



DURDANS HOSPITAL
A Heritage Built On Values And Expertise

The difference is quality

DURDANS HOSPITAL
ANNUAL REPORT 2013/2014



The difference is quality

At Durdans Hospital we are proud of what we do. Yet we know our industry is a rapidly evolving one, involving constant advances in technology, processes, governance and regulation. That's why we make sure that we keep pace with global trends in healthcare services, moving towards international accreditation and strategising towards .continuous improvement within the hospital, at every level of operation

We believe that at Durdans Hospital, the difference we offer is quality; the quality of our services, our technology, our clinical expertise and the care we bring to each patient we serve. This report profiles in detail the activities we have undertaken to keep serving our patients better; from promoting specific improvements in patient safety to .focusing on specific areas of concern and developing best practice solutions to resolve such issues

.That's why, at Durdans Hospital, the difference is quality

Durdans Hospital
The difference is quality



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Durdans Hospital is an established and respected tertiary healthcare provider in Sri Lanka, focusing on patient care above all for Sri Lankan and overseas patients. It is a modern, multi-speciality private hospital with state-of-the-art medical facilities, conveniently located in the heart of Colombo.

Since 1945, generations of Sri Lankans have been cared for by Durdans Hospital, a trusted and recognised name for patient healing. Today, it is synonymous with the medical expertise, trusted nursing care and modern facilities that has become our tradition: it's all about caring. The new Sixth Lane Wing continues to embody tradition with a higher level of dedicated service, care and attention in a pleasant environment. We offer our patrons a further selection of rooms with improved service areas, specialised consultation rooms, new theatres and additional critical care.

Our Sixth Lane Wing theatre complex comprises of five new specialised theatres equipped with cutting edge technology for general surgery, obstetric surgery, genitourinary surgery, orthopaedic surgery and laparoscopic surgery.



Vision

Durdans to be acknowledged regionally as the leading healthcare partner to the community at large.

Mission

Our management team and professionally trained staff supported by cutting edge technology will deliver globally compatible patient care in an innovative, trusted and safe environment. We at Durdans are committed to a customer centric culture to create a positive impact upon all our stakeholders.

Core Values

Compassion

Empathy for all the lives we touch and the desire to help, which is abundantly expressed to the patients, their families, staff and society

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

Transparency and Integrity

Our moral uprightness, ethical values and strong principles help us deliver high professional standards whilst ensuring transparency in all our commitments

Team Spirit

The power of a cohesive group of people working together to deliver best possible outcomes in a synergistic environment

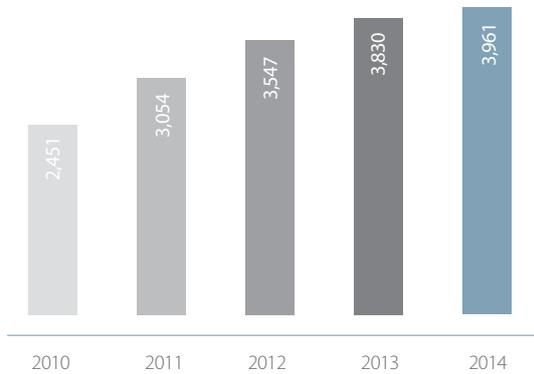
Collective Awareness

Being responsible to all our patients, families, staff and society to create awareness on health and wellness

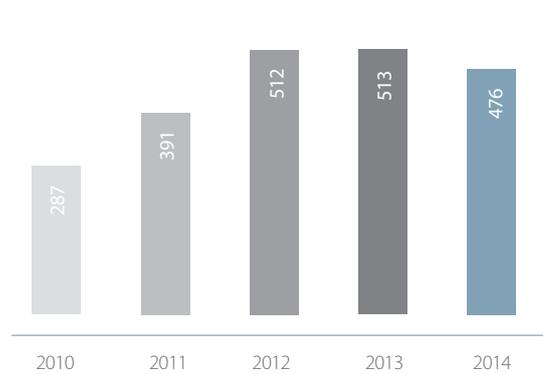
Financial Highlights

Group	2010	2011	2012	2013	2014
Turnover (Rs. Mn)	2,451	3,054	3,547	3,830	3,961
Profit Before Interest and Tax (Rs. Mn)	287	391	512	513	476
Profit after interest and tax (Rs. Mn)	110	158	286	300	258
Fixed Assets - NBV (Rs. Mn)	2,331	4,000	4,310	4,239	4,158
Net Assets (Rs. Mn)	1,962	2,441	2,917	3,050	3,039
Earnings Per Share (EPS) Rs.	3.52	3.78	7.35	7.81	6.98
Dividends Per Share (DPS) Rs.	1.50	1.50	2.00	2.00	-
Annual Income Growth (%)	12.89	24.60	16.14	8.00	3.40
Interest Cover (Times)	2.35	2.59	2.73	2.64	2.38
Net Assets Per Share (Rs.)	57.90	60.27	71.70	75.46	79.91

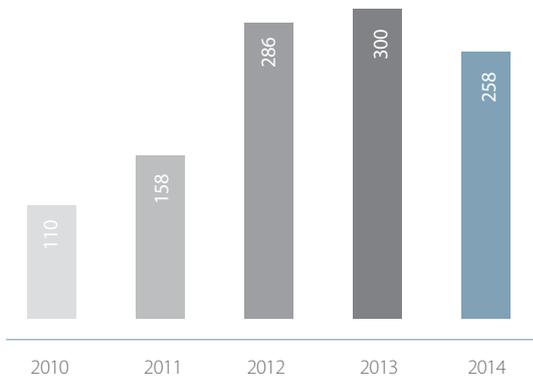
Turnover (Rs. Mn)



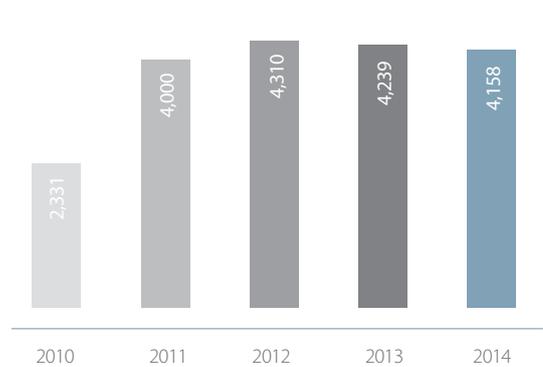
Profit Before Interest and Tax (Rs. Mn)



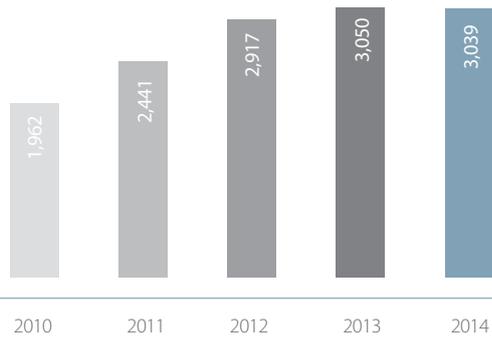
Profit after interest and tax (Rs. Mn)



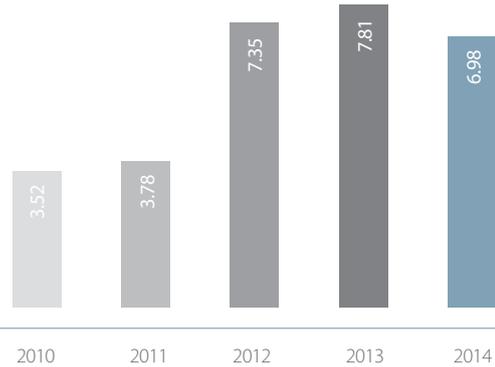
Fixed Assets - NBV (Rs. Mn)



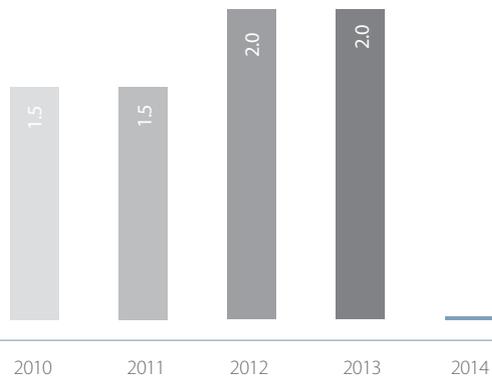
Net Assets (Rs. Mn)



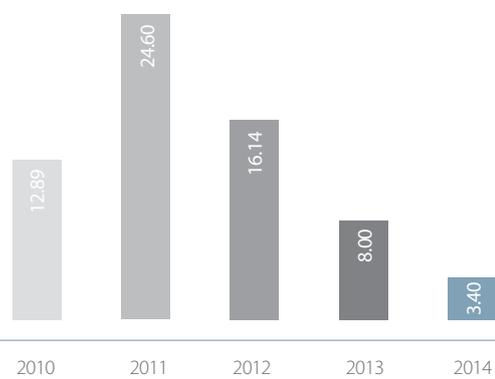
Earnings Per Share (EPS) Rs.



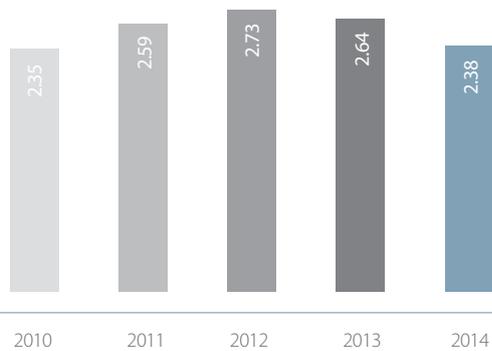
Dividends Per Share (DPS) Rs.



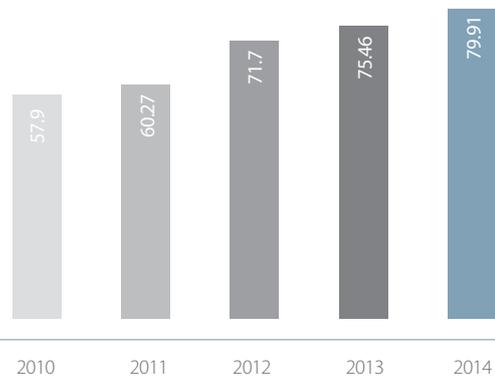
Annual Income Growth (%)



Interest Cover (Times)



Net Assets Per Share (Rs.)





Business Portfolio

We set trends, we trail blaze, we innovate and shape the way private health care is delivered in Sri Lanka, making it possible to provide the ultimate experience in clinical care for the people of Sri Lanka.

A history spanning 69 years has made us constantly evolve and sharpen our offering to deliver the best the industry offers. Today Durdans Hospital stands for the best in private healthcare that can be benchmarked easily with international service providers. Our world-class modern health care facility is backed by the dedication of over 2000 loyal team members including medical doctors, nursing officers, paramedics and support staff.

Patrons have access to over 275 visiting consultants, covering all important disciplines. These specialists, together with our competent team for support, are able to offer the best in clinical care to all who seek our services. Therefore, for most the association with Durdans is not a random connection, but a continuous relationship that delivers a focus on health and well being.

For us at Durdans, 'It's all about the quality of care.'

Business Portfolio Contd.

CARDIAC CARE

“ THE PIONEERING STANCE TAKEN TO ESTABLISH A WORLD-CLASS CARDIAC CARE, UNDER THE TRUSTED DURDANS UMBRELLA HAS DELIVERED AND ESTABLISHED ITS VALUE OFFERING TO ALL SRI LANKANS ”

Heart disease is established as the major cause of morbidity and mortality in Sri Lanka. Our visionary leaders identified this trend many years ago and realised that the public healthcare infrastructure would not be able to cope with the growing need. The pioneering stance taken to establish a world-class cardiac care, under the trusted Durdans umbrella has delivered and established its value offering to all Sri Lankans.

The renowned Durdans Cardiac Center has gained top of the mind awareness at any time of need. Due to the excellence in service standards, the center has been able to achieve a premier position in the list of consideration.

The Cardiac Care portfolio, one of our 'Core Competencies' covers non invasive cardiac investigations, invasive and interventional cardiology and cardiac surgical procedures. In addition we also offer support for lifestyle changes post procedure and advice on the importance of healthy lifestyle to the family and well wishers, advocating a preventative platform.



Our world-class facility is totally equipped to support any cardiac complication and our team is fully competent to handle any emergency or planned intervention

- A Cardiac Intensive Care Unit (CICU) with 14 beds, including facilities for paediatric cardiac surgical operations.
- A Heart Station equipped with ultra modern facilities, supported by renowned cardiologists and cardiac surgeons including dedicated consultation chambers.
- A Catheterisation Laboratory, which is equipped to handle angioplasty, stent placement, valvuloplasty and pacemaker implantation.
- A Digital Cath Lab to support intricate procedures.
- A state-of-the-art Cardiac Operating Theatre fitted with ultra modern ventilators, vein harvesting machine, heart-lung machines and intra-aortic balloon pumps, with round the clock support, by a dedicated residential team.
- Heart Command Center - The 15 bed facility is equipped with CCU monitoring systems as well as all modern technology available to handle any acute cardiac related issue. The team supporting the unit can be benchmarked with similar teams practicing in the most advanced cardiac centers in any developed Country.

Our dedication to Cardiac care is relentless. We believe it is our responsibility to serve the people of the country with the best of knowledge available in the world. Therefore we are committed to continuously explore developments, innovations and learnings related to this specialty and ensure the transfer of such know-how as fast as possible.



Business Portfolio Contd.

PAEDIATRIC CARE

“OUR STRENGTHS HAVE EVOLVED OVER GENERATIONS AND OUR CAPABILITIES HAVE BEEN ENHANCED BY THE ADVANCES IN TECHNOLOGY AND DEVELOPMENT”

Pediatric care falls into the 'Core Competency Category'. Thus we operate a 'Center of Excellence'. Our strengths have evolved over generations and our capabilities have been enhanced by the advances in technology and development. The specialty binds families with the service provider resulting in long term relationships that nurture the well being of children.

We have always ensured that the support systems available are the best the country offers. Our teams work extensively to upgrade our standards with evolving knowledge and technical discoveries. Today, the facility offers even a Special Care Baby Unit (SCBU), along with pediatric rooms containing centrally distributed gas lines as well as suckers. We are able to handle any pediatric need across age groups, effectively and efficiently. From a simple vaccination to a complex surgery, our team will handle it with the same dedication and commitment. The patrons will experience the same high standard of our quality care, whether they visit us as an outpatient for diagnostics or as an in-patient.

Our quality care is molded by our strengths

- Our team includes Senior Paediatric Specialists and a support team consisting of specialist children's nurses, dieticians, physiotherapists as well as specially trained diagnostics staff.
- Highly advanced infrastructure with dedicated beds and Treatment Room including monitoring facilities.
- A special Neonatal Intensive Care Unit with ventilators.
- A child friendly, dedicated outpatient area for speedy consultation.
- Capability to provide any advanced surgical procedure under the most sophisticated facilities.
- Pioneered Triple Photo Therapy.
- Introduced the first ambulatory incubator for neonatal transfers.



OBSTETRICS AND GYNECOLOGY

“THE MATERNITY WARDS CONSIST OF FACILITIES SUPPORTED BY STATE-OF-THE-ART TECHNOLOGICAL INPUT ENABLING THE DELIVERY OF OUR SERVICES AT A PARAMOUNT LEVEL”

Over 69 years ago when we established our business we dedicated our primary focus to the area of maternity care. Even today, after six decades our reputation in maternity care continues to grow and remains unblemished. We have had several generations whose every new addition to the family has seen the world with us and have been nurtured by the dedicated team at Durdans. Our team has been a part of their lives through the journey of life, from conception, to delivery, growing up, and succeeding in life.

We ensure our service standards are up to date, and the capabilities match world-class standards.

The maternity wards consist of facilities supported by state-of-the-art technological input enabling the delivery of our services at a paramount level. The dedicated labour rooms, maternity theater and the private labour rooms provide the discerning patron the privacy and the attention they require.

The comfort, security and care offered throughout the interactions and the stay with us creates a lasting impression every time.

We continue to grow as a centre of excellence in Gynecology and obstetrics, and our infrastructure consultation facilities as well as our service levels are constantly upgraded to maintain the high quality standards we are renowned for.



Business Portfolio Contd.

OPHTHALMOLOGY

“OPHTHALMOLOGY AT DURDANS IS A ‘CENTER OF EXCELLENCE’ AND IS A SERVICE THAT IS SOUGHT AFTER BY A MAJORITY OF SRI LANKANS. WITH THE GROWING AGING POPULATION, VISION RELATED COMPLICATIONS HAVE BECOME COMMON TO MOST”

Ophthalmology at Durdans is a ‘Center of Excellence’ and is a service that is sought after by a majority of Sri Lankans. With the growing aging population, vision related complications have become common to most. We conduct the highest volume of cataract operations in the private healthcare sector which bears testimony to the reputation we have earned.

The specialist trained support team caters to the needs of the many who seek our expertise, and are guided by the renowned surgeon and his team of experts. With the trust placed in our team and the high level of precision in delivery, it is no surprise that we are industry leaders.

Our success is strengthened by the capabilities we possess

- A spacious eye clinic with a customised architecture to improve the efficiency and seating capacity by approximately 100 was unveiled to the public in the Sixth Lane Wing.
- A laser therapy unit to perform advanced ophthalmology procedures.
- A Carl Zeiss Operating Microscope and accessories.
- Ocular CT machine with advanced technology.



GENERAL SURGERY

“THE-STATE-OF-THE-ART SURGICAL COMPLEX WITH MULTIPLE THEATRES IS MANAGED BY A TEAM OF EXCEPTIONALLY COMPETENT SURGEONS, NURSING STAFF AND TECHNICIANS”

The need to enhance the General Surgical capabilities at Durdans was identified a few years ago. However at that point, the lack of space prevented it from becoming a reality. With the expansion of the business and the setting up of the Sixth Lane Wing, the need was fulfilled and the round the clock surgical support became functional. The facility not only handles planned surgical procedure but is able to successfully handle emergency procedures. The-state-of-the-art surgical complex with multiple theatres is managed by a team of exceptionally competent surgeons, nursing staff and technicians, who are committed to deliver the paramount service quality standards. 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 therefore are capable of exceeding all expectations.

Our Surgical capabilities are supported by

- An expert Resident Consultant Surgeon, available on call for any emergencies.
- The state-of-the-art theater complex and the team of experts who deliver service excellence.
- Fully equipped laparoscopy theater with the advanced video system and high definition displays for accurate diagnosis and minimally intrusive interventions with least amount of discomfort.



Business Portfolio Contd.

DIAGNOSTICS

“WE ARE ABLE TO OFFER OUR SERVICES ACROSS THE COUNTRY, MAKING IT POSSIBLE FOR ANYONE TO SEEK THE DURDANS EXPERTISE CLOSER TO HOME. DURDANS QUALITY ENDORSEMENT ON CLINICAL DIAGNOSTICS IS RESPECTED BY CLINICIANS IN BOTH THE PRIVATE AND PUBLIC SECTOR”

With the advancement of medical science, diagnostics play an important role in success. Precision and accuracy of diagnostics have become a critical factor sought by clinicians who depend on the results to proceed with treatment. Service providers have the responsibility to ensure that the quality of the service offered lives up to its promise and technology is constantly upgraded to meet world class requirements.

At Durdans we have achieved a reputation for precise results, with speed and reliability. We are able to offer our services across the country, making it possible for anyone to seek the Durdans expertise closer to home. Durdans quality endorsement on clinical diagnostics is respected by clinicians in both the private and public sector.

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



Our strengths in Diagnostics is supported by

- The renowned consultant pathologists and competent technical staff manning one of the largest laboratory networks in the country, delivering precision and accuracy always.
- The Path Lab with advanced clinical analysers, endorsed by two internationally recognised organisations in the USA, for quality assurance.
- The collection network that spans the country, supported by strategically placed fully fledged laboratories.
- The technically advanced Radiology Department, providing comprehensive interventional radiology through highly experienced, competent radiologists.
- State-of-the-art, contemporary ultrasound equipment and scans to support Endoscopy, Videoendoscopy, Colonoscopy, Sigmoidoscopy and Bronocoscopy.
- Diagnostic centers with ECG and Treadmill ECG services, in central locations.
- Consultation facilities in identified centers to support required needs.
- Continuous upgrades to equipment, technology and service standards to support emerging needs and knowledge.



Business Portfolio Contd.

ENT SURGERY

“A-STATE-OF-THE-ART CARL ZESIS ENT MICROSCOPE IS UTILISED TO PERFORM HIGHLY INTRICATE ENT SURGICAL PROCEDURES”

Today Durdans is renowned for its ENT Surgical capabilities supported by the most sophisticated equipment in the country, including an ultra modern opmi-sensera ENT microscope. It has the distinction of being the first hospital to successfully perform a cochlear implant by a Sri Lankan team.

A-state-of-the-art Carl Zesis ENT Microscope is utilised to perform highly intricate ENT surgical procedures.

We will pay attention to enhancing 'Audiology' as an integral component of our path of growth.



RENAL CARE UNIT

“THE MODERN RENAL CARE UNIT IS GEARED TO HANDLE KIDNEY TRANSPLANTS ON A REGULAR BASIS. THE UNIT IS ALSO EQUIPPED WITH DIALYSIS FACILITIES PROVIDED TO PATIENTS WITH ULTIMATE CARE”

Kidney related complications are becoming common and are a frequent occurrence. Whilst the debate continues on the reason, it is evident that today's fast paced lifestyle is not contributing positively towards perfect health and wellbeing.

Renal care is progressively being sought by many, to prevent quality of life being compromised. We make it our responsibility to ensure that the patrons are able to live their life to the fullest even after being diagnosed with the dreaded disease.

The modern Renal Care unit is geared to handle kidney transplants on a regular basis. The unit is also equipped with dialysis facilities provided to patients with ultimate care.

Our competent team of professionals are dedicated to ensure that a kidney patient continues to live a meaningful life.



Business Portfolio Contd.

EMERGENCY CARE UNIT

“OUR ECU IS GEARED TO HANDLE MEDICAL OR SURGICAL EMERGENCIES AROUND THE CLOCK, PROVIDING THE BEST CLINICAL CARE REQUIRED”

Emergency Care is an essential component of a fully fledged tertiary care facility. An entity such as ours has to place a high level of attention to ensure that the emergency care treatment facility and protocol lives up to the same high standards that we are known for. Our ECU is geared to handle medical or surgical emergencies around the clock, providing the best clinical care required. The facility is supported by the most advanced technology used in the best hospitals of the world including a mobile fleet of ambulances which are capable of supporting emergencies, and are constantly connected to base with monitoring systems.



GENITO-URINARY CENTRE

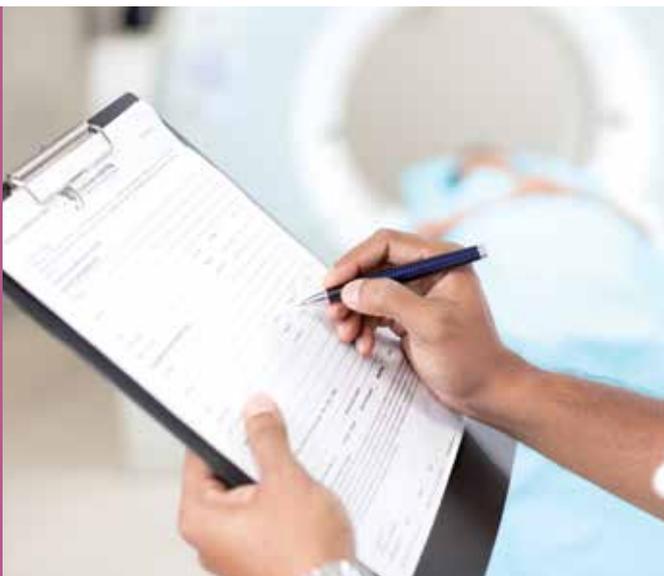
“WE ARE THE FIRST PRIVATE HEALTH CARE INSTITUTION TO INTRODUCE THE MODERN STONE LASER MACHINE FOR MINIMALLY INVASIVE PROCEDURES RELATING TO THE REMOVAL OF KIDNEY STONES FAST AND PAIN-FREE”

Durdans specialises in providing the most advanced treatment at its fully- fledged -world-class stone management unit for any complication in the genito-urinary discipline.

We are the first private health care institution to introduce the modern stone laser machine for minimally invasive procedures relating to the removal of kidney stones fast and pain-free.

Our strengths include the technical and clinical capabilities

- Availability of a Stone Laser machine as well as the high definition flexible and semi flexible Ureteroscope and Cystoscope.
- Renowned GU surgeons supported by highly trained and qualified nurses and technical staff make up the zealous ‘Stone Management Team’ of Durdans.
- A dedicated GU Theatre with state- of- the -art equipment.



Business Portfolio Contd.

ORTHOPEDIC

“THE DEDICATED ORTHOPEDIC SURGICAL THEATRE, WITH STATE-OF-THE-ART, TECHNOLOGY AND INFRASTRUCTURE ENABLES THE HANDLING OF PROCEDURES FROM MINOR TO MAJOR COMPLEXITY”

Orthopedic procedures have become a necessity with the rapidly aging population and the sedentary, high pressure lifestyle led by the majority of the corporate workers.

Attention is sought for chronic as well as acute complications, by most and thus the renowned Orthopedic Center at Durdans today has become the ultimate solution.

The dedicated Orthopedic Surgical Theatre, with state-of-the-art, technology and infrastructure enables the handling of procedures from minor to major complexity. These span from arthroscopy procedures to major orthopedic surgeries such as knee and hip replacements. Our team led by the most renowned Orthopedic Surgeon in the country, supported by a specially trained dedicated team of clinical staff, ensures the delivery of world-class treatment, right here on our soil. The treatment includes rehabilitation post surgical procedures as well.

Our strengths are based on our resources

- Orthopedic care at Durdans is headed by the most renowned and skilled senior orthopedic surgeon in Sri Lanka.
- A dedicated Orthopedic Theatre with the latest state-of-the-art technology and ample facility for consultation and follow up.
- Highly experienced, dedicated nursing and technical staff.



DIABETES AND ENDOCRINOLOGY CENTRE

“CONSULTATION AND LIFESTYLE MANAGEMENT IS CONDUCTED BY A TEAM CONSISTING OF A DIABETOLOGIST OR PHYSICIAN WHICH MAY INCLUDE REFERRALS TO A NEPHROLOGIST, OPHTHALMOLOGIST, VASCULAR SURGEON, CARDIOLOGIST, NEUROLOGIST OR A NUTRITIONIST, AS AND WHEN NECESSARY”

Managing the life of a patient who is afflicted with the dreaded disease requires a professional approach. Today with 25% of the population categorised at risk, early and regular interventions have become a dire necessity. Our center specialises in early detection and remedy before irreversible damage is caused to vital organs.

The complete process covers detailed diagnostics, understanding the individual's needs based on the status and support to manage of the condition. Regular health check-ups are an integral part of the process.

Optimum foot care is an important component in the management of the condition. The procedure includes total foot check up, complete foot tests, special foot wear with off loading facilities and foot treatment procedures under the supervision and guidance of a professional podiatrist.

Consultation and lifestyle management is conducted by a team consisting of a diabetologist or physician which may include referrals to a Nephrologist, Ophthalmologist, Vascular Surgeon, Cardiologist, Neurologist or a Nutritionist, as and when necessary.

Our center offers a holistic approach to managing and living with diabetes, which has become a common dilemma.



Business Portfolio Contd.

DENTAL CARE

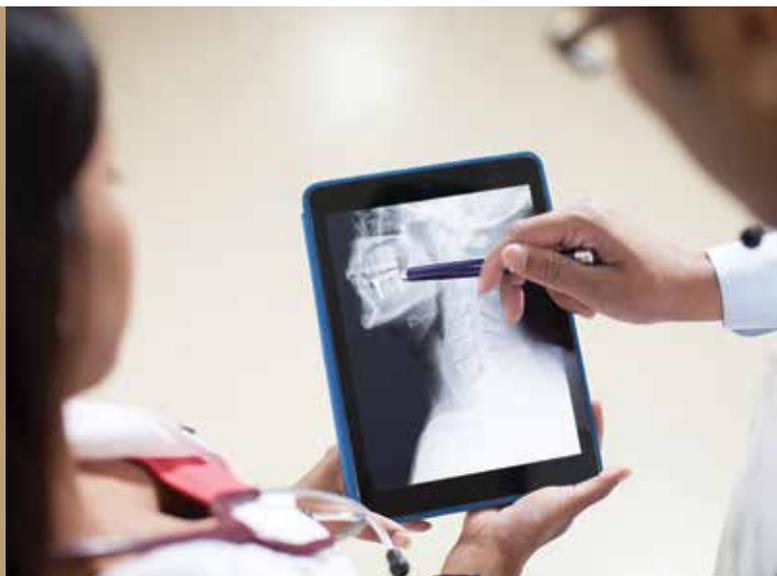
“THE SPECIALLY DESIGNED UNIT EQUIPPED WITH MODERN INVESTIGATIVE AND TREATMENT PROCEDURES, PROVIDES A FRIENDLY ENVIRONMENT”

The Oral Health of the Sri Lanka population seemed to be under severe stress. According to the latest statistics released by the Ministry of Health and Nutrition , the 20 million population account for 1.2 Million cavities. It is known that children and adults suffer from both tooth and gum problems. Thus, the need for professional dental care needs little justification. It is our belief that dental care should be a regular routine, and could result in a beneficial effect on the current condition of oral health.

Our Dental Care unit managed by the expert residential Dental Surgeon delivers a holistic and convenient solution. The specially designed unit equipped with modern investigative and treatment procedures, provides a friendly environment. We have managed to enhance the experience of a patient to a level of excellence.

The Dental surgery Unit at 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 are also treated with advanced technology, by the experts in our team.

We believe in a patient centric model where the treatment portfolio includes the active engagement of the patient in the informed decision making process.



NEUROLOGY

“THE NEUROLOGICAL CENTER WAS CREATED WITH THE LATEST TECHNOLOGIES AVAILABLE IN THE WORLD AND WE ARE COMMITTED TO MONITOR THE RAPID PROGRESS IN THIS AREA OF SPECIALISATION”

The growing need for Neuro care was clearly established a couple of years ago and our decision to provide this much needed service was confirmed after a careful study. The Neurological center was created with the latest technologies available in the world and we are committed to monitor the rapid progress in this area of specialisation.

At Durdans Hospital, the team is supported by several highly qualified consultant neurologists and neuro surgeons to treat neurological conditions. Our broad spectrum of neurological services, include a systematic approach to providing patient information, education, engagement and support through advanced surgical procedures and extensive caring support through the whole rehabilitation process.

We use a connected multidisciplinary approach as a contemporary, world-class hospital and our specialists will closely work with the other medical experts who treat the patient, to provide a holistic treatment procedure. Post surgical rehabilitation also plays a critical part in the programme. We are geared to handle the process with well established physiotherapy programmes as required.



A journey of excellence

A military hospital commences to serve British military personnel stationed in the colony of Ceylon where 'Durdans' stands now.

1939

A Maternity ward and OPD opens with the purpose of providing highest quality service.

1968

Introduces Radiology Services to the public

1984

Sets up Endoscopy Unit.

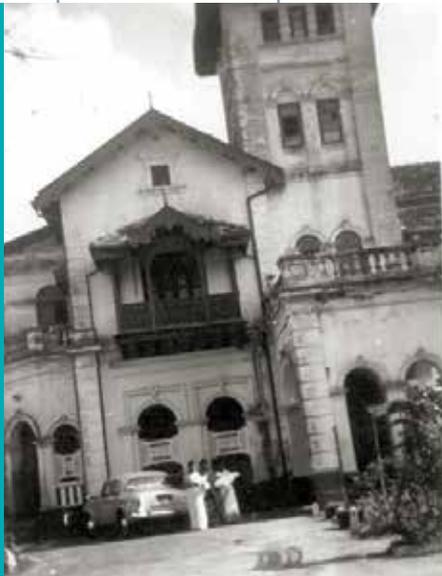
1995

Durdans establishes a strategic alliance with Escorts Heart Institute and Research Centre in New Delhi, a renowned institute in the cardiac field.

1997

Heart Command Centre and Heart Station become operational.

1999



1945

A group of enterprising medical doctors, fired with a vision to develop private healthcare in this country, take over the former military hospital and establishes Ceylon Hospitals Ltd. Durdans begins its corporate voyage.

Durdans opens its doors to the Sri Lankan public with a special focus on maternity care.

1982

Sets up Pediatric Ward, Surgical Ward and the Operating Theatre Complex.

1993

Opens formal Incentive Care Unit.

1996

Pathological Laboratory and Blood Bank commences operation.

1998

Commences five-year remodeling and modernisation programme for the hospital.

2000

Sets up cardiac surgical operations and invasive and interventional cardiac procedures.

2001 Formal Emergency Treatment Unit set up.

2003 Company listed on the Colombo Stock Exchange.

2005 Embarks on advanced eye surgery.
Implements ERP system for the Group and pioneers cochlear Implant Surgery in the country.

2007 Commences Phase II of the Expansion Project.

2009 Commences the operation of Medical and Surgical Hospital (Pvt) Ltd. (Six Lane Wing)
Successfully implemented web-based ERP system.

2011 Durdans embarks on a quality enhancement project leading to an internal accreditation.

2013 Establishment of the Neuro Centre.



2002

2004

2006

2008

2010

2012

2014

2002 Completes the five –year modernisation programme and modernisation of the theatre complex.

2004 Establishment of Neonatal Unit and Dialysis Unit. Commencement of phase I of the expansion project.

2006 Completes Phase I of the Expansion Project and establishment of the Audiology Unit.

2008 Incorporated new subsidiary Durdans Medical and Surgical Hospital (Pvt) Ltd. (Six Lane Wing) as a BOI approved entity and commenced the constructions.

2010 Durdans Medical and Surgical Hospital (Pvt) Ltd. was unveiled to the public and became fully operational.

2012 Commenced the operation of a Diabetes and 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.

2014 Two New mini satellite laboratories were opened in Kalutara and Gamapaha Districts and Three new collecting centres in Chillaw,, Kahatagasdigiliya and Kethithigollewa.

Chairman's Review

"We, your trusted health care partner competently maintained our consistent approach towards business development, innovation and investment in the latest technology"

I present this Annual report to you in the dynamic back drop of the Private health care sector. Whilst the expansion in the industry has been significant, the challenges faced also escalated with every passing day. We, your trusted health care partner competently maintained our consistent approach towards business development, innovation and investment in the latest technology. Our primary objective as always has been the need to serve our patrons with state-of-the-art health care services. It has been an active year for the team as they successfully managed multiple, equally important projects successfully.

The most significant activity which received the most attention was the drive towards international quality accreditation. We are proud to announce that the initial quality audit was completed in November 2013 and the focused audit is scheduled for the middle of this year. Once accredited, the organisation's commitment towards world class clinical care will be formally endorsed. Our team has been driving this delivery with incredible connectivity and commitment. I acknowledge the contribution of every single member of the Durdans team for the perseverance displayed towards enhanced patient care.

Macro Economic Situation

According to available statistics, the year 2013 saw a GDP growth of 7.3%, establishing Sri Lanka as one of the fastest growing economies in the world, at a time when the global economy faced one of its most volatile years. External sector inflows from worker remittances and increased tourism supported this delivery. The trade deficit has been narrowed and the currency has achieved some stability. Interest rates have gradually reduced and whilst this should theoretically benefit borrowings it negatively impacts personal investment. Inflation remained at single digits.

According to the Central Bank the forecast remains optimistic and states "The Sri Lankan economy is poised for stronger performance with recovery observed in external sectors." Sustained momentum was also experienced in the construction and manufacturing sector. With the monetary aggregates performing as expected inflation is also expected to remain low and stable.

Healthcare in Sri Lanka

Private health care has been a clearly visible area for the past few years. Significant levels of investment have been directed by all major contenders towards, expansion, upgradation and capacity building.

According to available data, the capacity in the private health care sector doubled during the last five years, resulting in the current excess capacity. In fact we have witnessed a decline in occupancy levels since August 2013. Therefore future strategies will have to adopt to an environment which no longer has supply restrictions. The importance of exceptional clinical capabilities, world class technology, know-how and ultimate patient care will become even more important for the industry.

It has been our belief that rapidly changing lifestyles are responsible for much of the health care needs that have evolved. Whilst we are committed to gearing our services to support the needs of the people with the best in industry solutions; we as an organisation advocate preventive care as an important factor. We strongly believe that we can become the catalyst in generating the required lifestyle changes for most and also encourage involvement in preventative care.

Our achievements during the year under review

As the management team of your organisation we take our responsibilities very seriously. We are aware of the enormous trust you have placed in us, to constantly create equity for the strong Brand you have placed your trust in and simultaneously maximise the return on your investment. We are proud to say that our performance has been consistent and dependable as always.

During the year under review, your company achieved a turnover of Rs 2647 Mn, which is a 7% increase over the previous year. Turnover of the Group reached Rs 3961 Mn, 3% over the last year.

Increases in total overhead costs were witnessed due to the investments that had to be made related to the quality drive undertaken by the team. This will result in significant improvement to the way we operate. The total finance costs for the Group stood at

"The underlying fundamental to our continued success was the strategic direction that is created for the business, at periodic intervals. The fourth such session was conducted during the year under review, with the guidance of the renowned strategic guru - Professor Lester Massingham, enabling the creation of the "Road Map towards 2020"



Rs. 186 Mn, compared to the Rs 182 Mn of last year. Net profit recorded for the year was Rs. 185 Mn for the Company and Rs. 257 Mn for the Group.

Our most involving and challenging task during the year was to align our systems, processes and the mind sets of one people with the requirements of the international quality standards. We have been pursuing aggressively. I am proud to state that we have completed this satisfactorily with the initial audit and would now be gearing towards face the focus the region of the next audit which will be conducted by the end of the quarter.

Continued "Excellence in Cardiac Care"

We take pride in driving the Cardiac discipline in Sri Lanka. It is our constant vision to ensure that the most advanced technology in the area of cardiac care is made available to the people of Sri Lanka.

During the year under review we evaluated to install a new catheterisation laboratory to keep abreast of the latest generation of technology. This will be installed and commissioned by second quarter of 2014/15. With the new technology available at Durdans, cardiac procedures will be conducted in an even more advanced environment which provides greater levels of safety for the patient and a greater level of investigative capability for clinicians. This advanced technology will reduce radiation exposure by 50% making it very secure for the patient, clinicians, technicians and staff.

Durdans Team- We have become stronger

Our team have been the pillars of our success. During the drive for world class quality, our main asset has been consistently under focus. The skill and competency levels of every single member have been further assessed and today the team is certified as being competent to meet the expected stand and of delivery that will be endorsed by international quality accreditation.

Durdans team have become more formidable

The strength of our medical services was enhanced with Dr R Wimal Jayantha joining the team as the Director Medical Services, the driving force for clinical excellence.

He has over 30 years of experience in the public sector and has been responsible for significant achievements during his career. His experience and knowledge as a Senior Medical Administrator, acquired through multiple responsibilities he handled both locally and internationally will help us at Durdans to forge ahead with greater vigor.

Durdans ready for the journey towards achieving the 2020 – Strategic Plan

The underlying fundamental to our continued success was the strategic direction that was created for the business, at periodic intervals. The fourth such session was conducted during the year under review, with the guidance of the renowned strategic guru – Professor Lester Massingham, enabling the creation of the "Road Map towards 2020"

Our team will now take the responsibility to set the strategy into action.

Special focus areas

We believe that our strength will be enhanced by constantly monitoring our costs and optimising our human resources. Therefore during the forthcoming year we plan on paying significant attention to these points.

Parking has been a limiting factor for us for many years and whilst we have been able to find several short term solutions to this burning issue, so far it has not been possible to resolve the issue fully. Within the next 24 months we will work towards finding a solution to this problem.

Chairman's Review Contd.



"Our most involving and challenging task during the year was to make our systems, processes and the people compatible with the requirements of the international quality standards. I am proud to state that we have completed this satisfactorily with the initial audit and would now be gearing to face the focused audit which will be conducted by the end of the quarter"

Conclusion

It is my duty to place on record my heartfelt gratitude to all stakeholders who are an integral part of the success of our business. I am humbled by the dedication and the commitment of every member of our team which has resulted in the delivery of world-class service standards. I convey my special appreciation to the Senior Management team for their uncompromising loyalty to this business and the focus and commitment to drive it to a higher level year after year. Last but not least, I am grateful and consider it an honour to be supported by a Board of Directors from multiple disciplines, who help me in guiding this operation efficiently and effectively.

Our promise is sacred to our valued stakeholders. Your organisation will continue to be the pivotal force in shaping private health care in this country. We will also ensure that our service delivery will excel the expectations of our patrons. Our quality of service will match the

best in the industry worldwide. I commit to guide the best team in the healthcare industry to face any challenges that will be fielded our way in the future as well, to generate greater return on your investment.

I conclude with this quote

*"We are what we repeatedly do. Excellence then is not an act but a habit
- Aristotle"*

A handwritten signature in black ink that reads "Ajith E Tudawe". The signature is written in a cursive style and is positioned above a horizontal line.

Ajith E Tudawe
Chairman & President

Board of Directors

"During the year under review, your company achieved a turnover of Rs 2647 Mn, which is a 7% increase over the previous year. Turnover of the group reached Rs 3,961 Mn"

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 Organization for Family Doctors – ME/SA region) in July 2007. He was re-elected as the Regional President of WONCA- South Asia from May 2010 to 2013. 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 S.A., and as the Patron of the South Asia Primary Care Research Network.

Sathis Prithiviraj Tudawe

Board Member / Senior Vice President- Administration Chairman - Technical and Maintenance Subcommittee

Sathis Tudawe in his capacity as the Senior Vice President – Administration supervises the technical and maintenance aspects of the business. He chairs the Technical and Maintenance committees.

In addition he also advises and guides the security and transport related operations. He is a Group Director of Tudawe Brothers (Pvt) Ltd., its Subsidiaries and Associate Companies and has over 38 years experience in the construction industry.

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

A S 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. 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.

Board of Directors Contd.

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.

Su-ayid Ismail

Su-ayid Ismail is a Fellow Member of the Chartered Accountants of Sri Lanka, Fellow of the Chartered Management Accountants of UK and Member of the Institute of Internal Auditors. He is a Former Partner of Ernst & Young Chartered Accountants and has been the Director of Risk Management for the Heraymila Investments Group, Dubai. He is currently the Founder/CEO of BAS Consultants Private Limited and has more than 30+ years' experience in the areas of financial management, risk management, auditing, consulting and business advisory services.

Senior Management Team

Dr R Wimal Jayantha

Director - Medical Services

Dr Wimal Jayantha joined Durdans Hospital in 2013 as the Director Medical Services. Having earned MBBS from Faculty of Medicine Colombo, he obtained a Masters Degree in Community Medicine from the Post Graduate Institute of Medicine, Colombo. He has undergone special training in health management at University of Boston in USA and University of Birmingham in United Kingdom. He is a Fellow of the College of Medical Administrators of Sri Lanka. He functioned as the President of the College of Medical Administrators from 2004-2005. Dr Wimal Jayantha has represented Sri Lanka in several international forums related to health Management in countries such as India, Nepal, Bhutan, Bangladesh, Japan, China and represented Sri Lanka at the World Health Assembly of the World Health Organisation for six consecutive years. He had been serving the public sector for more than 30 years and held senior positions such as Deputy Director General of Health Services, Director of the National Children's Hospital, Director of the Castle Street Maternity Hospital, Director of the Kalutara General Hospital. He functioned as the National Coordinator of the Special Project on Health Infrastructure Development to rehabilitate healthcare institutes affected during the Tsunami.

Jayantha Pathiratne

Manager - Human Resources

Jayantha Pathiratne joined Durdans Hospital in 2004 as the Human Resources Manager. He is a Fellow Member of the Institute of Personnel Management, Sri Lanka and also was a Council Member of the Institute. 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, M.Sc 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 PhD at University of Colombo.

Mahanil Perera

Manager - Marketing and Business Development

Mahanil Perera joined Durdans Hospital Group in mid 2011 as an Assistant Marketing Manager and was promoted to the Senior Management team. He has over 20 years of hands on experience in sales and marketing, with several organisations, 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. He is responsible for the Durdans laboratory services network located island wide.

Aminda Tudawe

Manager - Supply Chain

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 Manager - Supply Chain with the mandate to enhance the equity of the corporate brand whilst being responsible for creating a world-class customer service experience throughout the organisation. He is directly in charge of all the critical business functions covering the supply chain and has been responsible for driving efficiency and effectiveness whilst maintaining integrity and ethical practices.

Dr Jithendri Perera

Manager - Medical Services

Dr Jithendri Perera took over the responsibility as the Deputy Manager-Medical Services in November 2012.

She is an MBBS Graduate from Rajiv Gandhi University in Bangalore, India. Post qualifying, experience was gained at two hospitals in India and subsequently in Sri Lanka as an Intern at the Negombo Base Hospital.

She joined Durdans in November 2006 and has acquired knowledge on the operations across the group. She was absorbed into the management team in 2012. Currently in her capacity as the Manager-Medical Services her responsibilities support all the functions under the Medical Services function. She acts as the management champion supporting the current quality enhancement drive pursued by the organisation.

Sirimal Senaratne

Manager - Finance

Sirimal joined Durdans Hospital as Manager-Finance in April 2013. He has over 15 years of experience in the field of Finance, Banking, Accounting and Auditing in both local and foreign companies.

Sirimal 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 a Diploma in Marketing Management.

Operational Review

"Our innovative spirit has been the cornerstone of the strides we have taken, and it has kept us leading the pack"

Ending another eventful year in a dynamic and competitive environment, we celebrate our achievements with humility. The operating environment created many challenges, but our team who were totally committed to our goals, completed the year with satisfactory levels of performance.

Our 'Core Competency' areas, which operate as 'Centers of Excellence' continued to drive the business. Every single focused area, such as Cardiac, Orthopedics, Gynecology and Obstetrics, Ophthalmology and so on performed at the level of expectation, and managed to ensure that we delivered excellent care to our patrons, every time. All ancillary services were well geared and aligned with precision to enhance the delivery. Significant investments in terms of human capital technology and infrastructure were made to sustain our world-class healthcare delivery standards.

Extensive attention and effort was diverted towards the quality enhancement programme, currently peaking at its optimum. The engaging activity spans across the hospital, looping every single member of the team, which results in delivering higher levels of clinical care to our patrons. Customer interaction and welfare is an integral component in the process and today our organisation and the people have gained the required knowledge on how to capitalise on making an exceptional experience.

We are committed to delivering excellence in clinical care, to anyone seeking our services and this requires that our people, policies, systems, technology and know-how is constantly updated and improved. The ongoing quality enhancement programme leading to world-class accreditation has generated the need to clinically inspect every single element in our process, to improve further where possible.

Keeping in touch with the evolving trends to maintain our edge

Our innovative spirit has been the cornerstone of the strides we have taken, and it has kept us leading the pack. We have been the first to

"We are committed to delivering excellence in clinical care, to anyone seeking our services and this requires that our people, policies, systems, technology and know-how is constantly updated and improved. The ongoing quality enhancement programme leading to world-class accreditation has generated the need to clinically inspect every single element in our process, to improve further where possible"

introduce every single advancement in private health care offered in Sri Lanka, and we plan on continuing to be in the forefront.

Innovations in the private healthcare space, happens rapidly. At Durdans we keep in constant contact with the ground situation to keep abreast of new technology, machinery and equipment, as well as methods of treatment. The Consultants who offer their services at our facility are the best in class in their fields of specialisation and invariably are either driving the changes or play an active part in it. Given that the healthcare infrastructure we possess is the best of its kind, the combination is the best a patient can ask for.

Our progressive approach to health care has gained respect from the top clinicians, who have joined hands with us to serve and have sick. We continue to gain the attention of the up and coming surgeons and clinicians as they prefer to work in a professional environment. During the year our focus was to build our capabilities in the general surgical area providing of round the clock facility. With the advanced theater complex and the most up to date, cutting-edge technology, it is not a surprise that the highest expectations of both the patients and the clinicians are supported by the entity.

Dr Wickrama Adithya Salgado Resident Consultant Radiologist



I decided to specialise in Radiology for two reasons. Firstly, because I was intrigued by the technological advances since childhood and Radiology being one of the fastest developing technology related areas with rapid innovations in the field of medicine. Secondly because Radiology provides the clinicians the foundation to make accurate diagnosis and therefore help them embark on effective treatment.

Following my Post graduate qualifications, I worked in Australia, where I was exposed to the state-of-the-art technology and highest standards of practices.

I have extensive experience with the public sector across this country, and after almost 10 years of Government service I decided to join the private sector.

My experience at Durdans has been amazing. My work - life balance is now at the optimum level. I work in an environment which is modern, contemporary, caring and stimulating. The technology available for Radiology and Imaging at Durdans is world-class, and the team involved is excellent. They are oriented to serve, are actively engaged in the process and are extremely disciplined.

The management is very responsive and committed to enhance the service standards always. They are also keen to provide opportunities for continuous learning as well as exposure overseas to keep abreast with the rest of the world and with the rapidly evolving changes in the field I am involved.

I am proud to be a part of this team...!

Durdans gearing for 2020

The success of the Durdans Healthcare Group (Durdans Hospital), is no accident, it is the result of a carefully created plan which has been reviewed every step of the way. Strategic Planning is an ingrained concept at Durdans. Every five years the Board and the management team up collectively to develop the pathway for growth, and supported by a professionally qualified competent facilitator.

The Management team thereafter takes up the responsibility to implement the plan into action with periodic monitoring of the progress. The success of this approach has resulted the business results that have been delivered and, which continue to gather momentum. Not only does the team deliver exceptional share holder value, they also commit to deliver customer service excellence to the patrons.

The road map for 2020 was carved out during the period under review. The Management team has already taken the blue print and has included it into the action plan for the forthcoming year. Given the meticulous attention that is placed in the planning of the action it is evident that the organisation would be able to continue its aggressive growth.



Operational Review Contd.

Upgrading the pediatric care recuperation facility

Our Pediatric Care is renowned and is placed in a class of its own. We have with us many generations of most families who consider Durdans as the only option in their time of need. During the year under review, infrastructure upgrades were conducted in the Pediatric Ward 5 located in the Alfred House Wing. Today the facilities match up to any international hospital and the ambience provides the expected mood for recovery. With the excellent care provided by the eminent Pediatricians and the highly competent staff at Durdans, the recovery process during an illness would meet all expectations.

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 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 successfully complete the programme soon, resulting in international accreditation for the facility.

Continuous upgrading of information systems

The management information system is a dynamo in our business. We continue to assess the needs of the evolving organisation and modify the information capture, analysis and provision of management information. This dynamic approach ensures the constant review of our operational needs and ensures that they are robust and effective systems and processes. Finally this results in enhanced customer service and efficient management of operations.

A few areas that were enhanced are as follows;

fully automating the process of the physiotherapy unit, automating drug requests and issuing of the inpatients, supporting predefined packages for eye surgery and automated medical record room etc.

Lab network continues to grow

Our diagnostic capabilities are now spread around the country and it helps us to support the people of Sri Lanka with high quality analysis for preliminary assessments. The importance of accurate diagnostic results play a very important role in the management of the treatment. Clinicians depend on accuracy for success, thus the source of information is of high importance to all. With Durdans' quality diagnostic services now accessible throughout the country, patients do not need to travel to distant places to get medical tests done.

"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"

We continue to enhance our delivery by constantly upgrading our already existing facilities. During the year under review, the lab in Galle was renovated and facilities were expanded. We are now able to service the people in and around that area even better. In other developments, two mini laboratories were established in the Gampaha and Nagoda areas to support the needs of the people in the surrounding areas. Three new collection centers were established in Chilaw, Kahatagasdigiliya and Kabithigollawa to support increasing demand.

Dr Kesava Dev - Resident Consultant, Cardiac Thoracic Surgeon



I am from Kerala and I completed my graduate and post graduate medical education at JIPMER, Pondicherry.

During the early years I had the choice of Plastic Surgery or Cardiac Thoracic Surgery for specialisation, and decided to focus on the latter. Therefore I did my super specialisation training and degree in Cardiothoracic Surgery.

My skills were then sharpened at the cardiac unit of the renowned Railway Hospital in Chennai, after which I moved to Bangalore as a consultant Cardiac surgeon for a couple of years.

The next 4 years of my life were spent in UK, both in terms of work as well as further qualifications. After my stint in UK, I returned to Hyderabad and served for 5 more years as Chief Consultant Cardiac Surgeon.

My move to Sri Lanka took place in 2004. Today Durdans Heart Center is renowned for Cardiac Care and is most sought after for cardiac procedures and surgeries. We have evolved over the years to such an extent so as to provide the most advanced procedures, based on the individual needs of each patient. During the last ten years we have completed over 6500 surgeries. Our care revolves around the holistic welfare of the patients. We stop at nothing to ensure that they get the best in clinical care, using the best technology available.

We specialise in Arterial Grafting, Beating Heart Surgery and Mitral valve repairs.

We have performed Redo CABGs, and Aortic Aneurysms.

Our team has generated the expertise to handle minimal invasive surgeries which allows faster recovery and lesser restrictions to life style such as

1. Multi vessel MIDCABG – for suitable patient even with 3-4 blocks
2. Aortic Valve replacement, through mini sternotomy
3. Mitral valve surgery through small thoracotomy.

The last ten years of my life has been very meaningful as I have, together with the great team of people in the Durdans Heart Centre, been able to make a difference to the lives of many people. I derive immense satisfaction from my work and enjoy working with this organisation. Our work has been recognised and rewarded, the credit for which goes to a dedicated team who steps beyond the call of duty. The management of the organisation is extremely supportive and provides us a conducive environment to carry out our work.

Financial Review

"The group recorded a strong revenue growth to reach Rs. 3.96 Bn for the year"

Your Company had a year of mixed fortunes emerging from the changing competitive environment and regulatory and the likely legislative pressures. These challenges have tested our strength and our ability to adapt and conform whilst ensuring that the sustainability of our business is not affected.

Sri Lankan Economy

The economy grew by 7.3 per cent compared to the 6.42 per cent growth recorded in 2013, largely supported by domestic economic activity, as external demand remained weak. Despite a slow growth rate Sri Lanka continued to grow faster amongst the newly emerging markets, with inflation contained during the period under review due to the prudent measures taken by the Government.

The deficit in the external current account contracted due to the improved trade balance and increased earnings from trade and services and through worker remittances. The overall balance of payments (BOP), recorded a lower deficit on account of increased foreign investment in Government Securities, foreign loans and incremental investment in to the private sector.

Revenue and profit Performance

The Group recorded a strong revenue growth to reach Rs. 3.96 Bn for the year, up 3% year on year. The revenue growth in combination with continued operational improvements and constant focus on managing the operational costs led to the Group posting a healthy EBITDA of Rs. 746 Mn in the year 2013/14 in the back drop of the difficult conditions of the sector.

The post-tax profit of Group decreased to Rs. 257 Mn in 2013/14 from Rs. 300 Mn in 2012/13, a deficit of 14% or Rs. 43 Mn.

The revenue of the company increased to Rs. 2.65 Bn during the year under review from Rs. 2.47 Bn the previous year, recording an increase

of 7%. The post –tax profit of the company recorded a reduction and end up at Rs.185.9 Mn against previous year's achievement of Rs. 210.9 Mn.

Operating Expenses

The overhead costs of the Group totaled to Rs. 2.03 Bn over the 2012/13 total of Rs.1.88 Bn an increase of 7%. The increase in operational expenses excluding interest and depreciation was 7% over the previous year. The main contributor to the increase was the personnel costs which rose by 12%. The increase in overheads is partially attributable to the investments made in expanding and upgrading the diagnostic network, and will result in increasing future revenue streams.

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

The finance cost of the Group increased by 2% to reach Rs. 187 Mn for the year under review from Rs.182 Mn previous year.

Taxation

The Group tax expense increased to Rs. 32.09 Mn compared to Rs. 30.34 Mn in last year. The effective tax rate of the Group profit was 11% compared with 9% in the previous year. The deferred tax provision has been reversed as a tax expense for the period, due to the change in the income tax rate applicable to the health care sector in 2012.

Return on Capital Employed (ROCE)

The return on capital employed for the Group was reported at 8% as against 10% in the previous 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. 746 Mn in the year 2013/14"

Capital Expenditure

The investment in acquiring capital assets for the Group was Rs. 195 Mn whilst the Group incurred Rs. 111 Mn on revenue generating assets (Medical Equipment) during the year.

Cash Flow

Net cash from operating activities decreased to Rs. 425 Mn as against Rs. 527 Mn mainly due to decreased profits. Net cash used in investing activities was Rs. 235 Mn (2012/13: Rs. 145 Mn). In the current year, cash invested in the purchase of property plant and equipment was Rs. 192 Mn which is more or less equal to 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 decreased to Rs. 6.98 from Rs. 7.81 in the previous year and the company's earnings per share decreased to Rs. 5.49 from Rs. 6.23 last year.

The share price of Durdans ranged from a low Rs. 97 to a high of Rs. 120 during the year for the voting shares and low of Rs. 68.60 to a high Rs. 87.60 during the year for the non-voting shares.

The net asset per share increased by 6% to Rs. 76.99 from Rs. 71.49 in the previous year of the company.

The Group total equity has been decreased to Rs. 3,039 Mn from Rs. 3,050 Mn compared to previous year.



Mrs Sajie Gamage Mt. Lavinia

Being a patient of Dr Colonne – The Consultant Gynecologist, who was consulted by us at Durdans during my pregnancy I had the comfort of walking into the maternity ward at any time be it day or night with regard to any concern I had. The nurses and ward doctors would immediately attend to me and communicate any such concerns to Dr Colonne and I would be provided with a remedy promptly, if required. This was an impressive system they had in place.

With regard to my confinement, the treatment I received in the private labour room for close upon twelve hours was exceptional! Starting from the senior nurses to the attendants, the humane and professional treatment they gave me was beyond satisfactory and I am certain it immensely contributed towards keeping my baby and me calm throughout my extended hours of labour.

To be very honest, before getting admitted to Durdans, I wasn't sure what to expect, but the experience I had at Durdans has left me with no regrets and only a very positive impression of the high standard of care. I hope you will continue to strive to provide even better standards to your patients with each year that passes by
Thank You Durdans for the excellent care





Sustainability Reporting

Sustainability Reporting

Sustainability is not an alien concept to us at Durdans. We have always considered the method of inclusivity as a fundamental practice. Our efforts connect our internal team, our patrons including other stake holders and the community at large. We believe it is our duty and responsibility to behave, conduct our business in a manner that adds value to all relevant parties and safe guard the right of all our stakeholders. Therefore our business objectives never have a narrow focus, but clearly relate to how we touch the world around us.

Our Company in a sustainable environment

We are in the business of “Caring.” Our role is to act as a catalyst to transform “ill health” to “good health.” While we fundamentally address the method of “Curing” we believe that “prevention” should also be addressed through lifestyle changes. We focus many of our activities to encourage our patrons to lead a healthy lifestyle.

As a company we believe it is our mandate to provide the latest available curative care, know-how, technology to enhance our service standards always.

Similarly we also believe that our team needs to be constantly aware of the skill upgrades that are required in the field, and resources are aligned to make it a reality.

Our commitment to world-class quality

Private health care is one of the fastest growing sectors in the country and around the world. Therefore it is necessary to ensure that the processes, resources and technology used are monitored and controlled to deliver the highest standards of quality always. Today there is clear benchmarking available to measure delivery. We at Durdans embarked on a journey to obtain accreditation of the most accepted standards in the world. This process required us to review every single process practiced, the skill and competency levels of our teams and an assessment of the technology / know-how available. Hence we have sharper and effective best practices incorporated into the way we operate, which provides a constant indication of how we fare. Our dashboard alerts the team and ensures they are connected to the processes on a permanent basis.

Our team has met the required standards, with the extensive skill and competency development programmes that have been conducted during the last year. Every single team member is aware of the how his role fits into the organisation’s master plan and makes sure that his role is fulfilled at the optimum level. This culture of quality will enhance our already existing reputation for ‘caring care’ and will consolidate our position in the market as the trusted, leading private care institute.

Our future plans include ongoing improvements to the processes and development needs.



Making Relevance to our patrons

Our business operates on the fundamental principle of providing the 'ultimate in clinical care' for patrons who seek our service. Our long years of history confirm this unique proposition which differentiates us from the rest. Many generations continue to consider us as the only private health care service partner for their family due to the trust in our quality of service.

We have carefully studied the needs of our patrons, needs that already exist, as well as emerging needs based on changing variables. Our ambition is to develop the necessary skills and competencies, as well as technical capabilities to support medical needs identified both in the areas of communicable and non communicable diseases. Thus our portfolio becomes dynamic, it is reviewed, revised and upgraded to suit evolving needs.

There is a growing demand to ensure that specialist support is available throughout the day. We are gradually building our internal resource pool with resident consultants who will be available to serve our patients at all times. Currently several core competency areas have been supported in this manner.

Our belief that General Practitioners should play the primary role of supporting patients on a regular basis, and should be aware of the medical history, has allowed us to connect them with us for specialist support. Therefore the family GP continues to play an active role even in the case of hospitalisation, whereby the continuation of their role is maintained.

Diagnostics play the critical role of assisting clinicians to embark on the ideal and optimum clinical care for each patient. We believe it is our responsibility to ensure that the 'excellent, accurate and fast Diagnostic' capability we possess is available for access to



all Sri Lankans throughout the country. Therefore we believe in continuously expanding, upgrading and controlling the high quality standards of our services.

Our Community

We supported the needs of an Ancient Pirivena

Our care extends to address the needs of the community. We were made to understand the needs of the historic Wannu-based centre for Buddhist scholarship, Isinbessagala Pirivena in Vavuniya through the 211 Brigade Headquarters of the Security Force Headquarters – Wannu (SFHQ-W), for basic furniture and other supplies for their day to day activities. Our team made a significant contribution confirming our commitment to society.



Sustainability Reporting Contd.



'Durdans Cares' CSR Programme in Rikillagaskada

We take our Corporate Social Responsibility very seriously. Generally the activity to be conducted is carefully planned, to align our CSR activity with our core competencies, and to make sure our team takes an active part in the programmes. We are keen to have a clear engagement with the identified community which invariably results in building extreme goodwill with the community and generate valuable experience to our staff. The staff of Durdans Hospital visited the town and community of Rikillagaskada on the 29th and 30th of March and conducted a series of activities to enhance the goodwill of the identified community.

Donation to the Sri Sudarshanarama Temple in Rikillagaskada

The staff visited the temple and met the clergy and made donations towards equipment for administrative work.

Donation to the District Base Hospital –Rikillagaskada

The hospital indicated to us the immediate needs that needed addressing which resulted in our team visiting and handing over administrative equipment including filing needs, storage cabinets and a modern baby weighing scale for the pediatric unit.

Donation to Poramadulla Central College

In our CSR activities we make it a practice to support a key education institute in the area with prevailing needs, with the view to supporting the school for the benefit of the students. The above school was selected as the beneficiary of our efforts during the year under review.

Durdans Hospital donated sports equipment including leather cricket bats, leather cricket balls, batting pads, wickets, footballs, rugby balls and shuttlecocks among many other sporting goods to be used by the students of the school.

The team who visited engaged in an interactive cricket match with the students of the college, and shared an afternoon of enjoyment.

Rikillagaskada-Durdans Health Camp – Durdans way of caring for the community

We believe it is important for the community to understand the need for preventative care vs curative care. Although our primary responsibility as a private healthcare service provider is to dedicate our energy towards curative care, we make it our responsibility to educate the community on the importance of maintaining a health conscious lifestyle. It emphasises the need for people to ensure that their critical indicative signs are monitored regularly to assess any likelihood of impending ailment. Therefore the health camp focuses on providing screening for the participants for "Early detection for a



healthy heart.” Thus the health camp conducted in Rikillagaskada had the facilities of having Fasting Blood Sugar, Lipid Profile, ECG, under screening tests and Blood Pressure Monitoring followed by a Physical Examination by the hospital's resident cardiologist.

Over 650 participants arrived at the Poramadulla Central College hall, and had screening and physical examinations conducted. The results of the diagnostics were provided within the day and advice on how to manage/ handle individual issues. Any person who needed further attention was advised on what needs to be done as the next step.

Our Patrons

“Taking care of your heart” – Durdans Heart Club

The regular interactive events conducted to support education among the patrons who have undergone cardiac procedures, as well as the family members who are keen to learn and change their lifestyle, with the objective of achieving a healthy fulfilled life, have been appreciated and well received by the audience.

The event also provides them an opportunity to interact with others who have gone through similar experiences, and also the ability to meet and talk to the surgeon, cardiologists and the team who supported them during their stay with us.

Every event conducted so far has generated immense goodwill, as it establishes that at Durdans we believe in relationships with our patrons and do not consider the patrons as ‘patients’ who come just for a procedure.

Therefore an association with Durdans is a never an interaction, but the beginning of a longstanding journey which benefits the patron.

Our People

For us ‘Our team’ is the most important asset of the organisation. We are committed to ensure that our asset is safeguarded and groomed to support our challenging objectives. Our goal is to strengthen alignment between the organisation's strategies, goals, and objectives and its people. Designing activities and programs to meet the needs of our employees from the day they enter our team is a fundamental part of our ‘People Agenda.’

We invest in our team

Our training has been extensive during the year, as it was important to ensure our team skills and competencies match the standards required by the international quality accreditation programme adopted by us.

We take care of our assets - our people

Our recruitment policy ensures that there is no discrimination in any form, covering race, gender, religion etc. We provide a conclusive working environment and a safe atmosphere for them to deliver their work. All statutory obligations are fulfilled according to the laid down guidelines, to ensure people welfare. Our working environment is free of sexual harassment as we practice a zero tolerance policy. All team members once confirmed are entitled to comprehensive medical cover for themselves and their immediate family members. The company has in place a grievance handling procedure that allows any dissatisfaction to be addressed effectively.

Our Environment

We are committed to maintain a sustainable environment that achieves both our corporate as well as social obligations.



Sustainability Reporting Contd.

We are in the business of “Caring.” Our role is to act as a catalyst to transform “Ill health” to “good Health.” While we fundamentally address the method of “Curing” we believe that “prevention” should also be addressed through lifestyle changes.

Less Waste

We understand that our waste disposal practices can have a health impact on the communities we serve. Therefore we ensure that waste disposal is done in an appropriate manner.

The proper management of waste generated by the healthcare processing system (such as Bio-medical waste, Infectious waste and Hazardous waste) requires daily attention for disposal under the laid down guidelines. We ensure that our responsibility in this sphere is fulfilled to support our commitment to safeguarding our environment.

The process includes segregation and environmentally friendly disposal methods by a qualified team.

All electronic and office waste such as cartridges, ribbons and other discarded items are resold to third parties for safe disposal.

Safe usage of Chemicals

Partnering with our suppliers, we have taken steps to control usage of chemicals, identify safer alternatives and effective methods of storage and handling of the same.

Smart Purchasing

The purchasing department and the team is fully focused and purchases high quality items for various types of requirements, ensuring premium quality at the best price and safety of the product to the user and to the environment.

Compliance with Environmental Authority regulations

The Environment Protection License is issued only when the monitoring authorities are confident that an organisation fully complies with the requirement. We have obtained all the necessary compliance documentation for our operations.





Ms Indra De Silva
Matron

My home is in Badulla, but today I have made my second Home at Durdans. With over 40 years of nursing experience, in the public sector, truly serving the people of Sri Lanka, I joined Durdans in 2007 and in the last 8 years have been able to make a great contribution to the society and to my profession.

Today I am responsible for the surgical wards and accident and emergency units. As the Matron in charge, ensure that our service to our patrons will meet excellence in nursing care.

In addition, I act as the Education Coordinator for our internal training school and hold the responsibility to plan and ensure the quality of the programmes, we conduct in house foundation training as well as refresher training. We have also conduct two NAITA programmes which I have been directly involved in.

I consider myself privileged to be working at Durdans, an organisation that holds the same values that our profession believes in. The compassionate care that we provide to people has no discrimination and helps speedup the healing process initiated by the great clinicians who serve here.

It is an honor to be part of this great team and I am committed to deliver the best care expected of us.



Enterprise Governance

Establishing Enterprise Governance is no longer an option, it is becoming the framework under which good governance is being benchmarked. Regulatory requirements now expect the complementing of the same fundamentals. To the shareholder, it is his right to expect that 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 organisations resources are used responsibly." (IFAC 2001)

The Enterprise Governance framework encompasses complex yet essential accountability standards that need to be maintained by any organisation, under the dimensions of conformance and performance. Achieving conformance is now a hygiene factor in all well managed businesses. The fundamental elements covered under the Corporate Governance framework 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 which, when completed would result in clearly differentiating our business against the 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 and 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 50 to 51 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 the 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. A 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 benchmark us with the best in the world.

Conformance Measurements

The Composition of the Board of Directors

The Board of the company consists of seven directors including two Executive Directors and five Non-Executive directors. The names of the Directors and their profiles are detailed on pages 29 to 30 of this Annual Report.

The presence of five Non-Executive directors conforms to the stipulated rules of the 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, who 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 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 a 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 organisation's 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 the 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, and thus are able to effectively contribute to the betterment of the organisation and maintain a macro perspective of the ongoing operations. It focuses on monitoring financial performance against 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 N Y 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.

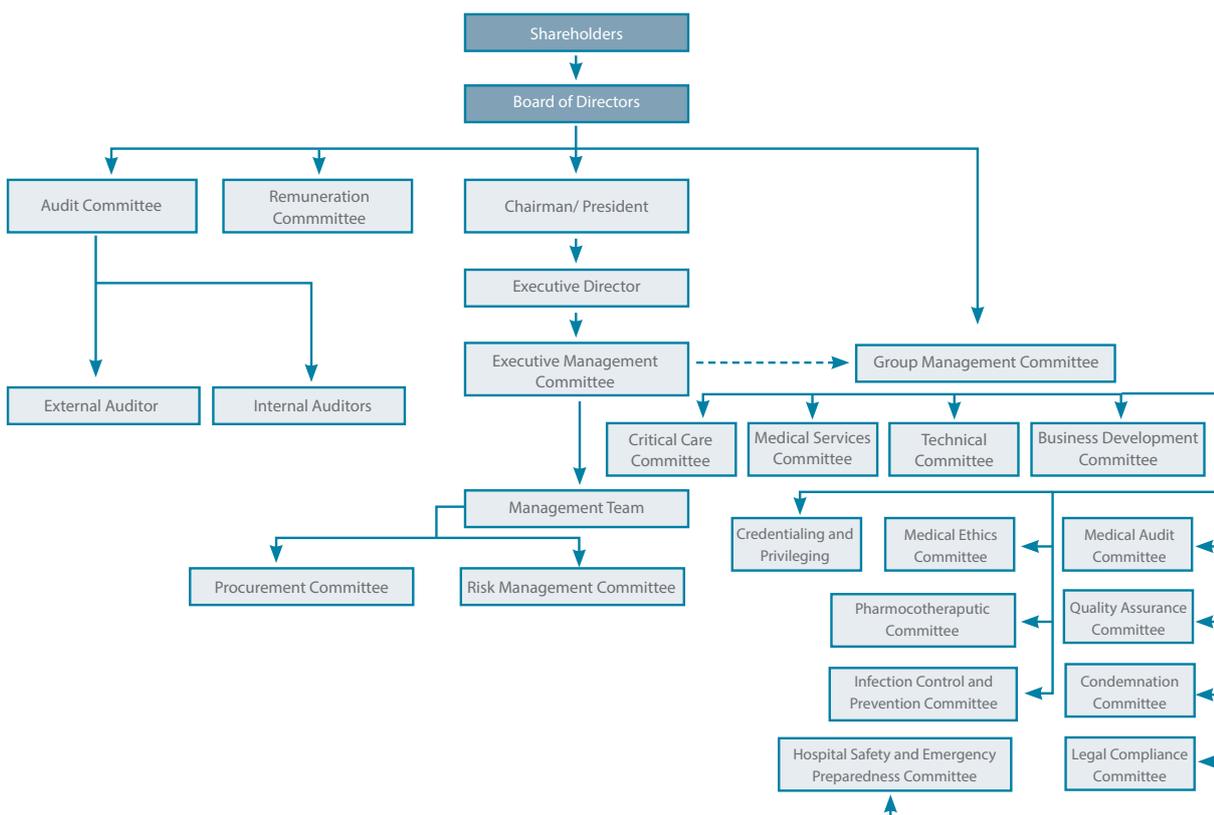
Audit Committee

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 organisations' compliance with financial reporting requirements, information requirements of the Companies Act No 07 of 2007 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 N Y Wijemanne and Mr Y N R Piyasena. The Chairman, Mr Ajith Tudawe and Executive Vice-President, Mr Upul Tudawe participate at the meetings by invitation as the Executive Directors.

The Director -Medical Services, Manager – Medical Services, Manager - Finance, Manager - Human Resources, Manager – Marketing and Business Development and Manager - Supply Chain attend the meetings by invitation. The Internal Auditors Messers Ernst & Young Advisory Services (Pvt.) Ltd are represented by a partner and his team attends the meeting by invitation as well.

Enterprise Governance Framework at Durdans



Enterprise Governance Contd.

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 and Business Development, Manager - Supply Chain, Director - Medical Services, Manager - Medical Services, Manager - Finance and Manager - Human Resources.

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

Executive Management Committee (EMC)

The Executive Management Committee comprises of the Chairman, Executive Director, Manager – Marketing and Business Development, Manager- Supply Chain, Director - Medical Services, 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, Director - Medical Services, Manager - Human Resources, 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.

Efficiency of the supply chain is a critical ingredient for our success; we constantly strive to upgrade our processes by benchmarking ours with the best practices in supply chain management.

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

Credentialing and Privileging Committee (C & P C)

Durdans strives to constantly upgrade 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 professionals involved with the required skill to make our business more meaningful. The objective of the newly formed committee is to screen all consultants, and medical officers to ensure their credentials are in line with the services undertaken.

The committee comprises of the Consultant Microbiologist, Senior Vice - President Medical Services, Director – Medical Services, 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, Director- Medical Services, 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 comprises the Senior Vice-President – Medical, Director – Medical Services, 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, Director - Medical Services, Manager - Medical Services, Manager - Finance, Manager – Marketing and Business Development, Manager – 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 is given to any deviations. The process is aligned to the organisation wide quality drive that has been initiated to benchmark against 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, Director – Medical Services, 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, delivering against the required international benchmarks set.

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 and Business Development, Manager - Supply Chain, 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 measures are practiced by the organisation. The committee meets once a month.

Legal Compliance Committee

The Legal Compliance Committee shall provide over the compliance with oversight the applicable laws and regulations for all hospital operations. The key objective of the committee is to up date information on all the applicable hospital laws and regulations,

statutes and ordinances. The committee is headed by the Executive Vice-President, Director – Medical Services, Manager - Finance, Manager – Marketing and Business Development, Manager - Supply Chain, Manager - Medical Services, Manager – Human Resources and Chief Nursing Officer.

Hospital Safety and Emergency Preparedness Committee

The Hospital Safety and Emergency Preparedness Committee has the mandate to provide a safe and secure environment to both patients and staff in the hospital. The committee is headed by Senior Vice-President - Administration and several other department heads who also get involved with the functioning of the committee as relevant.

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.

Enterprise Governance Contd.

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	Five out of Seven 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 five Non-Executive Directors are independent
7.10.2(b)	Non-Executive Directors	Each Non-Executive Director 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 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 Director should be disclosed in the Annual Report	Compliant	Page from 29 to 30 in the Annual Report
7.10.5	Remuneration Committee	A listed company shall have a Remuneration Committee	Compliant	Page 47 in the Annual Report provides the Remuneration Committee Report
7.10.5(a)	Remuneration Committee - Composition	<p>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</p> <p>ii) Non-Executive Director shall be appointed as Chairman of the Committee by the Board</p>	<p>Compliant</p> <p>Compliant</p>	<p>The Remuneration Committee comprises of three independent Non-Executive Directors</p> <p>Mr A S Abeywardene, independent Non-Executive Director functions as the Chairman of the Committee</p>
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 47
7.10.5(c)	Remuneration Committee	The Annual Report shall set out; <ul style="list-style-type: none"> i) Names of Directors comprising the Remuneration Committee ii) Statement of Remuneration Policy iii) Aggregate remuneration paid to Executive & Non-Executive Directors 	<p>Compliant</p> <p>Compliant</p> <p>Compliant</p>	<p>Page 47 in the Annual Report</p> <p>Page 47 in the Annual Report under Remuneration Committee</p> <p>Page 80 in the Annual Report</p>
7.10.6	Audit Committee	A listed company shall have an Audit Committee	Compliant	Please refer the Audit Committee Report in the page 47

Rule No	Area Covered	Requirement	Compliance Status	Details
7.10.6(a)	Audit Committee	The 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
		The Chief Executive Officer and Chief Financial Officer shall attend Audit Committee meetings	Compliant	The CEO is a member of the Committee and the 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 47
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 47
		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 62
		The Annual Report shall contain a Report of the Audit Committee setting out the manner of Compliance of the functions	Compliant	Please refer the page 62

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 and 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 proactively mapping the potential risks, assessing the likelihood of occurrence, and assessing the impact of each event on the business.
- A 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 an operational level are 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.

Enterprise Governance Contd.

- 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				

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 well into a quality enhancement programme which is internationally accredited. This world renowned programme covers the full business operations in maximum depth, establishing 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. Our commitment to this significant improvement further endorses our dedication towards ensuring the best of care to all our patrons.

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, tends to have implications on the success of businesses in general.

With healthcare being an almost essential service we are somewhat insulated, compared 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 has been expanding at a rapid pace. During the past couple of years, we witnessed significant investment by all contenders in the private healthcare space, resulting in a large number of beds being added to the industry. Whilst this move is seen to endorse the opportunity the industry presents and the economic agility, some concerns have already surfaced regarding the long term sustenance of this capacity. Given the highly competitive environment that has developed in this area, it will be important to create the strategic direction of the business in a meaningful manner. The focused strategic planning process which has been a hallmark of the success we have achieved so far ensures that we mitigate potential industry risks and 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 healthcare 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 healthcare in general in Sri Lanka.

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

Financial Risk

With our continuous drive to invest in technical superiority, continuous investment becomes a critical need. The organisation is mindful of the gearing levels and manages its borrowings carefully. Whilst meeting all obligations on time, the management places the utmost diligence in monitoring any fluctuations in the interest rates and 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 report study prior to embarking upon 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 guards its reputation with zeal, by carefully following laid down guidelines to handle consumer grievance if any. The team places greater focus on making a every experience a memorable one to every customer, at every point of interaction. Constant improvement 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 when necessary. Vaccination against

Enterprise Governance Contd.

Dr Dushyanti Perera - Resident Consultant Head of Anesthesia and Critical Care



Having completed my MBBS at the Medical Faculty University of Colombo and the MD in Anaesthesiology from the Postgraduate institute of Medicine and working in the UK, I successfully qualified to become a Fellow of the Royal College of Anaesthesia UK. I then returned to Sri Lanka as a Consultant Anaesthetist and Senior Lecturer of the Faculty of Medicine, University of Kelaniya a position I held for the next 10 years.

My passion for Critical Care and teaching resulted in me taking a sabbatical to work full time in Intensive Care at Durdans Hospital. This involved teaching and training staff and commencing a morbidity mortality review process. As Durdans was also in the process of expansion at that time I played a major role in the development of the new critical care units.

Retaining my interest in Education I was nominated to a seat on the speciality Board in Critical Care a post which I still hold and was part of the group that developed the curriculum for a Diploma and more recently a MD in Critical Care Medicine. I also am an examiner in critical care for the PGIM. I also applied for and obtained recognition for Durdans to be a training center for the Diplomates in Critical Care.

Durdans commitment to critical care impressed me immensely. We discovered there was potential to deliver a great service. I have been able to support the team ,

train the staff, sharing my knowledge and experience to make a significant difference to the patrons.

The International quality assurance drive currently underway , supported the process improvements that I was driving and today we can be benchmarked against the best entities of the world.

I am very happy to be a part of this team and to lead the team that work in the discipline instilling the best practices.

I believe the private sector has an enormous role to play as the engine of growth for private health care, and we shoulder a huge responsibility to introduce and maintain the cutting edged technology as well as people oriented caring .

infections such as Hepatitis B is given to 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 at the helm and process reviews and modifications are being done to eradicate potential limitations.

Human Resources

We continue to value our people as our most important asset. They make our vision a reality by delivering the utmost care to our patrons, time after time. Every single employee epitomises our values while at work and away from work. In other words, the caring nature inherent to our culture is part of the DNA of our people. However the dynamic private healthcare 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/her function delivers value in the system and is committed to uphold the highest standard of delivery in everything 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 employee satisfaction survey conducted have been addressed effectively.

Information Security

The operations at Durdans is run on a fully computerised environment and 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 key 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.

Mrs Leonie Jurie Nugegoda

I was always aware that Durdans was renowned for it's care. My recent experience in the Durdans Heart Center further endorsed my belief.

I am obliged and take pleasure in referring to the unstinted capacity and skill of the Cardiac Surgeon Dr Kesava Dev. During my experience he was keen to rule out any complications both pre and post surgery level. Supported by the equally dedicated team of doctors, ward sisters and nurses in the cardiology unit, their main objective was to ensure patient welfare. Nothing is compromised to provide ultimate care, comfort and best of clinical support. I knew I was getting the best care possible . It was truly a Home away from home, during a trying time.

Thank You Durdans for your excellence in care.





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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 together with the audited Consolidated Financial Statements for the year ended 31st March 2014.

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 64 to 105.

AUDITORS' REPORT

The Auditors' Report on the Financial Statements is given on page 63.

ACCOUNTING POLICIES

The Accounting Policies adopted in the preparation of the financial statements are given on pages 68 to 78.

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
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 eleven 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.

ELECTION & RE – ELECTION OF DIRECTORS

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.

Mr A S Abeyewardene 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 their re-appointments.

RECOMMENDATION FOR RE-ELECTION

Mr S P Tudawe 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.

New Directors

Mr Ahamed Su – Ayid Mohommed Ismail was appointed an Independent Non Executive Director with effect from 02nd May 2014 and comes up for election as per Article No. 65 of the Articles of Association.

The Board unanimously recommends his election.

Independent Advisor

Dr Lester Charles Massingham was appointed as an Independent Advisor to the Durdans Healthcare Group with effect from 01st May 2014.

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.

DIRTORS' INTEREST IN SHARES

	31.03.2014		31.03.2013	
	No of Shares		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	-
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 46 to 51 of the Annual Report.

RISK AND INTERNAL CONTROL

The risk management report is given on pages 51 to 55 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 61 and the Audit committee Report on page 62 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 08 to the Financial Statements.

CORPORATE DONATIONS

During the year under review, charitable donations amounting to Rs. 2.35 million were made by the Company.

CAPITAL EXPENDITURE

The total capital expenditure during the year amounted to Rs. 138 million 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 2014 was Rs. 916,366,104/- represented by 25,527,272 voting shares and 8,345,454 non voting shares.

SHAREHOLDINGS

There were 2,460 registered Voting Ordinary Shareholders and 1,498 Non-Voting Ordinary Shareholders as at 31st March 2014.

The distribution of share holdings is shown on page 109 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 109 to 110 of the Annual Report along with information on share trading.

SUBSTANTIAL SHAREHOLDING

The twenty major shareholders as at 31st March 2014 are given on pages 110 to 111 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 64 to 105 have been

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

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 pages 61 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.

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 May 2014.

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 in the Financial Statements.

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No circumstances have arisen since the Balance Sheet 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.

APPOINTMENT OF 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. 852,942/- was paid to them as audit fee during the year under review.

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.

As far as the Directors are aware, the Auditors do not have any relationship (Other than that of an auditor) with the Company or any of its subsidiaries other than those disclosed above. The Auditors

also do not have any interest in the Company or its subsidiaries as required by Section 168 (1) (j) of the Companies Act No. 07 of 2007.

ANNUAL GENERAL MEETING

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 2014 at 9.00 a.m. The Notice of the Annual General Meeting appears on page 112.

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 64 to 105 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 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, re-appointment 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, Director Medical Services, Manager Medical Services, Marketing Manager, Business communication and Supply Chain 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:	Meeting Attended
Mr A S Abeyewardene - <i>Chairman</i> (<i>Non-Executive/Independent Director</i>)	5/5
Mr Y N R Piyasena - <i>Member</i> (<i>Non-Executive/Independent Director</i>)	5/5
Mr N Y Wijemanne – <i>Member</i> (<i>Non-Executive/Independent Director</i>)	4/5
On Invitation, Mr Ajith Tudawe - (<i>Executive Director</i>) Mr Upul Tudawe - (<i>Executive Director</i>)	

The profile of each member is set out on pages XX to XX of this Annual Report.

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 2013 to 31st March 2014.

The Audit Committee also had a meeting on 06th May 2014 to discuss the Annual Audited Accounts of the Company for the year ended 31st March 2014 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 relevant to the financial year 01st April 2013 to 31st March 2014. 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 2013 to 31st March 2014, 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 2013 to 31st March 2014, 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 06th May 2014. 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.

External Auditors

The Audit Committee met with Messers B R De Silva & Company, Chartered Accountants, prior to commencement of the annual audit to discuss the audit scope, approach and methodology to be adopted. A special Audit Committee meeting was convened to discuss the Management Letter issued by the External Auditors and management's responses thereto.

The Audit Committee having evaluated the independence and performance of the External Auditors has recommended to the Board that Messers B R De Silva & Company, Chartered Accountants, be re appointed as the auditors of the company for the financial year ending 31st March 2015.

Sgd.

A S Abeyewardene
Chairman
Audit Committee

25th May 2014

Independent Auditors Report

Private & Confidential

B.R.DE SILVA & CO.
Chartered Accountants



INDEPENDENT AUDITORS REPORT To the Share Holders 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, 2014 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, 2014 and the Financial Statements give a true and fair view of the Company's state of affairs as at 31st March, 2014 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, 2014 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

8th May 2014

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.

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Colombo 05.
Telephone: 0112 513 420-22
Fax: 0114 512 404

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www.brdesilva.com

Consolidated Statement of Comprehensive Income

For the year ended 31st March, 2014	NOTES	GROUP		COMPANY	
		2013/2014 Rs.	2012/2013 Rs.	2013/2014 Rs.	2012/2013 Rs.
Revenue	(3)	3,961,267,670	3,830,369,150	2,647,083,795	2,470,162,902
Cost of Sales		(1,698,744,243)	(1,651,414,663)	(1,060,261,122)	(990,271,816)
Gross Profit		2,262,523,427	2,178,954,487	1,586,822,673	1,479,891,086
Other Operating Income	(4)	34,006,051	14,410,393	32,972,288	15,035,699
Overheads					
Administrative Expenses		(1,530,076,772)	(1,410,831,833)	(1,093,146,875)	(1,012,266,062)
Other Operating Expenses		(310,820,812)	(290,038,709)	(242,379,805)	(217,646,477)
Finance Cost	(5)	(186,727,812)	(182,428,489)	(127,019,440)	(113,931,645)
Finance Income	(5.1)	19,485,773	19,924,650	41,516,492	67,748,220
		(2,008,139,623)	(1,863,374,380)	(1,421,029,628)	(1,276,095,964)
Share of profit of an associate	(6)	1,210,061	647,380	-	-
Profit before Taxation	(7)	289,599,916	330,637,879	198,765,333	218,830,821
Taxation	(8)	(32,093,202)	(30,334,352)	(12,861,768)	(7,917,869)
Net Profit after Taxation		257,506,714	300,303,527	185,903,565	210,912,952
Other Comprehensive Income					
Net (loss)/gain on available for sale financial assets		1,674,425	(819,785)	724,000	40,000
Income Tax effect		-	-	-	-
Other comprehensive income for the year, net of tax		1,674,425	(819,785)	724,000	40,000
Total comprehensive income for the year, net of tax		259,181,139	299,483,742	186,627,565	210,952,952
Profit attributable to:					
Equity Holders of the Parent		236,355,347	264,412,999	185,903,565	210,912,952
Non - Controlling Interest		21,151,367	35,890,528	-	-
		257,506,714	300,303,527	185,903,565	210,912,952
Total Comprehensive Income attributable to:					
Equity Holders of the Parent		238,029,772	263,593,214	186,627,565	210,952,952
Non - Controlling Interest		21,151,367	35,890,528	-	-
		259,181,139	299,483,742	186,627,565	210,952,952
Earnings per Share - Basic	(9)	6.98	7.81	5.49	6.23

The Significant Accounting Policies and the notes from pages 68 to 105 form an integral part of these Financial Statements.

Consolidated Statement of Financial Position

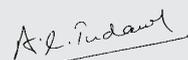
As at 31st March, 2014	NOTES	GROUP		COMPANY	
		As at 31.03.2014 Rs.	As at 31.03.2013 Rs.	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
ASSETS					
Non-Current Assets					
Property, Plant & Equipment	(10)	4,158,467,815	4,239,622,087	1,952,110,989	1,955,704,463
Investments in Subsidiaries	(11)	-	-	1,426,229,924	1,171,229,922
Investment in an Associate	(6)	2,087,402	877,340	229,960	229,960
Other Financial Assets	(20)	30,934,109	21,662,198	16,802,581	8,809,979
Prepaid Rent		660,000	760,000	-	-
		4,192,149,326	4,262,921,625	3,395,373,454	3,135,974,324
Current Assets					
Inventories	(12)	290,834,716	237,296,605	215,388,912	156,821,121
Trade and Other Receivables	(13)	123,005,489	106,082,963	84,734,807	74,469,237
Prepayments	(13)	66,872,833	78,880,128	56,023,164	59,870,191
Amounts Due from Related Parties	(14)	3,817,251	517,609	281,803,957	204,980,716
Other Financial Assets	(20)	210,633,694	148,222,486	95,414,667	88,519,061
Cash and Cash Equivalents	(15)	48,455,914	96,958,764	37,554,415	74,970,871
		743,619,897	667,958,555	770,919,922	659,631,197
Total Assets		4,935,769,223	4,930,880,180	4,166,293,376	3,795,605,521
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
Revaluation Reserve	(17)	532,338,890	532,338,890	532,338,890	532,338,890
Available for Sale Reserve		6,021,423	4,346,999	900,000	176,000
Revenue Reserves	(18)	1,252,376,459	1,103,286,544	1,158,584,212	972,680,647
		2,707,102,876	2,556,338,537	2,608,189,206	2,421,561,641
Non Controlling Interests	(19)	332,041,942	494,335,061	-	-
Total Equity		3,039,144,818	3,050,673,598	2,608,189,206	2,421,561,641
Non-Current Liabilities					
Interest Bearing Loans & Borrowings	(20.3)	589,690,760	668,719,780	430,251,448	383,046,040
Other Non Current Financial Liabilities	(20.2)	77,369,863	105,187,450	77,369,863	105,187,450
Deferred Revenue	(21)	-	-	28,684,600	30,024,600
Provisions and Other Liabilities	(22)	98,168,128	99,991,266	84,523,979	89,671,628
Deferred Tax Liabilities	(23)	97,547,307	98,982,194	72,635,114	82,162,746
		862,776,058	972,880,690	693,465,004	690,092,464
Current Liabilities					
Bank Overdrafts		334,810,633	249,759,045	226,765,286	160,445,190
Interest Bearing Loans & Borrowings	(20.3)	391,549,772	312,531,794	233,091,275	172,403,410
Other Non Current Financial Liabilities	(20.2)	13,750,000	-	13,750,000	-
Trade and Other Payables	(24)	283,027,095	300,099,066	178,968,057	201,614,533
Taxation Payable	(25)	10,710,847	8,303,932	9,974,077	4,296,673
Amounts Due to Related Parties	(14)	-	1,905,710	202,090,471	110,465,265
Dividends Payable		-	34,726,346	-	34,726,346
		1,033,848,347	907,325,893	864,639,166	683,951,417
Total Equity and Liabilities		4,935,769,223	4,930,880,180	4,166,293,376	3,795,605,521

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



A D P A Wijegoewardene
Director

Statement of Changes In Equity

For the year ended 31st March 2014

	Stated Capital Rs.	Revaluation Reserve Rs.	General Reserve Rs.	Available for Sale Reserve Rs.	Accumulated Profits Rs.	Total Rs.	Non Controlling Interest Rs.	Total Rs.
GROUP								
Balance as at 01st April 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 Interests	-	-	-	-	(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
Net Profit for the Year	-	-	-	-	236,355,348	236,355,348	21,151,367	257,506,715
Other Comprehensive Income	-	-	-	1,674,425	-	1,674,425	-	1,674,425
Dividend Paid - Ordinary Shares	-	-	-	-	-	-	(15,709,917)	(15,709,917)
Acquisition of non controlling Interests	-	-	-	-	(87,265,433)	(87,265,433)	(167,734,569)	(255,000,002)
Balance as at 31st March 2014	916,366,104	532,338,890	4,822,163	6,021,423	1,247,554,297	2,707,102,879	332,041,942	3,039,144,818

	Stated Capital Rs.	Revaluation Reserve Rs.	General Reserve Rs.	Available for Sale Reserve Rs.	Accumulated Profits Rs.	Total Rs.	
COMPANY							
Balance as at 01st April 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
Net Profit for the year		-	-	-	-	185,903,565	185,903,565
Other Comprehensive Income		-	-	-	724,000	-	724,000
Balance as at 31st March 2014		916,366,104	532,338,890	4,822,163	900,000	1,153,762,049	2,608,189,206

Statement of Cash Flows

For the year ended 31st March, 2014	GROUP		COMPANY	
	2013/2014 Rs.	2012/2013 Rs.	2013/2014 Rs.	2012/2013 Rs.
Cash Flows from/(Used in) Operating Activities				
Net Profit before Income Tax Expenses	289,599,917	330,637,879	198,765,333	218,830,820
Adjustments for				
Inventory Write - off / (Write -in)	(2,732,186)	2,597,313	806,708	1,179,834
Bad Debts write - off	813,287	4,762,285	10,854	1,833,500
Depreciation Charge for the year	269,924,603	254,333,182	135,801,752	126,976,487
Finance Income	(19,485,773)	(19,924,650)	(41,516,492)	(67,748,220)
Finance Costs	186,727,812	182,428,489	127,019,440	113,931,645
Amortisation of Deferred Rent	100,000	100,000	(1,340,000)	(1,340,000)
Profit on Disposal of Property, Plant & Equipment	(3,087,605)	(3,349,312)	(3,087,605)	(1,809,312)
Bad debts written back	-	(334,114)	156,573	(334,114)
Increase/(Decrease) in Financial Instruments	1,674,425	(797,003)	724,000	40,000
Share of Profit of an Associates	(1,210,061)	(647,380)	-	-
Provision for Defined Benefit Plans	9,600,302	28,317,741	5,842,990	22,537,892
Operating Profit/(Loss) before Working Capital Changes	731,924,720	778,124,430	423,183,553	414,098,533
(Increase)/ Decrease in Inventories	(56,270,296)	(23,929,404)	(59,374,498)	(20,483,941)
(Increase)/Decrease in Trade and Other Receivables and Prepayments	(5,728,519)	(5,709,484)	(14,578,572)	58,605,616
Increase/(Decrease) in Trade and Other Payables	(17,071,971)	13,528,722	(22,646,476)	13,100,970
Increase/(Decrease) Related Party Dues	(5,205,352)	1,864,834	14,801,965	40,023,245
Cash Generated from Operations	647,648,582	763,879,098	341,385,972	505,344,424
Finance Costs Paid	(181,857,949)	(178,037,298)	(127,019,440)	(111,011,677)
Defined Benefit Plan Costs Paid	(11,423,438)	(9,893,038)	(10,990,639)	(8,501,309)
Income Tax Paid	(29,686,287)	(48,089,793)	(16,711,996)	(43,338,531)
Net Cash From/(Used in) Operating Activities	424,680,908	527,858,969	186,663,896	342,492,907
Cash Flows from/(Used in) Investing Activities				
Acquisition of Property, Plant & Equipment	(191,694,493)	(185,151,578)	(138,111,614)	(101,768,605)
Proceeds from Sale of Property, Plant & Equipment	8,990,942	11,577,194	8,990,942	7,762,193
(Acquisition) / Disposal of other Investments	(71,683,119)	9,083,984	(6,895,606)	(33,483,013)
Investment in Associates	-	(229,960)	-	(229,960)
Finance Income	19,485,773	19,694,905	41,516,492	67,748,220
Net Cash Flows from/(Used in) Investing Activities	(234,900,897)	(145,025,455)	(94,499,786)	(59,971,165)
Cash Flows from/(Used in) Financing Activities				
Receipts from Interest bearing Loans & Borrowings	310,000,000	54,000,000	280,000,000	19,000,000
Re-payments to Interest bearing Loans & Borrowings	(343,608,101)	(322,601,872)	(186,174,314)	(177,934,610)
Investment in Subsidiary	(255,000,002)	-	(255,000,002)	(13,432,500)
Dividends Paid	(34,726,346)	(141,449,158)	(34,726,346)	(100,764,558)
Net Cash Flows from/(Used in) Financing Activities	(323,334,449)	(410,051,030)	(195,900,662)	(273,131,668)
Net Increase/(Decrease) in Cash and Cash Equivalents	(133,554,438)	(27,217,517)	(103,736,552)	9,390,073
Cash and Cash Equivalents at the beginning of the year	(152,800,281)	(125,582,764)	(85,474,319)	(94,864,392)
Cash and Cash Equivalents at the end of the year	(286,354,719)	(152,800,281)	(189,210,871)	(85,474,319)
Analysis of Cash & Cash Equivalents				
Cash at Bank - Overdrawn	(334,810,633)	(249,759,045)	(226,765,286)	(160,445,190)
Cash in Hand and at Bank	48,455,914	96,958,764	37,554,415	74,970,871
	(286,354,719)	(152,800,281)	(189,210,871)	(85,474,319)

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 in 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 2014, comprise 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 2014 were authorised for issue in accordance with a resolution of the Board of Directors on 08th May 2014.

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) Ltd 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	1999/2000	78.02%
Durdans Medical and Surgical Hospital (Pvt) Limited	2007/2008	81.40%

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) as issued by the Institute of Chartered Accountants in Sri Lanka (ICASL).

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 (SLAS) as laid down by the Institute of Chartered Accountants of Sri Lanka (ICASL) and the requirements of the Companies Act No. 07 of 2007.

2.1.3 Going Concern

The Directors have made an assessment on 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 enterprises 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 unrealized 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 a 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 income statement. 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 income statement.

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 Balance Sheet date are translated in to rupees at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translations are recognized 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).

Notes to the Financial Statements Contd.

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

2.1.8.1 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.

2.1.8.2 Deferred Taxation

Deferred Tax is provided in full, 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 Balance Sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred Tax is provided in full, 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 Balance Sheet date and are expected to apply when the related deferred income tax asset is realised 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 assets to be recovered.

2.1.9 Events after the Balance Sheet date

All the material events after the Balance Sheet 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 realizable 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.

The Cash Flow Statements

The cash flow statements are prepared using "Indirect Method" of preparing cash flows in accordance with the LKAS 7 Statement of Cash Flows, 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 income statement 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 income statement, in which case the increase is recognised in the income statement. A revaluation deficit is recognised in the income statement, 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

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

Notes to the Financial Statements Contd.

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 Statement 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 utilisation or at the time the asset is commissioned.

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 amortised 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:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include 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 flows that would otherwise be required.

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 income statement in finance costs.

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 year ended 31 March 2014.

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 income statement 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.

Available-for-sale financial investments

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 flows 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 income statement.

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 flows from the asset have expired.
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the 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 flows 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.

Notes to the Financial Statements Contd.

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.

ii) *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 flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in 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 flows, 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.

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 flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows 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 income statement. 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 flows 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 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 flows 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 income statement, the impairment loss is reversed through the income statement.

iii) *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, financial guarantee contracts, and derivative financial instruments.

Subsequent measurement

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

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.

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 in finance costs in the Statement of Comprehensive Income.

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.

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.

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 inflows 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 flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations

Notes to the Financial Statements Contd.

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 flows 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 Statement of Comprehensive Income. In this case, the impairment is also recognised in Statement of 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 balance sheet are those, which fall due for payment on demand or within one year from the balance sheet date. Non-current liabilities are those balances that fall due for payment after one year from the balance sheet date. Provisions are recognised when the Group has a present 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 preparation of the financial statements in conformity with SLFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Judgments and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence, actual results may differ from those estimates and judgmental decisions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Note 27 - Deferred Tax Asset/Liability
 Note 29 - Measurement of Employee Benefits
 Note 32 - Provisions
 Note 37 - Contingencies

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 recognized in the Reporting Date.

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 2014, 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 Retirement Age – 55 years
- c. 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 Income Statements

Revenue Recognition

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

- (a) *Rendering of Services*
Revenue from rendering of services is recognized in the accounting period in which the services are rendered or performed.
- (b) *Interest*
Interest Income is recognized 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 recognized on an accrual basis.

- (e) *Deferred Revenue*
The revenue to be recognized over 35 years, which is the agreed lease period.
- (f) *Others*
Other Income is recognized 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 recognized 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 recognized 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.

Notes to the Financial Statements Contd.

2.4.3 *Effect of Sri Lanka Accounting Standards issued but not yet effective*

The following SLFRS have been issued by the Institute of Chartered Accountants of Sri Lanka that have an effective date in the future and have not been applied in preparing these Financial Statements. Those SLFRS will have an effect on the accounting policies currently adopted by the Group and may have an impact on the future financial statements.

(a) *SLFRS 9-Financial Instruments: Classification and Measurement*
SLFRS 9, as issued reflects the first phase of work on replacement of LKAS 39 and applies to classification and measurement of financial assets and liabilities. The Group will quantify the effect in due course.

This standard was originally effective for annual periods commencing on or after 01 January 2015. However effective date has been deferred subsequently.

(b) *SLFRS 13 - Fair Value Measurement*

SLFRS 13 establishes a single source of guidance under SLFRS for all fair value measurements and provides guidance on all fair value measurements under SLFRS.

This standard will be effective for the annual period beginning on or after 01st January 2014. However use of fair value measurement principles contained in this standards are currently recommended.

In addition to the above, following standards will also be effective for the annual periods commencing on or after 01st January 2014.

SLFRS 10 -Consolidated Financial Statements

SLFRS 11 – Joint Arrangements

SLFRS 12 -Disclosure of Interests in Other Entities

The above parcel of three standards will impact the recognition, measurement and disclosures aspects currently contained in LKAS 27-Consolidated and separate financial statements, LKAS 28- Investments in associates ,LKAS 31-Interest in joint ventures and SIC- 12 and SIC 13 which are on consolidation of special purpose entities(SPEs) and jointly controlled entities respectively.

Establishing a single control model that applies to all entities including SPEs and removal of option to proportionate consolidation of jointly controlled entities are the significant changes introduced under SLFRS 10 and SLFRS 11 respectively.

SLFRS 12, establishes a single standard on disclosures related to interests in other entities. This incorporates new disclosures as well as the ones previously captured in earlier versions of LKAS 27, LKAS 28 and LKAS 31.

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

For the year ended 31st March 2014

	Group		Company	
	2013/2014 Rs.	2012/2013 Rs.	2013/2014 Rs.	2012/2013 Rs.
3 REVENUE				
Sales	3,961,267,670	3,830,369,150	2,647,083,795	2,470,162,902
4 OTHER OPERATING INCOME				
Reversal of Bad Debt Provision	-	334,114	-	334,114
Deferred Income of Residential Fees	-	-	1,340,000	1,340,000
Sundry Income	30,918,446	10,726,967	28,544,683	11,552,273
Profit on Disposal of Property Plant & Equipment	3,087,605	3,349,312	3,087,605	1,809,312
	34,006,051	14,410,393	32,972,288	15,035,699
5 FINANCE COST				
Loan Interest	147,698,242	147,918,251	95,676,022	87,090,279
Debenture Interest	10,762,500	12,000,000	10,762,500	12,000,000
Interest Expenses on Overdrafts	22,636,481	17,027,180	15,155,523	11,004,664
Other Interest	688,446	1,091,867	483,252	662,238
Amortisation of Rent Deposits	72,280	268,644	72,280	254,496
Impairment provision on investments	-	1,202,579	-	-
Net Loss on financial liabilities at fair value through profit or loss	4,869,863	2,919,968	4,869,863	2,919,968
	186,727,812	182,428,489	127,019,440	113,931,645
5.1 FINANCE INCOME				
Interest Income	17,939,896	19,430,343	7,951,235	7,450,546
Amortisation of deferred rent	106,384	229,745	106,384	218,808
Dividend Income	1,439,493	251,199	33,458,873	60,073,720
Dividend Income from Unit Trust	-	13,363	-	5,146
	19,485,773	19,924,650	41,516,492	67,748,220

Notes to the Financial Statements Contd.

For the year ended 31st March 2014

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 purposes.

Ceygen Biotech (Pvt) Ltd is a private limited liability company. The following table illustrates summarised financial information of the Ceygen Biotech (Pvt) Ltd :

Share of the associate's statement of financial position:

	Group		Company	
	2013/2014 Rs.	2012/2013 Rs.	2013/2014 Rs.	2012/2013 Rs.
Current assets	6,593,350	1,886,908	-	-
Non-current assets	561,288	624,290	-	-
Current liabilities	(2,616,811)	(603,938)	-	-
Non-current liabilities	-	-	-	-
Equity	4,537,827	1,907,260	-	-
Share of the associate's profit:	1,210,062	647,380	-	-
Carrying amount of the investment (6.1)	2,087,402	877,340	-	-
6.1				
Balance as at 01st April 2013	877,340	-	-	-
Add: Share of the associate's profit	1,210,062	877,340	-	-
Balance as at 31st March 2014	2,087,402	877,340	-	-

7 PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE TAXATION

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

	Group		Company	
	2013/2014 Rs.	2012/2013 Rs.	2013/2014 Rs.	2012/2013 Rs.
Director's Emoluments	15,298,588	20,394,405	12,638,868	18,769,405
Auditors Remuneration - Internal	2,740,628	1,370,603	1,643,969	775,770
- External	1,503,162	1,315,396	852,942	847,796
Depreciation	269,924,603	254,333,182	135,801,752	126,976,487
Defined Benefit Plan Costs - Gratuity	9,600,302	28,317,741	5,842,990	22,537,892
Legal Fees	3,671,796	2,966,500	-	-
Salaries	718,386,126	639,959,911	509,927,440	461,288,464
Employee Provident Fund	56,157,163	48,751,161	43,660,305	37,637,904
Employee Trust Fund	14,536,639	12,687,201	10,923,124	9,384,292
Donations	2,451,925	1,963,108	2,346,675	1,560,033

For the year ended 31st March 2014

	Group		Company	
	2013/2014 Rs.	2012/2013 Rs.	2013/2014 Rs.	2012/2013 Rs.
8 INCOME TAX EXPENSES				
Income Tax (Note 8.1)	33,528,089	31,488,809	22,389,400	20,826,531
Deferred Tax	(1,434,887)	(1,154,457)	(9,527,632)	(12,908,662)
	32,093,202	30,334,352	12,861,768	7,917,869
8.1 Reconciliation between Current Tax expense and the Accounting profit				
Accounting Profit before Taxation	332,793,968	330,637,879	198,765,333	218,830,821
Aggregated Disallowed Items	304,225,548	519,646,080	166,462,618	181,064,509
Aggregated Allowed Items	(314,571,942)	(454,689,670)	(151,394,576)	(177,325,137)
Income not Subject to Taxation	(63,666,236)	(81,852,662)	(37,857,004)	(67,529,412)
Taxable Profit	258,781,338	313,741,627	175,976,371	155,040,781
Statutory Tax Rate	12%	27,098,078	25,414,593	20,163,054
Statutory Tax Rate	28%	6,430,011	6,074,216	2,226,346
Income Tax Provision	33,528,089	31,488,809	22,389,400	20,826,531

Parent Company - Ceylon Hospitals PLC

The Company is liable for Income Tax for the year of assesment 2013/2014 at the rate of 12%.

Durdans Heart Surgical Centre (Pvt) Ltd.

The Company is liable for Income Tax for the year of assesment 2013/2014 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 commerial 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	
	2013/2014 Rs.	2012/2013 Rs.	2013/2014 Rs.	2012/2013 Rs.
Net Profit attributable to Ordinary Shares (Rs.)	236,355,348	264,412,999	185,903,565	210,912,952
Weighted Average Number of Shares outstanding during the year	33,872,726	33,872,726	33,872,726	33,872,726
Earnings per Share (Rs.)	6.98	7.81	5.49	6.23

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For the year ended 31st March 2014

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 01.04.2012	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
Additions	29,837,493	111,256,791	12,334,516	15,114,943	22,429,924	3,700,000	194,673,667
Disposals	-	-	-	-	(5,546,800)	(3,650,000)	(9,196,800)
Balance as at 31.03.2014	2,971,717,784	2,088,451,210	186,792,045	104,374,671	74,774,587	10,555,357	5,436,665,654
Accumulated Depreciation							
Balance as at 01.04.2012	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	254,333,181
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	1,011,566,699
Depreciation Charge for the year	42,429,091	190,274,039	15,055,895	9,965,219	8,430,380	3,769,979	269,924,603
Disposals	-	-	-	-	(3,110,963)	(182,500)	(3,293,463)
Balance as at 31.03.2014	124,739,156	1,002,685,721	69,993,123	54,791,067	19,787,112	6,201,660	1,278,197,839
Net Book Value							
At 31st March 2014	2,846,978,628	1,085,765,489	116,798,922	49,583,604	54,987,475	4,353,697	4,158,467,815
At 31st March 2013	2,859,570,226	1,164,782,737	119,520,301	44,433,880	43,423,768	7,891,175	4,239,622,087

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 01.04.2012	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
Additions	28,311,828	74,455,807	10,937,067	14,556,912	6,150,000	3,700,000	138,111,614
Disposals	-	-	-	-	(5,546,800)	(3,650,000)	(9,196,800)
Balance as at 31.03.2014	1,314,548,523	1,045,716,179	117,074,334	97,750,239	40,858,398	6,655,357	2,622,603,030
Accumulated Depreciation							
Balance as at 01.04.2012	-	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	126,976,486
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
Depreciation Charge for the year	9,724,875	101,992,901	11,202,088	8,856,269	3,718,416	307,202	135,801,751
Disposals	-	-	-	-	(3,110,963)	(182,500)	(3,293,463)
Balance as at 31.03.2014	18,669,307	546,156,238	51,665,526	46,376,316	6,315,771	1,308,883	670,492,041
Net Book Value							
At 31st March 2014	1,295,879,216	499,559,941	65,408,808	51,373,923	34,542,627	5,346,474	1,952,110,989
At 31st March 2013	1,277,292,264	527,097,035	65,673,829	45,673,280	34,546,880	5,421,176	1,955,704,463

For the year ended 31st March 2014

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 31st March 2012.

Property, Plant and Equipment includes fully depreciated assets having a gross carrying amounts of Rs.48,529,982/- (2013 - Rs. 39,173,935/-).

During the financial year, the Group acquired Property, Plant and Equipment to the aggregate value of Rs.194,673,667/- (2013 - Rs.191,694,493/-). Acquisitions through Cash payments amounting to Rs. 191,694,493/- (2013 - Rs. 185,151,578/-).

The carrying value of Motor Vehicles held under finance leases at 31 March 2014 was Rs.5,346,474/- (2013 -Rs.5,421,176/-). The company acquired Rs. 3,700,000/- of finance lease assets during the year. Lease Assets are pledged as securities for the related Finance Lease.

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

Description	Address	Extent	Company	
			31.03.2014 Rs.	31.03.2013 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	439,280,479	455,604,034
Total			1,052,430,716	1,068,754,271

11 INVESTMENTS IN SUBSIDIARIES

Company

	As at 31.03.2014				As at 31.03.2013			
	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	8,581,960	78.02	98,729,910	98,729,910
Durdans Medical & Surgical Hospital (Pvt) Ltd	120,896,033	81.40	1,327,500,014	1,327,500,014	106,607,144	71.78	1,072,500,012	1,072,500,012
	129,477,993		1,426,229,924	1,426,229,924	115,189,104		1,171,229,922	1,171,229,922

Notes to the Financial Statements Contd.

For the year ended 31st March 2014

	GROUP		COMPANY	
	31.03.2014 Rs.	31.03.2013 Rs.	31.03.2014 Rs.	31.03.2013 Rs.
12 INVENTORIES				
Drugs & Dressings	128,513,126	133,542,483	53,067,323	56,275,563
Lab Reagents & Consumables	131,858,225	78,855,538	131,858,225	78,855,538
Pantry Stocks	1,397,647	1,024,579	1,397,647	1,024,579
General Stocks	29,065,718	20,665,441	29,065,717	20,665,441
Goods-In-Transit- Equipment	-	3,208,564	-	-
	290,834,716	237,296,605	215,388,912	156,821,121
13 TRADE & OTHER RECEIVABLES				
Trade Debtors	114,251,906	96,899,926	81,353,050	68,470,232
Other Receivables	11,445,294	11,923,190	6,073,467	8,534,143
Less : Impairment Allowance for Bad Debts	(2,691,711)	(2,740,153)	(2,691,711)	(2,535,138)
	123,005,489	106,082,963	84,734,807	74,469,237
13.1 Advances and Prepayments				
Advances	33,199,127	42,186,932	29,475,974	40,662,932
Prepayments	33,673,706	36,693,196	26,547,190	19,207,259
	66,872,833	78,880,128	56,023,164	59,870,191
14 RELATED PARTY TRANSACTIONS				
14.1 Amounts Due From Related Parties				
Durdans Heart Surgical Centre (Pvt) Ltd	-	-	26,194,917	18,065,920
Durdans Medical & Surgical Hospital (Pvt) Ltd	-	-	251,791,789	186,397,187
Durdans Management Services Ltd	1,680,902	-	1,680,902	-
Ceygen Biotech (Pvt) Ltd	2,136,349	517,609	2,136,349	517,609
	3,817,251	517,609	281,803,957	204,980,716
14.2 Amounts due to Related Parties				
Durdans Heart Surgical Centre (Pvt) Ltd	-	-	3,187,166	1,456,126
Durdans Medical & Surgical Hospital (Pvt) Ltd	-	-	198,903,305	107,103,429
Durdans Management Services Ltd	-	1,905,710	-	1,905,710
	-	1,905,710	202,090,471	110,465,265
15 CASH & CASH EQUIVALENTS				
Favourable Cash & Cash Equivalant Balance	48,455,914	96,958,764	37,554,415	74,970,871
16 STATED CAPITAL				
33,872,726 Shares (2012/13 - 33,872,726)	916,366,104	916,366,104	916,366,104	916,366,104

For the year ended 31st March 2014

	GROUP		COMPANY	
	31.03.2014 Rs.	31.03.2013 Rs.	31.03.2014 Rs.	31.03.2013 Rs.
17 REVALUATION RESERVE				
Balance as at 31st March 2014	532,338,890	532,338,890	532,338,890	532,338,890
	532,338,890	532,338,890	532,338,890	532,338,890
18 REVENUE RESERVES				
General Reserves				
Balance as at 31st March 2014	4,822,163	4,822,163	4,822,163	4,822,163
	4,822,163	4,822,163	4,822,163	4,822,163
Accumulated Profits				
Balance as at 1st April 2013	1,098,464,381	970,314,464	967,858,484	892,436,436
Profit for the year	236,355,348	264,412,999	185,903,565	210,912,952
Increase in the Share of Minority Interest	(87,265,433)	(772,178)	-	-
Dividend Paid				
- Ordinary Shares	-	(135,490,904)	-	(135,490,904)
Balance as at 31st March 2014	1,247,554,297	1,098,464,381	1,153,762,049	967,858,484
Total	1,252,376,459	1,103,286,544	1,158,584,212	972,680,647

	31.03.2014 Rs.	31.03.2013 Rs.
19 NON CONTROLLING INTEREST		
Balance as at 1st April 2013	494,335,061	488,029,455
Profit for the year	21,151,367	35,890,528
Increase/(Decrease) in the Share of Minority Interest	(167,734,569)	(12,660,322)
Dividend Paid	(15,709,917)	(16,924,600)
Balance as at 31st March 2014	332,041,942	494,335,061

Notes to the Financial Statements Contd.

For the year ended 31st March 2014

20 OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

20.1 Other Financial Assets

	GROUP		COMPANY	
	31.03.2014 Rs.	31.03.2013 Rs.	31.03.2014 Rs.	31.03.2013 Rs.
Loans and Receivables				
Refundable Deposits	22,924,416	14,904,446	15,262,581	7,993,979
Fixed Deposits in financial institutions	210,633,694	148,222,486	95,414,667	88,519,061
Total Loans and Receivables	233,558,110	163,126,932	110,677,248	96,513,040
Available for Sale Investments				
Equity Shares in listed companies	8,009,693	6,757,752	1,540,000	816,000
Total Available for Sale Investments	8,009,693	6,757,752	1,540,000	816,000
Total other Financial Assets	241,567,803	169,884,684	112,217,248	97,329,040
Total current	210,633,694	148,222,486	95,414,667	88,519,061
Total non - current	30,934,109	21,662,198	16,802,581	8,809,979

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.

For the year ended 31st March 2014

20.2 Other Financial Liabilities

Financial Liabilities at fair value through Profit or Loss

	GROUP		COMPANY	
	31.03.2014 Rs.	31.03.2013 Rs.	31.03.2014 Rs.	31.03.2013 Rs.
Embedded Derivatives (Redeemable Debentures)	91,119,863	105,187,450	91,119,863	105,187,450
Total Financial Liabilities at fair value through profit or loss	91,119,863	105,187,450	91,119,863	105,187,450
Total current	13,750,000	-	13,750,000	-
Total non - current	77,369,863	105,187,450	77,369,863	105,187,450

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

	Note	Re-payable within one year Rs.	Re-payable after one year Rs.	Total as at 31.03.2014 Rs.	Total as at 31.03.2013 Rs.
Group					
Bank Loans	20.3.1	389,212,626	586,617,592	975,830,218	977,001,785
Lease Creditors	20.3.2	2,337,144	3,073,169	5,410,313	4,249,789
		391,549,770	589,690,761	981,240,531	981,251,574
Company					
Bank Loans	20.3.1	231,889,283	427,379,150	659,268,433	553,550,721
Lease Creditors	20.3.2	1,201,992	2,872,298	4,074,290	1,898,729
		233,091,275	430,251,448	663,342,723	555,449,450

Notes to the Financial Statements Contd.

For the year ended 31st March 2014

20 OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES CONTD.**20.3.1 Bank Loans - Group**

Lender	Within One Year Rs.	After One Year Rs.	Total Rs.	Date Obtained	Repayment Terms	Security
DFCC Bank						
- 500 Million Loan	71,428,571	220,238,094	291,666,665	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 Kolpetty 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.
- 100 Million Loan	14,285,712	47,619,056	61,904,768	26.07.2010	(B)	Primary Mortgage over proposed movable list of machinery with CT Scanner and a Promissory Note.
- 150 Million Loan	27,500,000	122,500,000	150,000,000	28.02.2012	(C)	Primary mortgage over the proposed movable list of machineries and primary mortgage over 8,333,334 shares of Durdans Medical & Surgical Hospital (Pvt) Ltd
- 35 Million Loan	9,989,196	13,318,917	23,308,113	14.08.2012	(D)	Primary mortgage over the specified Neurology Equipment purchased and Corporate guarantee from Ceylon Hospitals PLC.
- 200 Mn Loan	49,850,028	20,770,733	70,620,761	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 Kolpitty, within the Municipal Council Limits of Colombo and containing in extent OA-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	18,800,000	-	18,800,000	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.
- 50 Million Loan	1,570,000	-	1,570,000	18.03.2011	(G)	Primary Mortgage over the equipment purchased and Corporate Guarantee from Durdans Heart Surgical Center (Pvt) Ltd.
- 50 Million Loan	8,250,000	-	8,250,000	07.07.2011	(H)	Primary Mortgage over the equipment purchased and Corporate Guarantee from Ceylon Hospitals PLC.
- 25 Million Loan	5,841,000	-	5,841,000	25.10.2011	(I)	Primary Mortgage over proposed movable machinery with CT Scanner.
- 30 Million Loan	30,000,000	-	30,000,000	18.02.2014		Revolving Loan Facility
- 30 Million Loan	30,000,000	-	30,000,000	10.03.2014		Revolving Loan Facility

For the year ended 31st March 2014

Lender	Within One Year Rs.	After One Year Rs.	Total Rs.	Date Obtained	Repayment Terms	Security
Nations Trust Bank						
- 8 Million Loan	1,340,000	-	1,340,000	21.12.2012	(J)	Primary Mortgage over motor vehicle value of Rs. 08 million and duly signed loan agreement.
- 50 Million Loan	11,124,000	37,022,000	48,146,000	24.12.2012	(K)	Primary mortgage over 8,333,334 shares of Durdans Medical & Surgical Hospital (Pvt) Ltd
Hatton National Bank						
- 50 Million Loan	50,000,000	-	50,000,000	13.03.2014		Company guarantee through board resolution and duly signed loan agreement.
Amana Investments Bank						
- 140 Million Loan	26,001,644	57,016,357	83,018,001	11.08.2010	(L)	Primary Mortgage over MRI Scanner
- 175 Million Loan	33,232,476	68,132,435	101,364,911	24.12.2009	(M)	Primary mortgage over Medical Equipment purchased
Total	389,212,626	586,617,592	975,830,218			

20.3.1 Bank Loans - Company

Lender	Within One Year Rs.	After One Year Rs.	Total Rs.	Date Obtained	Repayment Terms	Security
DFCC Bank						
- 500 Million Loan	71,428,571	220,238,094	291,666,665	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 Kolpitty within the Municipal 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	47,619,056	61,904,768	26.07.2010	(B)	Primary Mortgage over proposed movable list of machinery with CT Scanner and a Promissory Note.
- 150 Million Loan	27,500,000	122,500,000	150,000,000	03.07.2013	(C)	Primary mortgage over the proposed movable list of machineries and primary mortgage over 8,333,334 shares of Durdans Medical & Surgical Hospital (Pvt) Ltd
NDB Bank						
- 100 Million Loan	18,800,000	-	18,800,000	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.
- 50 Million Loan	1,570,000	-	1,570,000	18.03.2011	(G)	Primary Mortgage over the equipment Purchased and Corporate Guarantee from Durdans Heart Surgical Centre (Pvt) Ltd.
- 25 Million Loan	5,841,000	-	5,841,000	25.10.2011	(I)	Primary Mortgage over proposed movable machinery with CT Scanner.

Notes to the Financial Statements Contd.

For the year ended 31st March 2014

20 OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES CONTD.**20.3.1 Bank Loans - Company**

Lender	Within One Year Rs.	After One Year Rs.	Total Rs.	Date Obtained	Repayment Terms	Security
NDB Bank Contd.						
- 30 Million Loan	30,000,000		30,000,000	18.02.2014		Revolving Loan Facility
Nations Trust Bank						
- 8 Million Loan	1,340,000	-	1,340,000	21.12.2012	(J)	Primary Mortgage over motor vehicle value of Rs. 08 Mn and duly signed loan agreement.
- 50 Million Loan	11,124,000	37,022,000	48,146,000	05.07.2013	(K)	Primary mortgage over 8,333,334 shares of Durdans Medical & Surgical Hospital (Pvt) Ltd
Hatton National Bank						
- 50 Million Loan	50,000,000	-	50,000,000	13.03.2014		Company guarantee through board resolution and duly signed loan agreement.
Total	231,889,283	427,379,150	659,268,433			

20.3.2 Lease Creditors - Group*Gross Liability***Name of Lease Creditor and Description of Asset on Finance Lease**

	Balance As At 01.04.2013 Rs.	New Leases Obtained Rs.	Repayments Rs.	Balance As At 31.03.2014 Rs.
NDB Bank				
- Axio Motor Car	187,349	-	(187,349)	-
- JMC Double Cab	2,079,331	-	(866,497)	1,212,834
- Allion Motor Car	2,643,836	-	(1,220,232)	1,423,604
- Toyota Motor Car	-	4,347,000	(217,350)	4,129,650
	4,910,516	4,347,000	(2,491,428)	6,766,088
Finance Charges Allocated to Future Years				
NDB Bank				
- Axio Motor Car	3,123	-	(3,123)	-
- JMC Double Cab	364,828	-	(215,796)	149,032
- Allion Motor Car	292,776	-	(205,194)	87,582
- Toyota Motor Car	-	1,197,000	(77,838)	1,119,162
	660,727	1,197,000	(501,951)	1,355,776
Present Value of Lease Creditors	4,249,789			5,410,312

For the year ended 31st March 2014

Lease Creditors - Company

Gross Liability

Name of Lease Creditor and Description of Assets on Finance Lease

	Balance As At 01.04.2013 Rs.	New Leases Obtained Rs.	Repayments Rs.	Balance As At 31.03.2014 Rs.
NDB Bank				
- Axio Motor Car	187,349	-	(187,349)	-
- JMC Double Cab	2,079,331	-	(866,497)	1,212,834
- Toyota Motor Car	-	4,347,000	(217,350)	4,129,650
	2,266,680	4,347,000	(1,271,196)	5,342,484
Finance Charges Allocated to Future Years				
NDB Bank				
- Axio Motor Car	3,123	-	(3,123)	-
- JMC Double Cab	364,828	-	(215,796)	149,032
- Toyota Motor Car	-	1,197,000	(77,838)	1,119,162
	367,951	1,197,000	(296,757)	1,268,194
Present Value of Lease Creditors	1,898,729			4,074,290

- (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 60 equal monthly installments of Rs. 2,500,000/- with a grace period of 10 months.
- (D) In 42 equal Monthly installements 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 53 equal monthly installments of Rs. 927,000/- and one installment of Rs.869,000/-.
- (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.

Notes to the Financial Statements Contd.

For the year ended 31st March 2014

20 OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES CONTD.

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	
	31.03.2014 Rs.	31.03.2013 Rs.	31.03.2014 Rs.	31.03.2013 Rs.
Financial Assets				
Trade & Other receivables	123,005,489	106,082,963	123,005,489	106,082,963
Other financial assets				
- Loans and other receivables	235,479,129	165,117,246	233,558,110	163,126,932
- Available for sale financial investments	2,234,753	2,234,753	8,009,693	6,757,752
Cash and short-term deposits	48,455,914	96,958,764	48,455,914	96,958,764
Total	409,175,285	370,393,726	413,029,206	372,926,411
Financial liabilities				
Interest Bearing Loans & Borrowings	981,240,532	977,001,785	981,240,532	977,001,785
Obligations under finance leases	5,410,312	4,249,789	5,410,312	4,249,789
Trade and other payables	283,027,095	300,099,066	283,027,095	300,099,066
Bank overdrafts	334,810,633	249,759,045	334,810,633	249,759,045
Derivative financial liabilities at fair value through profit & loss	86,250,000	100,000,000	91,119,863	105,187,450
Total	1,690,738,572	1,631,109,685	1,695,608,435	1,636,297,135
20.4 Fair Values - Company				
Financial Assets				
Trade & Other receivables	84,734,807	74,469,237	84,734,807	74,469,237
Other financial assets				
- Loans and other receivables	108,353,727	98,408,398	110,677,248	96,513,040
- Available for sale financial investments	640,000	640,000	1,540,000	816,000
Cash and short-term deposits	37,554,415	74,970,871	37,554,415	74,970,871
Total	231,282,949	248,488,506	234,506,470	246,769,148
Financial liabilities				
Interest Bearing Loans & Borrowings	659,268,433	553,550,721	659,268,433	553,550,721
Obligations under finance leases	4,074,290	1,898,729	4,074,290	1,898,729
Trade and other payables	178,968,057	201,614,533	178,968,057	201,614,533
Bank overdrafts	226,765,286	160,445,190	226,765,286	160,445,190
Derivative financial liabilities at fair value through profit & loss	86,250,000	100,000,000	91,119,863	105,187,450
Total	1,155,326,066	1,017,509,173	1,160,195,929	1,022,696,623

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:

For the year ended 31st March 2014

- 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 2014, 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

	Group				Company			
	31.03.2014 Rs.	Level 01 Rs.	Level 02 Rs.	Level 03 Rs.	31.03.2014 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	8,009,693	8,009,693	-	-	1,540,000	1,540,000	-	-
<i>Loans and Receivables</i>								
Refundable Deposits & Short term Deposits	233,558,110	-	22,924,416	210,633,694	110,677,248	-	15,262,581	95,414,667
Trade & Other Receivables	123,005,489	-	123,005,489	-	84,734,806	-	84,734,806	-
Liabilities measured at fair value								
Embedded derivatives	91,119,863	-	91,119,863	-	91,119,863	-	91,119,863	-

As at 31st March 2013, the Group/Company held the following financial instruments measured at fair value:

	Group				Company			
	31.03.2013 Rs.	Level 01 Rs.	Level 02 Rs.	Level 03 Rs.	31.03.2013 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	96,513,040	-	7,993,979	88,519,061
Trade & Other Receivables	106,082,963	-	106,082,963	-	74,469,237	-	74,469,237	-
Liabilities measured at fair value								
Embedded derivatives	105,187,450	-	105,187,450	-	105,187,450	-	105,187,450	-

Notes to the Financial Statements Contd.

For the year ended 31st March 2014

21 DEFERRED REVENUE

	GROUP		COMPANY	
	31.03.2014 Rs.	31.03.2013 Rs.	31.03.2014 Rs.	31.03.2013 Rs.
Balance as at 01st April 2013	-	-	30,024,600	31,364,600
Less:				
Amortized during the year	-	-	(1,340,000)	(1,340,000)
Balance as at 31st March 2014	-	-	28,684,600	30,024,600

22 PROVISIONS & OTHER LIABILITIES**Gratuity**

Balance as at 01st April 2013	99,991,266	81,566,563	89,671,628	75,635,045
Provision for the year	9,600,302	28,317,741	5,842,990	22,537,892
	109,591,568	109,884,304	95,514,618	98,172,937
Payments made during the year	(11,423,439)	(9,893,038)	(10,990,639)	(8,501,309)
Balance as at 31st March 2014	98,168,129	99,991,266	84,523,979	89,671,628

Note:

As at 31st March 2014 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.

Principal actuarial assumptions used % per annum

(a) Discount Rate	11%
(b) Incidence of Withdrawal	10%
(c) Salary Increased	6%
(d) Retirement Age	55 years

Expense recognised in the Statement of Income

	31.03.2014 Rs.	31.03.2013 Rs.	31.03.2014 Rs.	31.03.2013 Rs.
Current service cost	12,233,827	14,633,218	9,739,952	12,498,577
Interest cost	11,607,483	8,972,322	9,863,879	8,319,855
Actuarial gain/(loss)	(14,241,008)	4,712,201	(13,760,841)	1,719,460
Total included in the staff cost	9,600,302	28,317,741	5,842,990	22,537,892

For the year ended 31st March 2014

	31.03.2014 Rs.	31.03.2013 Rs.	31.03.2014 Rs.	31.03.2013 Rs.
23 DEFERRED TAXATION				
Balance Brought Forward	98,982,194	100,136,651	82,162,746	95,071,408
Provision for the year	(1,434,887)	(1,154,457)	(9,527,632)	(12,908,662)
Balance Carried Forward	97,547,307	98,982,194	72,635,114	82,162,746
Deferred tax provision as at the end of year is made up as follows; Deferred tax provision from:				
Temporary difference of property, plant & Equipment	109,327,482	110,981,146	82,777,991	92,923,341
Temporary difference of retirement benefit obligation	(11,780,175)	(11,998,952)	(10,142,877)	(10,760,595)
	97,547,307	98,982,194	72,635,114	82,162,746
24 TRADE & OTHER PAYABLES				
Trade Creditors	101,279,537	113,779,470	72,858,543	81,826,722
Accrued Expenses & Sundry Payables	181,747,558	186,319,596	106,109,514	119,787,811
	283,027,095	300,099,066	178,968,057	201,614,533

	GROUP		COMPANY	
	31.03.2014 Rs.	31.03.2013 Rs.	31.03.2014 Rs.	31.03.2013 Rs.
25 TAXATION PAYABLE				
Balance as at 01st April 2013	8,303,932	24,904,916	4,296,673	26,808,674
Provisions for the year	32,093,202	31,488,809	22,389,400	20,826,531
Payments made during the year	(28,932,092)	(45,639,046)	(15,957,801)	(42,512,233)
Tax credits for				
- ESC Paid	-	(870,507)	-	-
- WHT deducted	(754,195)	(1,580,240)	(754,195)	(826,299)
Balance as at 31st March 2014	10,710,847	8,303,932	9,974,077	4,296,673

26 CAPITAL COMMITMENTS

There were no material capital commitments outstanding as at 31st March 2014.

27 CONTINGENT LIABILITIES

There were no contingent liabilities as at 31st March 2014 that requires adjustment to or disclosure in the Financial Statements.

28 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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

29 DIVIDENDS

There were no dividends distributed during the financial period of 2013-2014.

Notes to the Financial Statements Contd.

For the year ended 31st March 2014

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	√			√	√	
Mr Y N R Piyasena	√			√	√	
Dr N Y Wijemanne				√		
Mr A S Abeywardene				√		

Name of the Company

Relationship

Ceylon Hospitals 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, 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) have been classified as Key Management Personnel of the Company.

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 held 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.

For the year ended 31st March 2014

30.4.1.1 Transactions held with Immediate Parent Company

Name of immediate Parent Company	Description of Transaction
Durdans Management Services Ltd. (DMSL)	DMSL provides the Management and Consultation Services to Ceylon Hospitas PLC. During the year the company has paid Rs. 18,413,486/- (Previous Year - Rs. 20,395,379/-) as Management Fee to DMSL.

30.4.2 Transactions with Other Related Companies

a) Company

Name of Related company	Description of Transaction
Durdans Heart Surgical Centre (Pvt) Ltd. (DHSC)	The company has received the services of Rs.93,565,058/- (Previous Year - Rs.58,388,928/-) from DHSC for the medical related activities of the hospital.
	The company has paid amount of Rs.14,078,413/- (Previous Year - Rs.56,882,802/-) to DHSC for the services rendered in relation with medical activities.
	Company provides the Management and Consultation Services to DHSC. During the year the company has received Rs. 3 million (Previous Year - Rs.3 million) as Management Fee from DHSC.
	Company has received Rs.3 million as operating lease rentals from DHSC during the period based on operating lease agreement engaged with two companies for the usage of Cardio Vascular Angiography System.
Durdans Medical & Surgical Hospital (Pvt) Ltd. (DMSH)	The company has invested the amount of Rs. 179,813,088/- (Previous Year - Rs. Nil) in ordinary shares of DMSH during the year.
	The company has received the amount of Rs.262,386,337/- (Previous Year - Rs.314,466,273/-) from DMSH for the services rendered to the company.

Notes to the Financial Statements Contd.

For the year ended 31st March 2014

30 RELATED PARTY DISCLOSURES CONTD.

b) Group

Transactions held between Related Companies

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

Name of Related company	Description of Transaction
Durdans Heart Surgical Centre (Pvt) Ltd. (DHSC)	The company has paid the amount of Rs. 8,706,361/- (Previous Year - Rs.7,228,094/-) to DHSC for the services rendered to the company.
Tudawe Engineering Services Limited	The Company has invested the amount of Rs. 30,272,988/- (Previous Year - Rs. Nil) for the period.
Durdans Management Services Ltd. (DMSL)	The company has invested the amount of Rs. Nil (Previous Year - Rs. Nil) in ordinary shares of DMSH during the year.

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

Name of Related company	Description of Transaction
Durdans Medical & Surgical Hospital (Pvt) Ltd. (DMSH)	The company has received the amount of Rs. 8,706,361/- (Previous Year - Rs.7,228,094/-) from DMSH for the services rendered to the company.

30.5 Transactions held 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	
	31.03.2014 Rs.	31.03.2013 Rs.	31.03.2014 Rs.	31.03.2013 Rs.
Short-term employee benefits	23,926,894	20,394,405	17,823,411	18,769,405
Post employment benefits	-	-	-	-
Other long-term benefits	-	-	-	-
Terminal benefits	-	-	-	-
Share based payments	-	-	-	-
	23,926,894	20,394,405	17,823,411	18,769,405

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 Company 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.

For the year ended 31st March 2014

Other than those disclosed above, there are no material transactions held 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 OF 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 31.03.2014 (Rs.)	Securities Pledged
DFCC Bank	Term Loan	500 Million	291,666,665	(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 Kolpitty within the Municipality Council Limits of Colombo containing in extent of 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 an equity investment.
	Term Loan	100 Million	61,904,768	Primary mortgage over proposed movable list of machinery with CT Scanner.
	Term Loan	150 Million	150,000,000	Primary mortgage over the proposed movable list of machineries and primary mortgage over 8,333,334 shares of Durdans Medical & Surgical Hospital (Pvt) Ltd.
NDB Bank	Bank Overdrafts	20 Million	18,932,631	Primary mortgage of Promissory Note Rs. 50 Million.
	Term Loan	100 Million	18,800,000	Primary mortgage over the equipment Purchased of Rs.26.1 Million and Corporate Guarantee from Durdans Heart Surgical Centre (Pvt) Ltd.
	Term Loan	50 Million	1,570,000	Primary mortgage over the equipment Purchased and Corporate Guarantee from Durdans Heart Surgical Centre (Pvt) Ltd.
	Term Loan	25 Million	5,841,000	Primary mortgage over proposed movable machinery with CT Scanner.
	Revolving Loan	30 Million	30,000,000	Revolving Loan Facility.

Notes to the Financial Statements Contd.

For the year ended 31st March 2014

31 ASSETS PLEDGED AS COLLATERALS CONTD.*31.1.1 Assets Pledged by Ceylon Hospitals PLC*

Name of financial institution	Nature of facility	Facility granted	Balance outstanding as at 31.03.2014 (Rs.)	Securities Pledged
NTB Bank	Vehicle Loan	8 Million	1,340,000	Primary Mortgage over motor vehicle for value of Rs. 8 Million and duly signed loan agreement.
	Term Loan	50 Million	48,146,000	Primary mortgage over 8,333,334 shares of Durdans Medical & Surgical Hospital (Pvt) Ltd.
	Bank Overdrafts	45 Million	41,922,997	Company guarantee through board resolution and duly signed overdraft agreement.
Sampath Bank	Bank Overdrafts	10 Million	7,983,276	Primary mortgage of Promissory Note Rs. 10 Million.
Union Bank	Bank Overdrafts	25 Million	22,415,280	Primary mortgage of Promissory Note of Rs. 25 Million.
Commercial Bank	Bank Overdrafts	48.1 Million	27,562,932	Mortgage of fixed deposits amount of Rs.48,746,979/- in the name of the company together with duly executed letter of authority and letter of set off.
HNB Bank	Revolving Loan	50 Million	50,000,000	Company guarantee through board resolution and duly signed loan agreement.
	Bank Overdraft	50 Million	46,799,200	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 31.03.2014 (Rs.)	Securities Pledged
DFCC Bank	Project Loan	200 Million	70,620,761	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 Kolpitty, within the Municipal Council Limits of Colombo and containing in extent of 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	23,308,113	Primary mortgage over the specified neurology equipment purchased and Corporate Guarantee issued from Ceylon Hospitals PLC.

For the year ended 31st March 2014

Name of financial institution	Nature of facility	Facility granted	Balance outstanding as at 31.03.2014 (Rs.)	Securities Pledged
Amana Investment Bank	Import Loan	175 Million	101,364,911	Primary mortgage of medical equipment imported & locally purchased which were financed through this loan facility and the Corporate Guarantee for Rs.296 Million from Ceylon Hospitals PLC.
	Import Loan	140 Million	83,018,001	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 PLC	Working Capital Loan	50 Million	8,250,000	Primary mortgage over the Furniture & Fittings and company ambulance with Corporate Guarantee from Ceylon Hospitals for the entire amount of loan facility.
	Revolving Loan	30 Million	30,000,000	Over the company inventories.
Commercial Bank	Bank Overdrafts	50 Million	42,204,793	Corporate Guarantee of Rs. 50 Million issued by Ceylon Hospitals PLC.
NDB Bank	Bank Overdrafts	50 Million	41,376,848	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 31.03.2014 (Rs.)	Securities Pledged
Commercial Bank	Bank Overdrafts	10 Million	2,620,947 (Favourable)	Over the company inventories and trade debtors balance.

Notes to the Financial Statements Contd.

For the year ended 31st March 2014

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 analysis in the following sections relate to the position as at 31st March in 2014 and 2013.

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.
2014		
Loans & Borrowings	+1%	12,970,281
	-1%	(12,970,281)
2013		
Loans & Borrowings	+1%	11,401,164
	-1%	(11,401,164)

For the year ended 31st March 2014

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.4,211,286/-. A decrease of 10% on the CSE market index could have an impact of approximately Rs.421,128/- 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.

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 being exposed to the 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 are admitted to 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 the 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 assesses 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.

Notes to the Financial Statements Contd.

For the year ended 31st March 2014

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTD.

Liquidity Risk Contd.

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 2014						
Interest Bearing Borrowings	-	97,887,442	293,662,328	589,690,761	-	981,240,531
Embedded Derivatives	-	-	13,750,000	77,369,863	-	91,119,863
Trade & other Payables	-	192,153,316	90,873,779	-	-	283,027,095
Amounts Due to Related Parties	-	-	-	-	-	-
Bank Overdrafts	334,810,633	-	-	-	-	334,810,633
	334,810,633	290,040,758	398,286,107	667,060,624	-	1,690,198,122
Year ended 31st March 2013						
Interest Bearing Borrowings	-	78,697,907	228,793,510	673,760,157	-	981,251,574
Embedded Derivatives	-	-	-	105,187,450	-	105,187,450
Trade & other Payables	-	206,939,268	93,159,799	-	-	300,099,067
Amounts Due to Related Parties	-	571,713	1,333,997	-	-	1,905,710
Bank Overdrafts	249,759,045	-	-	-	-	249,759,045
	249,759,045	286,208,888	323,287,306	778,947,607	-	1,638,202,846

33 CAPITAL MANAGEMENT

Capital includes ordinary shares and other equities 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 payments 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 2014 and 31st March 2013.

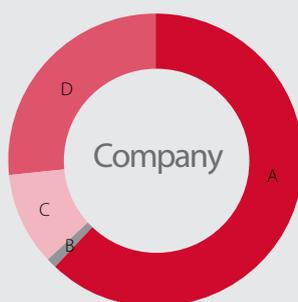
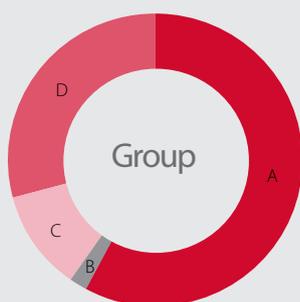
The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 25% and 40%. The Group includes within net debt, interest bearing loans and borrowings, bank overdrafts redeemable debentures, trade and other payables, less cash and cash equivalents.

For the year ended 31st March 2014

	31.03.2014	31.03.2013
	Rs.	Rs.
Interest Bearing Loans and Borrowings (Note 20.3)	981,240,531	981,251,574
Embedded Derivatives (Note 20.2)	91,119,863	105,187,450
Trade and other payables	283,027,095	300,099,066
Bank overdrafts	334,810,633	249,759,045
Less : Cash and cash equivalents	(48,455,914)	(96,958,764)
	1,641,742,208	1,539,338,371
Equity	3,039,144,818	3,050,673,598
Capital and Net Debt	4,680,887,026	4,590,011,969
Gearing ratio	35%	34%

Value Added Statement

Value Added	Group		Company	
	2013/2014 Rs.	2012/2013 Rs.	2013/2014 Rs.	2012/2013 Rs.
Turnover	3,961,267,670	3,830,369,150	2,647,083,795	2,470,162,902
Cost of Materials and Services Obtained	(2,248,438,774)	(2,186,973,827)	(1,512,638,385)	(1,415,955,010)
Other Income	53,491,824	34,335,043	74,488,780	82,783,918
	1,766,320,720	1,677,730,366	1,208,934,190	1,136,991,811
	%	%	%	%
Distribution of Value Added				
To Employees				
Salaries and Others	58.0% 1,025,010,532	54.8% 918,720,698	62.2% 752,289,808	59.4% 675,519,033
To Government				
Income Tax	1.8% 32,093,202	1.8% 30,334,352	1.1% 12,861,768	0.7% 7,917,869
To Capital Providers				
Interest on Loans	10.3% 181,785,669	10.9% 182,428,489	10.1% 122,077,297	10.0% 113,931,645
Shareholders	0.9% 15,709,917	9.1% 152,415,504	- -	11.9% 135,490,904
To Expansion and Growth				
Depreciation	15.3% 269,924,603	14.7% 246,590,680	11.2% 135,801,752	11.3% 128,710,312
Retained Profit	13.7% 241,796,797	8.8% 147,240,644	15.4% 185,903,565	6.6% 75,422,049
	100% 1,766,320,720	100% 1,677,730,366	100% 1,208,934,190	100% 1,136,991,811

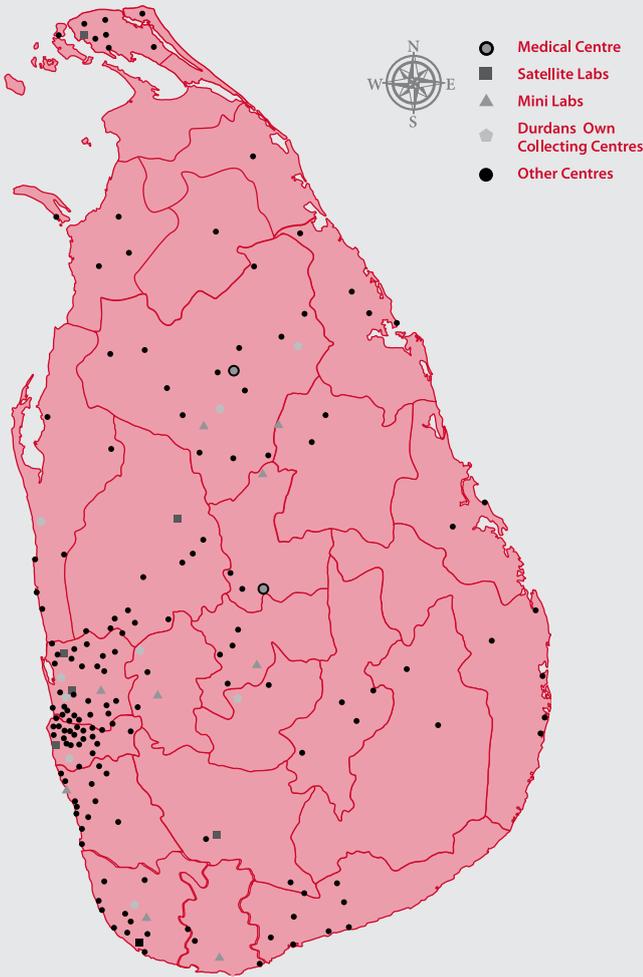


	Group	Company
%	%	
A - To Employees	58.03%	62.2%
B - To Government	1.8%	1.1%
C - To Capital Providers	11.2%	10.1%
D - To Expansion and Growth	29.0%	26.6%

Ten Year Summary

	Group 2013/14 Rs. '000	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
Operating Results										
Total Income	3,961,268	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
Other Income	53,492	34,335	22,155	23,728	21,354	28,462	27,282	16,087	14,917	6,684
Finance Cost	186,728	182,428	164,558	151,094	121,781	85,678	44,262	28,320	23,408	13,616
Profit Before Tax	289,600	330,638	347,462	240,042	164,894	198,125	169,555	229,857	212,274	132,417
Income Tax	32,093	30,334	61,210	81,659	54,893	29,595	38,382	34,847	41,987	29,088
Profit After Tax	257,507	300,304	288,231	158,383	110,001	168,529	131,173	195,010	170,287	103,329
Dividend(Company)	-	135,491	50,809	42,341	38,812	38,812	38,812	38,812	38,812	36,225
Balance Sheet										
Assets										
Property Plant & Equipment	4,158,468	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
WIP - Building in Construction	-	-	6,543	8,498	1,170,783	824,703	228,087	-	6,451	66,805
Other Financial Assets	241,568	169,884	193,682	95,102	102,541	158,357	70,585	101,737	131,508	117,504
Investment in an Associate	2,087	877	-	-	-	-	-	-	-	-
Inventories	290,835	237,297	215,965	166,722	146,229	116,901	108,360	88,636	82,671	62,319
Receivables	193,695	185,481	185,481	178,959	169,632	135,122	130,846	105,476	90,583	57,804
Deffered Revenue	660	760	860	2,400	2,500	2,600	1,260	5,953	9,205	12,457
Goodwill	-	-	-	-	1,341	1,341	1,341	1,341	2,022	2,704
Cash & Cash Equivalent	48,456	96,959	21,279	71,062	66,370	22,520	29,443	62,587	23,270	19,057
	4,935,769	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
Equity & Liabilities										
Stated Capital	916,366	916,366	916,366	916,366	513,821	395,389	395,389	395,389	395,389	395,389
Reserves	1,790,736	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
Non Controlling Interest	332,042	494,335	488,029	400,145	393,603	401,711	44,623	42,668	36,563	39,714
Interest-bearing Borrowings	1,072,361	1,086,439	1,352,120	1,359,039	1,051,634	621,299	390,887	210,519	209,075	154,529
Provisions and Other Liabilities	489,453	544,009	518,301	504,601	361,051	289,760	314,819	282,738	200,616	152,356
Overdrafts	334,811	249,759	146,862	217,350	222,629	104,147	108,859	81,811	71,060	45,735
	4,935,769	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

Durdans' Island-wide Reach



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

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	2,042	512,439	2.01%	17	5,936	0.02%
1,001 - 10,000	307	880,167	3.45%	16	53,946	0.21%
10,001 - 100,000	58	1,626,352	6.37%	2	157,243	0.62%
100,001 - 1,000,000	16	4,752,736	18.62%	-	-	-
Over 1,000,000	2	17,538,453	68.70%	-	-	-
Total	2,425	25,310,147	99.15%	35	217,125	0.85%

Catogaries of Shareholders

	No of Share Holders	No of Shares
Individual	2,367	4,753,442
Institutional	93	20,773,830
Total	2,460	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	957	257,079	3.1%	7	2,968	0.04%
1,001 - 10,000	427	1,267,471	15.2%	9	33,080	0.40%
10,001 - 100,000	83	2,360,867	28.3%	4	141,723	1.70%
100,001 - 1,000,000	10	3,127,895	37.5%	-	-	-
Over 1,000,000	1	1154371	13.8%	-	-	-
Total	1,478	8,167,683	97.87%	20	177,771	2.13%

Catogaries of Shareholders

	No of Share Holders	No of Shares
Individual	1,429	3,377,193
Institutional	69	4,968,261
Total	1,498	8,345,454

Per Share Ratios

	2013/2014 Rs.	2012/2013 Rs.
Earning per Share	5.49	6.23
Dividend per Share	-	2.00
Net Asset Value per Share	76.99	71.49

Share Information Contd.

Market Activities

Market Value per Share

	2013/2014			2012/2013		
	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	120.00 24-Jan-2014	97.00 19-Apr-2014	115.00 25-Mar-2014	106.20 18-Feb-2013	62.00 25-May-2012	100.00 28-Mar-2013
Non-Voting	87.60 16-Aug-2013	68.60 07-Jan-2014	77.00 31-Mar-2014	88.90 19-Mar-2013	50.10 05-Jun-2012	75.10 28-Mar-2013

Share Trading Information

	2013/2014		2012/2013	
	Shares Traded No's	Turnover Rs	Shares Traded No's	Turnover Rs
Voting	587,626	62,858,740	1,017,607	93,333,066
Non-Voting	291,016	22,294,774	434,497	30,682,650

TOP 20 SHAREHOLDERS LISTED AS AT 31ST MARCH 2014

Voting Shareholders

Name of the Share Holder	Country of Residence	As at 31.03.2014		As at 31.03.2013	
		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 A/C No 02	do	518,371	2.03	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	1.20
M J F Holdings Ltd	do	270,981	1.06	270,981	1.06
Mr A E Tudawe	do	205,052	0.8	205,052	0.8
Mr A D P A Wijegoonewardena	do	175,418	0.69	175,418	0.69
Deutsche Bank AG As Trustee to Candor Growth Fund	do	173,111	0.68	-	-
Deutsche Bank AG As Trustee to Candor Sharia Fund	do	171,635	0.67	-	-
Mr U D Tudawe	do	170,616	0.67	170,616	0.67
Mr W N Tudawe	do	164,091	0.64	159,091	0.62
Mr A D Tudawe	do	161,984	0.63	161,984	0.63
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	100,000	0.39
The Sri Lanka Fund	do	90,000	0.35	90,000	0.35
		22,481,189	88.06	22,047,203	86.37

Non-Voting Shareholders

Name of the Share Holder	Country of Residence	As at 31.03.2014		As at 31.03.2013	
		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	481,000	5.76
E W Balasuriya & Co.(Pvt) Ltd	do	330,619	3.96	330,619	3.96
DFCC Bank A/C 1	do	300,000	3.59	300,000	3.59
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	91,986	1.10
Mr D A Cabraal	do	80,000	0.96	72,000	0.86
Durdans Management Services Ltd	do	79,114	0.95	-	-
Waldoki Mackenzie Ltd / Mr.P.S.De Mel	do	70,702	0.85	70,702	0.85
Mr S S Sithambaranathan	do	66,000	0.79	66,000	0.79
Mr P A I S Perera	do	65,454	0.78	65,454	0.78
Fergasam Garment Industries (Pvt) Ltd	do	65,454	0.78	65,454	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
		4,925,676	59.01	4,838,562	57.96

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 2014 at the Durdans Auditorium (11th floor) at 9.00 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 2014 with the Report of the Auditors thereon. (Resolution 1)
2. To elect Mr Ahamed Su – Ayid Mohommed Ismail, Director appointed since the last Annual General Meeting in terms of Article No. 65 of the Articles of Association. (Resolution 2)
3. To re-elect Mr S P Tudawe who retires by rotation in terms of Article No. 58 of the Articles of Association and being eligible offers himself for re-election. (Resolution 3)
4. To re-appoint Dr N Y Wijemane, Director 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 Wijemane who attained the age of 70 years in the month March 2010, and that he be appointed a Director of the Board in terms of Section 211 of the Companies Act No. 07 of 2007.” (Resolution 4)

5. To re-appoint Mr A S Abeyewardena, Director 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 Mr A S Abeyewardene who attained the age of 70 years in the month March 2014, and that he be appointed a Director of the Board in terms of Section 211 of the Companies Act No. 07 of 2007.” (Resolution 5)

6. Declaration of dividends
The Company paid on interim dividend of Rs. 2/- per share to all its shareholders in the month of May 2014. No further dividends have been recommended by the Board.
7. To re-appoint M/s B R de Silva & Company, Chartered Accountants, the retiring Auditors who have expressed their willingness to continue in office as Company's Auditors for the Financial Year ending 31st March 2014 and to authorise the Board of Directors to determine their remuneration. (Resolution 6)
8. To authorise the Directors to determine donations for the year 2014/2015. (Resolutions 7)

BY ORDER OF THE BOARD

NEXIA CORPORATE CONSULTANTS (PVT) LTD
SECRETARIES

05th June 2014

1. A shareholder entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote instead of him/her.
2. A proxy need not be a shareholder of the Company.
3. A Form of Proxy accompanies this notice.

Form of Attendance

I hereby record my presence at the Annual General Meeting of Ceylon Hospitals PLC, held on 27th June 2014 at the Durdans Auditorium (11th Floor) of Ceylon Hospitals PLC No.03, Alfred Place, Colombo 03 at 9.00 a.m.

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 Shareholders

I/Weof
being a
 shareholder/shareholders of Ceylon Hospitals PLC. hereby appoint

- | | |
|-----------------------------|----------------|
| Mr A E Tudawe | or failing him |
| Dr A D P A Wijegoonewardene | or failing him |
| Mr S P Tudawe | or failing him |
| Mr U D Tudawe | or failing him |
| Mr Y N R Piyasena | or failing him |
| Mr A S Abeyewardene | or failing him |
| Dr N Y Wijemanne | or failing him |
| Mr A Su-Ayid M Ismail | or failing him |

Mr/Mrs/Missof

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 2014 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 Accounts for the year ended 31st March 2014.	<input type="checkbox"/>	<input type="checkbox"/>
2. To elect Mr A Su-Ayid M Ismail	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr S P Tudawe	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint Dr N Y Wijemanne	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint Mr A S Abeyewardene	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-appoint auditors	<input type="checkbox"/>	<input type="checkbox"/>
7. To authorise the Directors to determine the donations.	<input type="checkbox"/>	<input type="checkbox"/>

Mark your preference with "X"

Signed on this day of 2014

.....
 Signature

Form of Proxy - Non-Voting Shareholders

I/Weof
being a
 shareholder/shareholders of Ceylon Hospitals PLC. hereby appoint

- | | |
|-----------------------------|----------------|
| Mr A E Tudawe | or failing him |
| Dr A D P A Wijegoonewardene | or failing him |
| Mr S P Tudawe | or failing him |
| Mr U D Tudawe | or failing him |
| Mr Y N R Piyasena | or failing him |
| Mr A S Abeywardena | or failing him |
| Dr N Y Wijemanne | or failing him |
| Mr A Su-Ayid M Ismail | or failing him |

Mr/Mrsof

as my/our proxy to attend on my/our behalf at the Annual General Meeting of the Company to be held on 27th June 2014 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.

Signed on this day of 2014

.....
 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
Sampath Bank PLC
Hatton National 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.

The
difference
is quality



DURDANS HOSPITAL
A Heritage Built On Values And Expertise

www.durdans.com