Between Related Companies

(i) Durdans Medical & Surgical Hospital (Pvt) Ltd with other Related Parties

Name of immediate Parent Company	Description of Transaction
Durdans Heart Surgical Centre (Pvt) Ltd. (DHSC)	The company has paid the amount of Rs.7,228,094/- (Previous Year - Rs.880,139/-) to DHSC for the services rendered to the company. The company has invest the amount of Rs. Nil (Previous Year - Rs.24,214,274/-) in ordinary shares of DMSH during the year.
Tudawe Brothers (Pvt) Ltd.	Payments made for construction of company main building value of Rs. Nil (Previous Year - Rs.167,962,688/-) for the period.
Tudawe Engineering Services Limited.	Payments made for engineering works of company main building value of Rs. Nil (Previous Year - Rs.5,534,434/-) for the period.
Durdans Management Services Ltd. (DMSL)	The company has invest the amount of Rs. Nil (Previous Year - Rs.22,500,002/-) in ordinary shares of DMSH during the year.

(ii) Durdans Heart Surgical Centre (Pvt) Ltd.

Name of immediate Parent Company	Description of Transaction
Durdans Medical & Surgical Hospital (Pvt) Ltd. (DMSH)	The company has received the amount of Rs.7,228,094/- (Previous Year - Rs.880,139/-) from DMSH for the services rendered to the company. The company has invest the amount of Rs. Nil (Previous Year - Rs.24,214,274/-) in ordinary shares of DMSH during the period under review.

30.5 Transactions with Key Management Personnel (KMP) of the Company or Parent

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company as well as its related parties, directly or indirectly, including any director (whether executive or otherwise) of the company.

	Group		Company	
	2012/2013 Rs.	2011/2012 Rs.	2012/2013 Rs.	2011/2012 Rs.
Short-term employee benefits	20,394,405	16,230,425	18,769,405	15,645,425
Post employment benefits	-	-	-	-
Other long-term benefits	-	-	-	-
Terminal benefits	-	-	-	-
Share based payments	-	-	-	-
	20,394,405	16,230,425	18,769,405	15,645,425

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Notes to the Financial Statements

For the year ended 31st March 2013

30 RELATED PARTY DISCLOSURES CONTD.

30.5.1 Loans to Directors

a) Group/Company

No loans have been given to directors of the company and its parent company.

b) Compensations to Key Management Personnel of the Company and its parent company.

i. Company

Emoluments to the directors of the Group are disclosed in Note (7) to the Financial Statements.

ii. Group

Emoluments to the directors of the Group are disclosed in Note (7) to the Financial Statements.

Other than those disclosed above, there are no material transactions with the Key Management Personnel of the company and its parent company.

30.6 Amounts receivable from and payable to related parties are set out in Note 14 to the Financial Statements. These receivables and payables are unsecured and have no fixed repayment terms.

31 ASSETS PLEDGED AS COLLATERALS

31.1 ASSETS PLEDGED AS COLLATERALS BY THE GROUP COMPANIES

The following assets of the Group have been pledged as collaterals for overdraft facilities and Loans obtained by the Group to the respective financial institutions concerned.

31.1.1 Assets Pledged by Ceylon Hospitals PLC

Name of financial institution	Nature of facility	Facility Granted	Balance outstanding as at 31.03.2013 Rs.	Securities Pledged
DFCC Bank	Term Loan	500 Million	363,095,238	(i) An agreement to mortgage over allotments of land marked as Lot 01 depicted in Plan No. 7187 dated 10th June 2008 made by Gamini B.Dodanwela, Licensed Surveyor of the land bearing assessment No. 03, Alfred Place situated at Kollupitiya within the Municipality Council Limits of Colombo containing in extent OA-3R-30.24P, together with the buildings standing thereon owned by the company.
				(ii) A tripartite agreement assigning 86,000,001 ordinary shares of the Durdans Medical and Surgical Hospital (Pvt) Ltd held by the company as equity investment.
	Term Loan	100 Million	76,190,480	Primary Mortgage over proposed movable list of machinery with CT Scanner
	Term Loan	22.5 Million	6,249,998	Company guarantee through board resolution and duly signed loan agreement.

For the year ended 31st March 2013

31.1.1 Assets Pledged by Ceylon Hospitals PLC Contd.

Name of financial institution	Nature of facility	Facility Granted	Balance outstanding as at 31.03.2013 Rs.	Securities Pledged
NDB Bank	Bank Overdrafts	10 Million	7,680,953	Primary mortgage of Promissory Note Rs. 50 million.
	Term Loan	100 Million	52,400,000	Primary Mortgage over the equipment Purchased of Rs.26.1 million and Corporate Guarantee from Durdans Medical & Surgical Hospital (Pvt) Ltd.
	Term Loan	50 Million	21,610,000	Primary Mortgage over the equipment Purchased and Corporate Guarantee from DHSC.
	Term Loan	25 Million	15,837,000	Primary Mortgage over proposed movable machinery with CT Scanner.
NTB Bank	Vehicle Loan	8 Million	6,668,005	Primary Mortgage over motor vehicle value of Rs.08 million and duly signed loan agreement.
	Term Loan	13 Million	11,500,000	Company guarantee through board resolution and duly signed loan agreement.
Union Bank	Bank Overdrafts	25 Million	19,125,571	Primary mortgage of Promissory Note Rs. 25 million.
Commercial Bank	Bank Overdrafts	42.7 Million	34,572,882	Mortgage of fixed deposits amount of Rs.48,746,979/- in the name of company together with duly executed letter of authority and letter of set off.
NTB Bank	Bank Overdrafts	30 Million	28,748,578	Company guarantee through board resolution and duly signed overdraft agreement.

31.1.2 Assets Pledged by Durdans Medical & Surgical Hospital (Pvt) Ltd.

Name of financial institution	Nature of facility	Facility Granted	Balance outstanding as at 31.03.2013 Rs.	Securities Pledged
DFCC Bank	Project Loan	200 Million	120,470,789	Mortgage of land marked lot 01 depicted in Plan No. 7123 dated on 08th April 2008 made by Gamini B.Dodanwela licensed surveyor, of a land called Durdans Hospital, presently bearing assessment No. 04, 6th Lane and part of assessment No 03, Alfred Place situated at Kollupitiya, within the Municipal Council Limits of Colombo and containing in extent 0A-1R-26.54P according to the said Plan No.7123 together with the buildings standing thereon belonging to Durdans Medical & Surgical Hospital (Pvt) Ltd.
	Import Loan	35 Million	33,298,916	Primary mortgage of medical equipment imported & locally purchased which were finance through this loan facility and the Corporate Guarantee issued from Ceylon Hospitals PLC.

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Notes to the Financial Statements

For the year ended 31st March 2013

31 ASSETS PLEDGED AS COLLATERALS

31.1 ASSETS PLEDGED AS COLLATERALS BY THE GROUP COMPANIES

31.1.2 Assets Pledged by Durdans Medical & Surgical Hospital (Pvt) Ltd. Contd.

Name of financial institution	Nature of facility	Facility Granted	Balance outstanding as at 31.03.2013 Rs.	Securities Pledged
Amana Investment Bank	Import Loan	175 Million	133,526,803	Primary mortgage of medical equipment imported & locally purchased which were finance through this loan facility and the Corporate Guarantee for Rs.296 million from Ceylon Hospitals PLC.
	Import Loan	140 Million	107,864,555	Primary mortgage of medical equipment imported & locally purchased which were finance through this loan facility and the Corporate Guarantee for Rs.517 million from Ceylon Hospitals PLC. Negative pledge over immovable assets of Durdans Medical & Surgical Hospital (Pvt) Ltd.
NDB Bank	Working Capital Loan	50 Million	28,290,000	Primary mortgage over the Furniture & Fittings and company ambulance with Corporate Guarantee from Ceylon Hospitals PLC for the entire amount of loan facility.
	Revolving Loan	30 Million	-	Over the company inventories.
Commercial Bank	Bank Overdrafts	50 Million	42,695,943	Corporate Guarantee of Rs. 50 million issued by Ceylon Hospitals PLC.
NDB Bank	Bank Overdrafts	20 Million	16,530,517	Company Guarantee through board resolution and duly signed overdraft agreement.

31.1.3 Assets Pledged by Durdans Heart Surgical Centre (Pvt) Ltd

Name of financial institution	Nature of facility	Facility Granted	Balance outstanding as at 31.03.2013 Rs.	Securities Pledged
Commercial Bank	Bank Overdrafts	10 Million	3,651,692 (Favourable)	Over the company inventories and trade debtors balance.

For the year ended 31st March 2013

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group has trade receivables, other receivables, and cash and short-term deposits that arrive directly from its operations. The Group also holds available-for-sale investments.

The Group is exposed to market risk, credit risk and liquidity risk.

The Group's senior management oversees the management of these risks. The Group's senior management is supported by a financial acumen team that advises on financial risks and the appropriate financial risk governance framework for the Group. The finance team provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with group policies and group risk appetite.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will which fluctuate because of changes in market prices. Market prices comprise two types of risk: interest rate risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, available-for-sale investments and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at 31st March in 2013 and 2012.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument which will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings, after the impact of interest rate changes. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings as follows. (There is only an immaterial impact on the Group's equity):

	Increase/decrease in basis points	effect on profit before tax Rs.
2013		
Loans & Borrowings	+1%	11,401,164
	-1%	(11,401,164)
2012		
Loans & Borrowings	+1%	7,434,701
	-1%	(7,434,701)

Equity Price Risk

The Group's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to listed equity securities at fair value was Rs.4,346,999/-. A decrease of 10% on the CSE market index could have an impact of approximately Rs.434,700/- on the equity attributable to the Group, depending on whether or not the decline is significant or prolonged. An increase of 10% in the value of the listed securities would only impact equity but would not have an effect on profit or loss.

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Notes to the Financial Statements

For the year ended 31st March 2013

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTD.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

Trade Receivables

Customer credit risk is managed by each business unit subject to the Group's established policies, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit evaluation format and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and obtaining the Letter of Guarantees from patients who admitted in the hospital through corporate customers. The requirement for an impairment is analysed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Liquidity Risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, finance leases and hire purchase contracts. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

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

	On Demand Rs.	Less than 03 Months Rs.	03 to 12 Months Rs.	01 to 05 Years Rs.	> 05 Years Rs.	Total Rs.
Year ended 31st March 2013						
Interest Bearing Borrowings	-	78,697,907	228,793,510	673,760,157	-	981,251,574
Embedded Derivative	-	-	-	105,187,450	-	105,187,450
Trade & other Payables	-	206,939,268	93,159,799	-	-	300,099,066
Amount Due to Related Parties	-	571,713	1,333,997	-	-	1,905,710
Bank Overdraft	249,759,045	-	-	-	-	249,759,045
	249,759,045	286,208,888	323,287,306	778,947,607	-	1,638,202,845
Year ended 31st March 2012						
Interest Bearing Borrowings	-	76,198,954	236,949,138	936,706,962	-	1,249,855,054
Embedded Derivative	-	-	-	88,517,482	13,750,000	102,267,482
Trade & other Payables	-	199,452,530	87,117,813	-	-	286,570,343
Amount Due to Related Parties	-	408,534	953,246	-	-	1,361,780
Bank Overdraft	146,861,585	-	-	-	-	146,861,585
	146,861,585	276,060,018	325,020,197	1,025,224,444	13,750,000	1,786,916,244

For the year ended 31st March 2013

33 CAPITAL MANAGEMENT

Capital includes ordinary shares and other equity attributable to the equity holders of the parent.

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

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

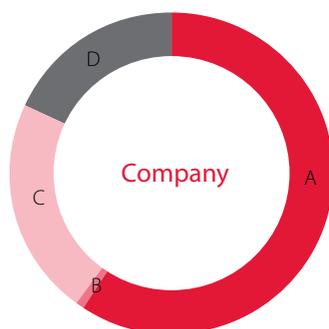
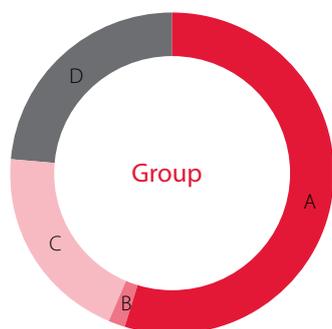
No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March 2013 and 31st March 2012.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 25% and 45%. The Group includes within net debt, interest bearing loans and borrowings, bank overdraft redeemable debentures, trade and other payables, less cash and cash equivalents.

	2012/2013 Rs.	2011/2012 Rs.	As at 01.04.2011 Rs.
Interest Bearing Loans and Borrowings (Note 20.3)	981,251,574	1,249,855,054	1,258,199,336
Embedded Derivative (Note 20.2)	105,187,450	102,267,482	100,839,947
Trade and other payables	300,099,066	286,570,343	301,100,539
Bank overdraft	249,759,045	146,861,585	217,349,655
Less : Cash and cash equivalent	(96,958,764)	(21,278,821)	(71,062,716)
	1,539,338,371	1,764,275,643	1,806,426,761
Equity	3,050,673,598	2,917,015,079	2,441,776,503
Capital and Net Debt	4,590,011,970	4,681,290,722	4,248,203,264
Gearing ratio	34%	38%	43%

Value Added Statement

Value Added	Group				Company			
	2012/2013		2011/2012		2012/2013		2011/2012	
	Rs.		Rs.		Rs.		Rs.	
Turnover	3,830,369,150		3,546,523,106		2,470,162,902		2,276,636,557	
Cost of Materials and Services Obtained	(2,186,973,827)		(2,123,357,394)		(1,415,955,010)		(1,329,309,902)	
Other Income	34,335,043		22,155,212		82,783,918		74,180,238	
	1,677,730,366		1,445,320,924		1,136,991,811		1,021,506,893	
Distribution of Value Added	%		%		%		%	
To Employees								
Salaries and Others	54.8%	918,720,698	56.4%	815,826,871	59.4%	675,519,033	58.3%	595,257,179
To Government								
Income Tax	1.8%	30,334,352	4.3%	61,800,255	0.7%	7,917,869	5.8%	59,441,790
To Capital Providers								
Interest on Loans	10.9%	182,428,489	11.3%	162,886,829	10.0%	113,931,645	10.2%	103,796,242
Shareholders	9.1%	152,415,504	5.2%	74,569,089	11.9%	135,490,904	5.0%	50,809,089
To Expansion and Growth								
Depreciation	14.7%	246,590,680	17.3%	249,911,055	11.3%	128,710,312	12.3%	125,485,932
Retained Profit	8.8%	147,240,644	5.6%	80,326,824	6.6%	75,422,049	8.5%	86,716,661
	100%	1,677,730,366	100%	1,445,320,924	100%	1,136,991,811	100%	1,021,506,893

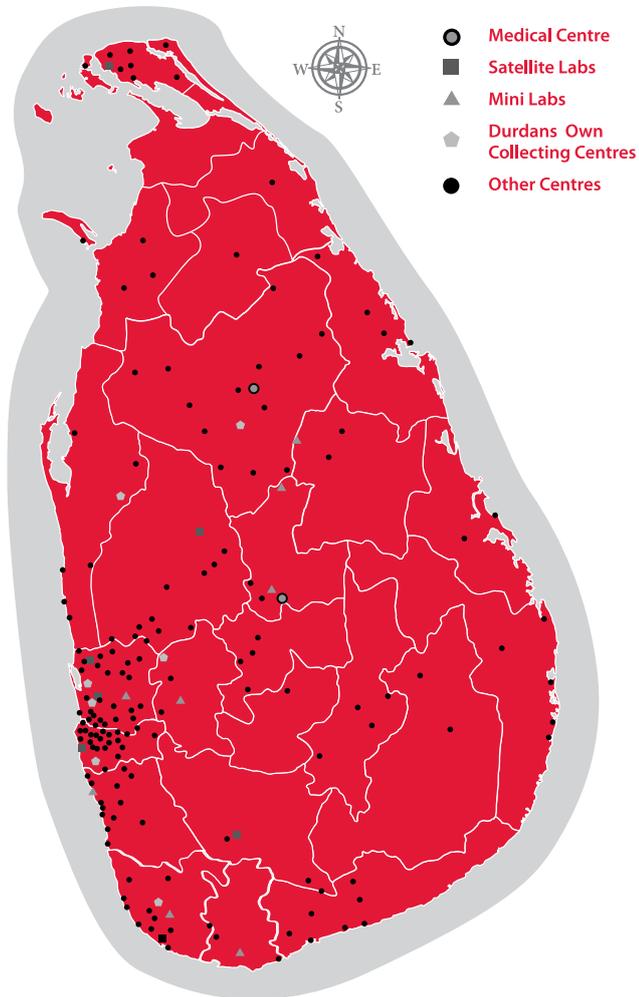


	Group %	Company %
A - To Employees	54.8%	59.4%
B - To Government	1.8%	0.7%
C - To Capital Providers	20.0%	21.9%
D - To Expansion and Growth	23.5%	18.0%

Ten Year Summary

	Group 2012/13 Rs.'000	Group 2011/12 Rs.'000	Group 2010/11 Rs.'000	Group 2009/10 Rs.'000	Group 2008/09 Rs.'000	Group 2007/08 Rs.'000	Group 2006/07 Rs.'000	Group 2005/06 Rs.'000	Group 2004/05 Rs.'000	Group 2003/04 Rs.'000
Operating Results										
Total Income	3,830,369	3,546,523	3,054,399	2,451,031	2,171,229	1,879,645	1,638,594	1,401,325	1,009,108	695,652
Other Income	34,335	22,155	23,728	21,354	28,462	27,282	16,087	14,917	6,684	2,422
Finance Cost	182,428	164,558	151,094	121,781	85,678	44,262	28,320	23,408	13,616	19,035
Profit Before Tax	330,638	347,462	240,042	164,894	198,125	169,555	229,857	212,274	132,417	74,872
Income Tax	30,334	61,210	81,659	54,893	29,595	38,382	34,847	41,987	29,088	2,519
Profit After Tax	300,304	286,251	158,383	110,001	168,529	131,173	195,010	170,287	103,329	72,353
Dividend(Company)	135,491	50,809	42,341	38,812	38,812	38,812	38,812	38,812	36,225	765
Statement of Financial Position										
Assets										
Property Plant & Equipment	4,239,622	4,310,489	4,000,023	2,331,038	1,938,135	1,887,441	1,778,784	1,060,912	836,765	774,774
WIP - Building in Construction	-	6,543	8,498	1,170,783	824,703	228,087	-	6,451	66,805	-
Other Financial Assets	169,884	193,681	95,102	102,541	158,357	70,585	101,737	131,508	117,504	24,003
Investment in an Associate	877	-	-	-	-	-	-	-	-	-
Inventories	237,297	215,965	166,722	146,229	116,901	108,360	88,636	82,671	62,319	57,115
Receivables	185,482	185,481	178,959	169,632	135,122	130,846	105,476	90,583	57,804	50,688
Deffered Revenue	760	860	2,400	2,500	2,600	1,260	5,953	9,205	12,457	15,710
Goodwill	-	-	-	1,341	1,341	1,341	1,341	2,022	2,704	83
Cash & Cash Equivalents	96,959	21,279	71,062	66,370	22,520	29,443	62,587	23,270	19,057	49,392
	4,930,880	4,934,298	4,522,766	3,990,434	3,199,679	2,457,363	2,144,514	1,406,622	1,175,415	971,765
Equity & Liabilities										
Stated Capital	916,366	916,366	916,366	513,821	395,389	395,389	395,389	395,389	395,389	395,389
Reserves	1,639,972	1,512,620	1,125,265	1,447,696	1,387,373	1,202,786	1,131,389	493,919	387,692	337,122
Non Controlling Interest	494,335	488,029	400,145	393,603	401,711	44,623	42,668	36,563	39,714	42,478
Interest-bearing Borrowings	1,086,439	1,352,120	1,359,039	1,051,634	621,299	390,887	210,519	209,075	154,529	54,708
Provisions and Other Liabilities	544,009	518,301	504,601	361,051	289,760	314,819	282,738	200,616	152,356	97,317
Overdrafts	249,759	146,862	217,350	222,629	104,147	108,859	81,811	71,060	45,735	44,751
	4,930,880	4,934,298	4,522,766	3,990,434	3,199,679	2,457,363	2,144,514	1,406,622	1,175,415	971,765

Durdans' Island-wide Reach



1 Addalaichenai	31 Beruwala	61 Elayapaththuwa	165 Madawala	239 Pilimathalawa
2 Ahangama	32 Bibile	62 Elpitiya	166 Madurankuliya	240 Piliyandala
3 Akkarai pattu	33 Bingiriya	63 Egaloya	167 Mahabage	241 Pitigala
4 Akurana	34 Bokundara	64 Embilipitiya	168 Mahagirilla	242 Poddala
5 Akuressa	35 Bombuwala	65 Eppawala	169 Maharagama	243 Pointpedro
6 Alawwa	36 Borakanda	66 Erawur	170 Mahawewa	244 Pokurassa
7 Aluthgama	37 Borella	67 Galagedara	171 Maho	245 Polgahawela ●
8 Agalawatte	38 Chavakachcheri	68 Galawela	172 Mahara	246 Polgolla
9 Ambalangoda	39 Chilaw	69 Galnewa	173 Mahiyanganaya	247 Pokunuvita
10 Ambalanthota	40 Colombo 08 ●	70 Galenbindunuwewa	174 Makola	248 Polonnaruwa
11 Ambanpola	41 Colombo 10 ■	71 Galewala	175 Makuluduwa	249 Polpitiyagama
12 Ampara	42 Daluwatta	72 Galpatha	176 Malabe	250 Polmatai
13 Ampegama	43 Dambulla ▲	73 Galgamuwa	177 Maligawatta	251 Punchi Borella
14 Anuradhapura ●	44 Dankotuwa	74 Galle ■	178 Malwana	252 Puwakpitiya
15 Arawwala	45 Dalupitiya	75 Gampaha	179 Mahipa	253 Pussallawa
16 Athurugiriya	46 Danturei	76 Gampola	180 Mannar	254 Puttalam
17 Awissawella	47 Debarawewa	77 Ganemulla	181 Maradana	255 Raddolugama
18 Baddegama	48 Deherogoda	78 Geliya	182 Maradankadawala	256 Rathanapura ■
19 Badulla	49 Dehiwala	79 Gintupitiya	183 Marawila	257 Ragama ■
20 Balangoda	50 Dehiowita	80 Giriialla	184 Maspotha	258 Rajagiriya
21 Balapitiya	51 Delgoda	81 Gorakana	185 Matale	259 Rajawella
22 Balummahara	52 Demanhandiya	82 Gonapola	186 Matara ▲	260 Rambukkana
23 Bambalapitiya	53 Dematagoda	83 Habarana	187 Mattegoda	261 Ratmalana
24 Bandaragama	54 Deniyaya	84 Habarakada	188 Mathugama	262 Rawathawatta
25 Bandarawela	55 Deraniyagala	85 Hambanthota	189 Matikumbura	263 Rideegama
26 Batapola	56 Dheranipattiya	86 Hanguranketha	190 Mattakuliya	264 Rikillagaskada
27 Battaramulla	57 Dodangaslanda	87 Hanwella	191 Mawanella	265 Ruwanwella
28 Batticaloa	58 Eheliyagoda	88 Hasalaka	192 Medawachchiya	266 Samanthurai
29 Beliatta	59 Ekala	89 Hatharaliyadda	193 Meegahathanna	267 Sarikkamulla
30 Bentota	60 Elakanda	90 Hatton	194 Meerigama	268 Seeduwa
			195 Meegoda	269 Seepukulama
			196 Mihintale	270 Siyambalape
			197 Minuwangoda	271 Slave Island
			198 Molagoda	272 Sooriyawewa
			199 Monaragala	273 Thabuthegama ●
			200 Moraduwa	274 Thalangama
			201 Moratuwa	275 Thalawathugoda
			202 Moragollagama	276 Tangalle
			203 Morawaka	277 Thalalama
			204 Nadimala	278 Thammannawa
			205 Nagoda	279 Thihariya
			206 Narahenpita	280 Thirappane
			207 Narammala	281 Tissa
			208 Naththandiya	282 Thirunelveli
			209 Nawagamuwa	283 Trincomalee
			210 Nawala	284 Udugampola
			211 Nawalapitiya	285 Udugama ●
			212 Nawinna	286 Unawatuna
			213 Negombo ■	287 Velanai
			214 Nelliyadi	288 Vauniya
			215 Nelubewa	289 Veyangoda
			216 Nikadalupotha	290 Wadduwa
			217 Nikaweratiya ●	291 Walasmulla
			218 Nikawewa	292 Wathupitiwala ▲
			219 Nittambuwa	293 Walpola
			220 Nochchiyagama	294 Wanduramba
			221 Nugegoda	295 Warakapola
			222 Nuwara Eliya	296 Wariyapola
			223 Oddamavadi	297 Wattla ●
			224 Orugodawatta	298 Weeraketiya
			225 Padaviya	299 Weligama
			226 Padeniya	300 Welimada
			227 Padukka	301 Welipannaghamulla
			228 Pallepola	302 Weliweriya
			229 Panadura ▲	303 Wellampitiya
			230 Pannala	304 Waligampitiya
			231 Pannipitiya	305 Wellawatta
			232 Papiiyana	306 Wellawaya
			233 Palawatta	307 Wennappuwa ●
			234 Palmadulla	308 Yakkalamulla
			235 Payagala	309 Yatawatta
			236 Peradeniya	310 Yatiyanthota
			237 Peralanda	
			238 Pethiyagoda	

Share Information

Distribution of Shareholders Voting Shares

Shareholdings	Number of Shareholders	Resident		Non - Resident		
		No of Shares	Percentage (%)	Number of Shareholders	No of Shares	Percentage (%)
1 - 1,000	2,160	554,432	2.17%	17	5,879	0.02%
1,001 - 10,000	320	899,971	3.53%	14	46,304	0.18%
10,001 - 100,000	63	1,948,730	7.63%	3	154,753	0.61%
100,001 - 1,000,000	14	4,378,750	17.15%	0	0	0%
Over 1,000,000	2	17,538,453	68.70%	0	0	0%
Total	2,559	25,320,336	99.19%	34	206,936	0.81%

Categories of Shareholders

	No of Share Holders	No of Shares
Individual	2,488	4,909,025
Institutional	105	20,618,247
	2,593	25,527,272

Non-Voting Shares

Shareholdings	Number of Shareholders	Resident		Non - Resident		
		No of Shares	Percentage (%)	Number of Shareholders	No of Shares	Percentage (%)
1 - 1,000	985	270,248	3.24%	6	1,968	0.02%
1,001 - 10,000	445	1,300,659	15.59%	7	22,420	0.27%
10,001 - 100,000	84	2,326,170	27.87%	4	141,723	1.70%
100,001 - 1,000,000	10	3,127,895	37.48%	0	0	0.00%
Over 1,000,000	1	115,4371	13.83%	0	0	0.00%
Total	1,525	8,179,343	98.01%	17	166,111	1.99%

Categories of Shareholders

	No of Share Holders	No of Shares
Individual	1,477	3,467,524
Institutional	65	4,877,930
	1,542	8,345,454

Per Share Ratios

	2012/2013 Rs	2011/2012 Rs
Earning per Share	6.23	6.20
Dividend per Share	2.00	2.00
Net Asset Value per Share	71.49	69.26

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Share Information

Market Activities

Market Value per Share

	2012/2013			2011/2012		
	Highest Traded Price Rs	Lowest Traded Price Rs	Last Traded Price Rs	Highest Traded Price Rs	Lowest Traded Price Rs	Last Traded Price Rs
Voting	106.20 18-Feb-2013	62.00 25-May-2012	100 28-Mar-2013	114.00 28-Sep-2011	69.00 29-Feb-2012	72.50 29-Mar-2011
Non-Voting	88.90 19-Mar-2013	50.10 05-June-2012	75.10 28-Mar-2013	94.00 20-Apr-2011	52.00 09-Mar-2012	55.40 29-Mar-2012

Share Trading Information

	2012/2013		2011/2012	
	Shares Traded No's	Turnover Rs	Shares Traded No's	Turnover Rs
Voting	1,017,607	93,333,066	253,540	24,237,669
Non-Voting	434,497	30,682,650	416,143	29,192,170

TOP 20 SHAREHOLDERS LISTED AS AT 31ST MARCH 2013

Voting Shareholders

Name of the Share Holder	Country of Residence	As at 31.03.2013		As at 31.03.2012	
		Number of Shares	Holding %	Number of Shares	Holding %
Durdans Management Services Ltd	Sri Lanka	16,509,553	64.67	16,509,553	64.67
Deutsche Bank AG-National Equity Fund	do	1,028,900	4.03	968,900	3.8
Ceylon Investments PLC A/C 01	do	756,915	2.97	756,915	2.97
Lawrance Tudawe Management Services (Pvt) Ltd	do	598,982	2.35	598,982	2.35
Mr Y N R Piyasena	do	553,134	2.17	553,134	2.17
The Ceylon Guardian Investment Trust PLC	do	494,131	1.94	-	-
Mr S P Tudawe	do	307,936	1.21	307,936	1.21
Cargo Boat Development Company PLC	do	305,485	1.20	305,485	1.2
M J F Holdings Ltd	do	270,981	1.06	270,981	1.06
Mr A E Tudawe	do	205,052	0.80	205,052	0.8
Mr A D P A wijegoonewardena	do	175,418	0.69	199,462	0.78
Mr U D Tudawe	do	170,616	0.67	170,616	0.67
Mr A D Tudawe	do	161,984	0.63	159,984	0.63
Mr W N Tudawe	do	159,091	0.62	157,087	0.62
Mr R R Tudawe	do	118,262	0.46	118,262	0.46
Deutsche Bank AG-Namal Growth Fund	do	100,763	0.39	100,763	0.39
DFCC Bank A/C 01	do	100,000	0.39	130,908	0.51
Ceylon Chamber of Commerce	do	100,000	0.39	-	-
The Sri Lanka Fund	do	90,000	0.35	-	-
Commercial Bank of Ceylon PLC	do	83,000	0.33	83,000	0.33
		22,290,203	87.32	21,597,020	84.62

Non-Voting Shareholders

Name of the Share Holder	Country of Residence	As at 31.03.2013		As at 31.03.2012	
		Number of Shares	Holding %	Number of Shares	Holding %
Employees Provident Fund	Sri Lanka	1,154,371	13.83	1,154,371	13.83
Deutsche Bank AG as Trustee for Namal Acuity Value Fund	do	800,000	9.59	800,000	9.59
M J F Holdings Ltd	do	598,646	7.17	598,646	7.17
Deutsche Bank AG-National Equity Fund	do	481,000	5.76	360,000	4.31
E W Balasuriya & Co.(Pvt) Ltd	do	330,619	3.96	326,024	3.91
DFCC Bank A/C 1	do	300,000	3.59	392,726	4.71
Mr D Ratnayake	do	146,866	1.76	146,866	1.76
A Z Holdings (Pvt) Ltd	do	139,024	1.67	139,024	1.67
Mr A H Munasinghe	do	127,214	1.52	127,214	1.52
Waldoki Mackenzie Ltd / Mr K Omprasadham	do	104,446	1.25	104,446	1.25
Distillers Company of Sri Lanka PLC A/C No.02	do	100,080	1.20	100,080	1.20
Tudawe Engineering Services (Pvt) Ltd	do	91,986	1.10	-	-
Mr S Weeraratne	do	72,064	0.86	72,064	0.86
Mr D A Cabraal	do	72,000	0.86	72,000	0.86
Waldoki Mackenzie Ltd / Mr.PS.De Mel	do	70,702	0.85	70,702	0.85
Mr S S Sithambaranathan	do	66,000	0.79	66,000	0.79
Fergasam Garment Industries (Pvt) Ltd	do	65,454	0.78	66,454	0.78
Mr P A I S Perera	do	65,454	0.78	66,454	0.78
Mr A I Maniku	do	63,600	0.76	63,600	0.76
Commercial Bank of Ceylon PLC	do	61,100	0.73	61,100	0.73
		4,910,626	58.81	4,787,771	57.33

Notice of Meeting

Notice is hereby given that the Annual General Meeting of the Shareholders of Ceylon Hospitals PLC will be held on 27th June 2013 at the Durdans Auditorium (11th Floor) at No.3, Alfred Place, Colombo 3 at 9.30 a.m.

The business to be brought forward before the meeting will be:

1. To receive and consider the Annual Report of the Directors and the Statement of Accounts for the year ended 31st March 2013 together with the Report of the auditors thereon. (Resolution No. 01)

2. To re-appoint Dr N Y Wijemanne who vacates office in terms of Section 210 of the Companies Act No. 07 of 2007 and for this purpose to pass the following resolution as an Ordinary resolution :

“Resolved that the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Dr N Y Wijemanne who is more than 70 years old and that he be appointed a Director of the Board in terms of Section 211 of the Companies Act No. 07 of 2007.” (Resolution No.2)

3. To re-elect Mr Y N R Piyasena who retires by rotation in terms of Article No.58 of the Articles of Association and being eligible offers himself for re-election. (Resolution No. 3)

4. Declaration of Dividends
The Company paid an interim dividend of Rs. 2/- per share to all its shareholders in the month of March 2013.

No further dividends have been recommended by the Board.

5. To re-appoint M/s. B R De Silva & Company, Chartered Accountants the retiring Auditors who have consented to continue in office for the ensuing year and to authorise the Directors to determine their remuneration. (Resolution No. 4)

6. To authorise the Directors to determine the donations for the year 2013/14. (Resolution No. 5)

1. A shareholder entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote instead of him/her. A non voting shareholder is entitled to appoint a proxy to represent him at the meeting.

2. A proxy need not be a shareholder of the Company.

3. A Form of Proxy accompanies this notice.

BY ORDER OF THE BOARD
NEXIA CORPORATE CONSULTANTS (PRIVATE) LIMITED
SECRETARIES

Colombo.
05th June 2013

Form of Attendance

I hereby record my presence at the Annual General Meeting of Ceylon Hospitals PLC, held on 27th June 2013 at the Durdans Auditorium (11th Floor) of Ceylon Hospitals PLC No.03, Alfred Place, Colombo 03 at 9.30 am.

Full Name of Shareholder :

National Identity Cards
No. of Shareholder :

Address of Shareholder :

Name of Proxy holder
(If applicable) :

National Identity Cards
No. of Proxy holder :

Address of Proxy holder :

No of Shares held :

Share Certificate No. :

Signature of Shareholder :

Date :

Note

Shareholders are requested to:

1. Bring the Form of Attendance when attending the Meeting and hand it over at the entrance to the meeting hall. Bring the National Identity Card or Passport.
2. Shareholders appointing persons (other than Directors of the Company) to attend the Meeting are requested to indicate the number of the National Identity Card of the Proxy holder on the Form of Proxy and request the proxy holder to bring with them their National Identity Card or Passport.

Form of Proxy - Voting Share Holders

I/We

of being a shareholder/shareholders of Ceylon Hospitals PLC hereby appoint

MR A E TUDAWE	or failing him
DR A D P A WIJEGOONWARDENE	or failing him
MR S P TUDAWE	or failing him
MR U D TUDAWE	or failing him
DR K A T W P JAYAWARDENE	or failing him
MR Y N R PIYASENA	or failing him
MR A S ABEYWARDENE	or failing him
DR N Y WIJEMANNE	or failing him

Mr/Mrs/Mis

of as my/our proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 27th June 2013 and at any adjournment thereof.

Note

If the Proxy Form is signed by an Attorney, the relative Power of Attorney should also accompany the completed Form of Proxy, if it has not already been registered with the Company.

Resolutions

	For	Against
1. To adopt the Statement of Accounts for the year ended 31 March 2013.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-appoint Dr N Y Wijemanne	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr Y N R Piyasena	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint Auditors	<input type="checkbox"/>	<input type="checkbox"/>
5. To declare dividend	<input type="checkbox"/>	<input type="checkbox"/>
6. To authorise the Directors to determine the donations	<input type="checkbox"/>	<input type="checkbox"/>

Mark your preference with "X"

Signed on this day of 2013.

.....
Signature

Form of Proxy – Non Voting Share Holders

I/We

of being a shareholder/shareholders of Ceylon Hospitals PLC hereby appoint

MR A E TUDAWE	or failing him
DR A D P A WIJEGOONWARDENE	or failing him
MR S P TUDAWE	or failing him
MR U D TUDAWE	or failing him
DR K A T W P JAYAWARDENE	or failing him
MR Y N R PIYASENA	or failing him
MR A S ABEYWARDENE	or failing him
DR N Y WIJEMANNE	or failing him

Mr/Mrs/Mis

of as my/our proxy to attend on my/our behalf at the Annual General Meeting of the Company to be held on 27th June 2013 and at any adjournment thereof.

Note

If the Proxy Form is signed by an Attorney, the relative Power of Attorney should also accompany the completed Form of Proxy, if it has not already been registered with the Company.

Resolutions

	For	Against
1. To adopt the Statement of Accounts for the year ended 31 March 2013.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-appoint Dr N Y Wijemanne	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr Y N R Piyasena	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint Auditors	<input type="checkbox"/>	<input type="checkbox"/>
5. To declare dividend	<input type="checkbox"/>	<input type="checkbox"/>
6. To authorise the Directors to determine the donations	<input type="checkbox"/>	<input type="checkbox"/>

Mark your preference with "X"

Signed on this day of 2013.

.....
Signature

Corporate Information

Name of Company

Ceylon Hospitals PLC

Brand Name

DURDANS

Legal Form

A quoted public company with limited liability incorporated in Sri Lanka under the Companies Ordinance No.51 of 1938 and registered under the Companies Act No.07 of 2007.

Company Registration Number

PQ 113

Stocks Exchange Listing

The Ordinary Shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka.

Registered Office

No.03, Alfred Place, Colombo 03.

Bankers

Commercial Bank of Ceylon PLC
Bank of Ceylon
DFCC Bank
Union Bank PLC
Standard Chartered Bank PLC
National Development Bank PLC
Nations Trust Bank PLC
Hongkong Shanghai Banking Corporation PLC
Seylan Bank PLC

Auditors

Messers B R De Silva & Co.
Chartered Accountants
No.22/4, Vijaya Kumaratunga Mawatha
Colombo 5.

Lawyers

Mr D F R Jayamaha
Hector Jayamaha Law Office,
No.228, Thimbirigasyaya Road,
Colombo 5.

Secretaries

Nexia Corporate Consultants (Pvt) Ltd
51/1A, Fife Road,
Colombo 05.

Registrars

S S P Corporate Services (Pvt) Ltd
546, Galle Road,
Colombo 03.

