



**EXCELLENCE IN
HEALTHCARE...**



DURDANS
HOSPITAL

ANNUAL REPORT 2018/19

Contents

Our Business

Vision, Mission and Values **3**
Financial Highlights **4**
Historical Time Line **6**
Our Leadership **8**

Our Leadership

Chairman's Message **10**
Message from the Director Medical Services **14**
Board of Directors **16**
Senior Management Team **20**

Performance and Capital Management

Value Creation Model **24**
Stakeholder Engagement **26**
Financial Capital **28**
Social and Relationship Capital **31**
Human Capital **54**
Manufactured Capital **62**
Intellectual Capital **67**
Natural Capital **74**

Governance

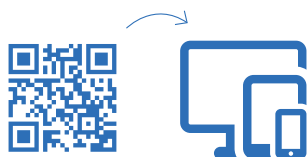
Corporate Governance **78**
Enterprise Risk Management **86**

Financial Reports

Annual Report of the Board of Directors on the Affairs of the Company **92**
Statement of Directors' Responsibility **97**
Report of the Related Party Transactions Review Committee (RPTRC) **98**
Report of the Remuneration Committee **99**
Report of the Nominations Committee **100**
Audit Committee Report **101**
Independent Auditor's Report **103**
Consolidated Statement of Profit or Loss and Other Comprehensive Income **106**
Consolidated Statement of Financial Position **107**
Statement of Changes in Equity **108**
Statement of Cash Flows **110**
Notes to the Financial Statements **111**

Value Added Statement **160**
Ten Year Summary **161**
Share Information **162**
Notice of Meeting **166**
Form of Attendance **167**
Form of Proxy **169**

Corporate Information **IBC**



This report can be accessed online at
<https://www.durdans.com>

...for everyone.

At Durdans Hospital, we take pride in delivering excellence in healthcare for everyone. With a name founded on dedication and trust, our team remains committed to serving people with warmth and compassion.

The year under review has seen us rise to greater heights. Durdans Hospital continued to set exemplary standards in the provision of clinical expertise, state-of-the-art technology and outcome oriented healthcare.

This report speaks of our year of expansion, strategic investments made and standards set. As we continue to redesign the future of Sri Lankan healthcare and create enhanced value for our diverse stakeholder community who have partnered us in our journey, we are indeed humbled to be a hospital which continues to deliver excellence in healthcare to everyone.



Vision

At the forefront of medical excellence, defining the future of Sri Lankan healthcare.

Mission

To enhance the lives of our community at large, by unfolding a paradigm shift in all service tiers and excelling in preventative and compassionate patient care.



Values

Empowering Pride

Attract, inspire and motivate passionate individuals

Dedicated Compassion

Creating heartfelt, customer-centered experiences

Advancing Medical Excellence

Driving the medical industry towards greater heights

Prestige Beyond Our Borders

Enhancing our reputation beyond Sri Lanka

Financial Highlights

Group	2015	2016	2017	2018	2019
-------	------	------	------	------	------

Financial Results

Turnover (Rs. Mn)	4,083	4,728	5,289	5,733	5,806
Operating Profit (Rs. Mn)	390	643	621	723	682
Profit Before Tax (Rs. Mn)	266	557	525	603	549
Profit After Interest and Tax (Rs. Mn)	224	500	389	488	376
Net Profit Per Share (Rs.)	6.61	14.76	11.48	14.40	11.10

Statement of Financial Position

Fixed Assets - Net Book Value (Rs. Mn)	4,107	4,286	6,445	6,539	6,959
Total Assets (Rs. Mn)	4,932	5,366	7,939	8,093	8,797
Capital Employed (Rs. Mn)	3,857	4,225	6,530	6,738	7,265
Net Assets (Rs. Mn)	2,778	3,087	5,198	5,009	5,143

Ratios

Earnings Per Share (Rs.)	5.91	12.67	9.67	11.87	9.50
Annual Income Growth (%)	3.00	16.00	11.87	8.39	1.27
Interest Cover (times)	3.10	7.44	6.34	6.02	5.15
Net Assets Per Share (Rs.)	82.01	91.14	153.46	147.88	151.83
Return on Assets (%)	4.50	9.30	4.90	6.00	4.50
Return on Capital Employed (%)	10.00	15.00	10.00	11.00	9.40
Return on Equity (%)	8.10	16.20	7.50	9.70	7.40

REVENUE

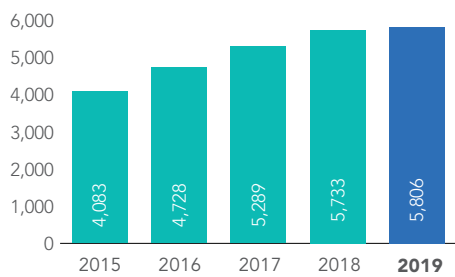
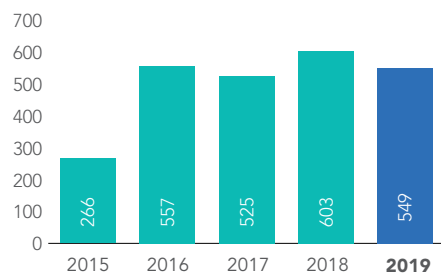
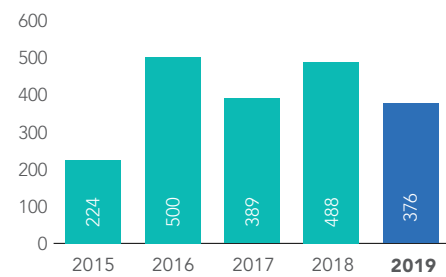
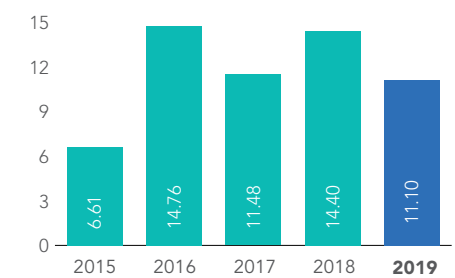
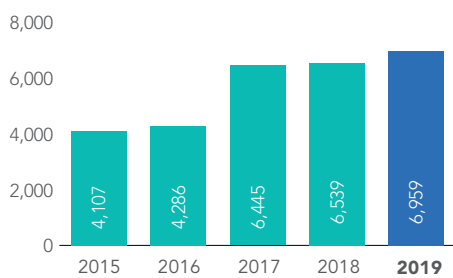
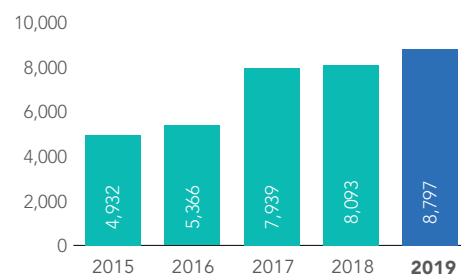
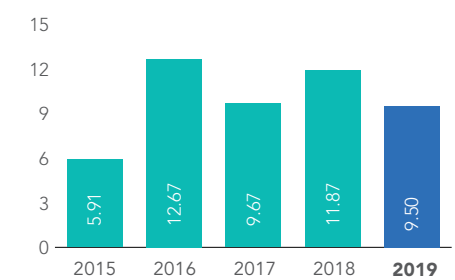
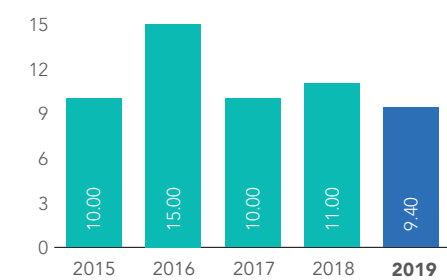
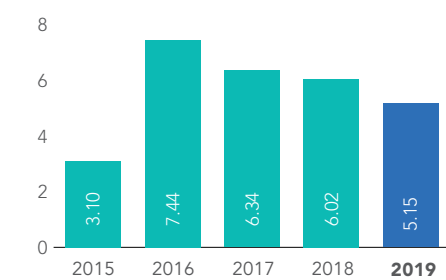
Rs. 5.8 Bn

PROFIT AFTER TAX

Rs. 376 Mn

NET ASSETS PER SHARE

Rs. 151.83

TURNOVER - (Rs. Mn)**PROFIT BEFORE TAX - (Rs. Mn)****PROFIT AFTER INTEREST AND TAX - (Rs. Mn)****NET PROFIT PER SHARE - (Rs.)****FIXED ASSETS - NBV - (Rs. Mn)****TOTAL ASSETS - (Rs. Mn)****EARNINGS PER SHARE - (Rs.)****RETURN ON CAPITAL EMPLOYED - (%)****INTEREST COVER - (Times)**

Historical Time Line

1939

A military hospital opens to treat British personnel in Ceylon and is known as the forerunner of the Durdans Enterprises.

1945

In 1945, a group of doctors recognised an opportunity to develop the fledgling healthcare sector as a private enterprise, and took over the former military hospital to establish Ceylon Hospitals Limited.

1968

A special focus was given to maternity care from 1968 when Durdans opened its first maternity ward as well as an outpatient facility.

1982

The Paediatric Ward, Surgical Ward and Operating Theatre complex was set up.

1984

Radiology services were introduced to the public.

1993

The Intensive Care Unit (ICU) was formally established.

1995

The Endoscopy Unit was set up.

1996

The Pathological Laboratory and Blood Bank commenced operations.



1997

Durdans established strategic alliances with the 'Escorts Heart Institute and Research Centre' in New Delhi which is a renowned institute in the field of Cardiology.

1999

The Heart Command Centre and Heart Station became operational.

2000

Cardiovascular surgeries, invasive and interventional cardiac procedures commenced.

2001

A formal Emergency Treatment Unit was set up.

2002

The five-year modernisation program of the hospital and the modernisation of the surgical theatre complex was completed.

2003

Ceylon Hospitals Limited was listed on the Colombo Stock Exchange.

2004

The Neonatal and Dialysis Units were established.

2005

Commencement of Ocular surgery and Cochlear Implant surgery for the first time in Sri Lanka.

2010

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

2012

Operations relating to the Diabetes and Endocrinology Centre and Durdans Oral Health Centre commenced.

New technology for the Cardiac Fractional Flow Reserve (FFR) Measurement System was launched in order to evaluate the inner diameter of a blood vessel.

2013

The Neuro Centre was established.

2014

Durdans became the first hospital in Sri Lanka to be accredited with the Gold Seal of approval by the Joint Commission International (JCI).

2015

The Phillips Alluraclarity Cardiac, Angiography System and the advanced Ultrasound Phillips EPIQ 7 was installed. Sleep Lab Test services and the Autologous Platelet Rich Plasma Liquid Procedure (APRP) were introduced.

2016

Minimally invasive instruments for Coronary Artery Bypass Grafting (CABG) and valve surgeries were introduced.

The Dietetic and Nutritional Care Centre as well as 'Enhance' Cosmetic Care Centre and the Physiotherapy and Sports Medicine Units were established.

2017

A state-of-the-art Bone Densitometer (Dexa Scanner), Dental X-ray System, Digital Imaging Plate System and a Mobile X-ray System was introduced to the Radiology Department. Laboratory operations were re-accredited with ISO 15189:2012, including the Histopathology Unit the latter being a first for a hospital.



2018

Relaunch of the Durdans brand under the slogan 'Dedicated to You', enhancing the customer experience with the introduction of sophisticated technology, processes and operations.

The opening of a state-of-the-art 200-slot multi-storied split-level car park to improve accessibility and customer convenience.

Durdans Hospital received re-accreditation from the Joint Commission International (JCI).

2019

Durdans Hospital continued to introduce next-generation diagnostics and patient care solutions to our portfolio, with the notable launch of the Philips Azurion Image Guided Therapy System - the most advanced biplane catheterisation laboratory in South Asia enabling cutting edge neuro, cardiac, vascular and oncological interventions.

An advanced ENT Workstation was set up, ensuring comfort and precision in ENT care. A range of cutting edge diagnostics were introduced during the year to uplift the level of patient care, including the Voluson E8 gynaecological ultrasound, the Hologic Selenia 6000 digital mammogram (3D) with Tomosynthesis and the Olympus EVIS EXERA II endoscopy system.



"We're keeping pace with our patients' and our industry's changing needs by offering the best facilities and services in diagnostics, technology, expertise and care."

OUR LEADERSHIP

Chairman's Message **10**

Message from the Director Medical Services **14**

Board of Directors **16**

Senior Management Team **20**



Chairman's Message

... we aim to better ourselves year on year by bringing together professional expertise and experience in multiple areas, ensuring standards maintained are of high quality with due attention to patient safety.



Ajith Tudawe
Executive Chairman



EXCELLENCE IN HEALTHCARE FOR EVERYONE

Our success is based on our objective to provide excellence in healthcare to all those who seek medical assistance and patronize our services. Combining dedication and responsibility towards our customers, we work towards delivering efficient care and delivering long term value to all our stakeholders. While maintaining a strong balance sheet, we aim to better ourselves year on year by bringing together professional expertise and experience in multiple areas, ensuring standards maintained are of high quality with due attention to patient safety. With Durdans Hospital enjoying over 70 years of excellence in healthcare, it is with pleasure that I present to you once again our performance for the financial year ended 31st March 2019.



FINANCIAL OVERVIEW

Durdans Hospital reported a group revenue of Rs. 5.8 Bn which represented a marginal increase of 1.3% over its previous financial year. As part of its 2022 vision, a redevelopment program commenced in the old wing of the hospital that involved the closure of three wards and the relocation of others. This had an impact on the bed strength and subsequent patient volumes. Infrastructural improvements within the Government sector also played a role in the reduced patient numbers. However, the marginal increase in topline was attributable to the increase in overall service tariff rates, enhanced lab network coverage, channelling consultation fees which were increased after a lapse of several years as well as income via collaboration with other health service providers. Higher interest

rates contributed towards the growth in deposit interest income although the flip side involved a higher gearing to offset a reduction in cash flows from lower patient volumes and borrowings for 'Project 2022'. Despite effective cost control measures adopted by the Company, inflation and exchange rate elements coupled with a significant increase in taxation incurred, exerted a negative impact on the bottom-line. The new Inland Revenue Act saw an increase in corporate tax rates for the health sector effective April 2018 to 28% from 12% previously. In absolute terms, this translated into an increased tax expense of Rs. 173 Mn versus Rs. 115 Mn which reflected in a post-tax bottom line of Rs. 376 Mn for the financial year under review versus Rs. 488 Mn in the previous financial year.

OPPORTUNITIES FOR GROWTH

Sri Lanka's progress in the fields of maternal and child healthcare have been remarkable. With a mortality rate of 33.8 per 100,000 live births, an infant mortality rate of 10 per 1000 live births and a life expectancy at birth of 75.3 years our health indicators continue to be satisfactory. The downside is the ageing population which is the fastest in South Asia as well as the increase in Non-Communicable Diseases (NCD) which includes diabetes, cancer, cardiovascular disease, mental health issues and acute ailments as a result of increased urbanisation. On the other hand communicable diseases such as influenza, dengue and tuberculosis continue to pose a challenge.

Chairman's Message



While the situation above continues to drive the demand for private healthcare, we have recognised that the field of geriatric care which is more long term has become an essential and fast growing area. We have looked at this as an opportunity considering our ability to meet with the demands and requirements of this area in healthcare. Although Sri Lanka is in the early stages of medical tourism, the global medical tourism market is expected to double to USD 50 Bn by 2021. Our low cost services, coupled with a skilled base of medical professionals and consultants serve as a strong foundation while our Joint Commission International (JCI) accreditation is an endorsement of the international standards we maintain in patient safety and quality.

We continue to invest in state-of-the-art medical equipment and technology based health platforms to maximise our medical efficiencies and improve the customer convenience factor. Durdans offers

online services that include channelling appointments, physician consultations, and diagnostic services among a myriad of other facilities to grow its existing customer base. The demand for such convenience platforms continues to increase especially with increased smart phone penetration and the availability of convenient mobile applications around the clock. As a pioneer in preventive health care, our comprehensive health screening packages supported by experienced medical specialists and professionals offer the general public an opportunity to identify risk factors and remedial solutions if required sooner rather than later.

INVESTMENT AND PARTNERSHIPS

The Durdans Vision 2022 is our medium term strategy to transform the way in which we offer healthcare services to our customers and to those who opt to utilise our services. We will unveil a brand new complex together with the Sixth

Lane Wing and Durdans Heart Centre. Selected facilities will be relocated and gender specific wards will be established. The future is oriented towards minimally invasive treatments which will in turn reduce the period spent in hospital thereby decreasing the demand for hospital rooms. However, we intend enhancing capacity with additional economy class rooms for the middle income segment of society. While anticipating a requirement for 40 rooms initially we hope to incorporate an additional 40 rooms depending upon the demand. In addition to this, capacity building will also take place within the General Operating Theatre area to accommodate more day cases.

We intend creating a paradigm shift in the way we do business so that our customers experience a full-fledged service from start to finish. It is with this foundation that we are in the process of redeveloping and creating a new face for Durdans Hospital as a progressive way forward. While we forge ahead in phases, we will continue to invest in innovative technology and in the human resource function in terms of skill and capacity building so as to enhance economies of scale and improve efficiencies significantly. We intend creating centres of excellence in specific areas initially so as to provide optimal levels of medical care under one roof.

A vacuum exists for trained technical skill within the health care industry which poses a serious constraint. As a means to address this, Durdans Hospital partnered with Astron Institute of International Studies in India to establish 'Amrak Institute of Medical Sciences (Pvt) Ltd' locally. Within Durdans classroom infrastructure, online and on-campus training programs are offered to paramedical and healthcare

professionals which includes training dialysis technicians, laboratory technicians, cardiac care technicians, radiology technicians, operation theatre technicians as well as medical records and health information technicians.

Students completing these programs are also provided with practical exposure to allow them to gain hands-on experience and obtain employment sooner. The commercial operations of 'Amrak' are expected to commence from October 2019.

Durdans Hospital also partnered with Digital Holdings Lanka (Pvt) Ltd in order to provide its customers with an integrated e-commerce based digital medical appointment booking solution via the popular 'Doc990' booking application. At present, this facility connects more than 1500 doctors across 80 hospitals and provides services such as channelling of doctors, tele-doctor services, delivery of medicine to one's doorstep as well as access to lab reports at key laboratories. In addition is the convenience of multi-payment options for these facilities and the fact that the application is integrated with all local mobile operators. Digitisation of the healthcare industry in this manner will undoubtedly make patient conveniences even simpler.

Approval was obtained from the Presidential Secretariat to obtain funding for patients undergoing cancer treatment and brain surgeries at Durdans Hospital, an option that was restricted to only heart surgeries, kidney transplants and dialysis procedures up until 2018.

APPRECIATION

Our growth and success lies in the dedication and efforts of our people at every level and their perseverance in striving to be better and do better in their roles. I would like to extend my gratitude and appreciation to the Board of Directors, Senior Management as well as every employee for their continued commitment and drive to make the Durdans brand bigger, better and one to be remembered. To all our visiting consultants, investors, shareholders and numerous stakeholders who maintain their faith in our future, I look forward to working with you and taking the Durdans brand to greater heights.

Ajith Tudawe

Executive Chairman

09th May 2019

Message from the Director Medical Services

Our differentiation lies in the diversity of care offered, a service-oriented culture and the fact that we continue to improve our standards in patient care and the manner in which we offer it.

The healthcare landscape continues to change rapidly in Sri Lanka. The increase in demand for healthcare services is attributable to a corresponding rise in non-communicable diseases such as diabetes, heart disease and multiple forms of cancer. As a result, healthcare service providers have aligned themselves to offer a diverse range of medical services. Durdans Hospital is no exception and we continue to provide our customers with a wide range of facilities coupled with the delivery of high quality standards in healthcare. State-of-the-art-technology is in place together with a team of dedicated consultant specialists, medical and nursing staff as well as allied healthcare professionals. Our differentiation lies in the diversity of care offered, a service-oriented culture and the fact that we continue to improve our standards in patient care and the manner in which we offer it.

One of our key areas of focus is to create centres of excellence as we continue to progress. With the growing need for advanced care and treatment options, we intend enhancing value in the areas of Genitourinary surgical procedures, Orthopaedics, ENT, Neurology and Neurosurgery in addition to other key units. Geriatric care is becoming a must to support an ageing population. While longer life could be a positive indicator from a health services perspective, the challenge lies in supporting age related illnesses such as 'Alzheimer's disease', 'Dementia' as well as acute medical care for strokes and heart related conditions. Advanced medical care will enable faster recovery and help prevent long term complications that will affect ones' quality of life. Modern technology available at Durdans Hospital help clinicians diagnose symptoms early with faster turnaround times for treatment.

In the backdrop of growing sedentary lifestyles, significant emphasis is placed on preventive healthcare. Many options



Dr. Harsha Baranage
Director Medical Services



are available inclusive of health screening packages while Durdans continually creates public awareness by promoting preventive measures to achieve good health. The hospital has also partnered with multiple corporates as a trusted healthcare provider to promote good health amongst its employees.

Durdans Hospital continues to develop its day care facilities and aims to provide the best in this regard among the health care providers within the private sector. Services are available around the clock for accident and emergency (A&E), outpatient facilities (OPD), pharmacy, diagnostics and imaging, laboratory and admissions. A fully equipped, island-wide laboratory network has reinforced our presence as a primary healthcare services provider within Sri Lanka and has strengthened our brand presence.

We value all our customers who patronise our services. Our team of trained and

dedicated employees continues to provide immense support to those who require medical assistance as an inpatient or visit for consultations, procedures and investigations. Being the first JCI accredited hospital in Sri Lanka, our services prioritise patient-centric care with a high consideration for patient safety.

As the Director Medical Services, I look forward to working with the team to benchmark Durdans Hospital as an establishment of medical excellence within the healthcare industry, ensuring the customer is given holistic care and an unparalleled experience from beginning to end while being the preferred medical services provider at all times.

Dr. Harsha Baranage
Director Medical Services

09th May 2019

Board of Directors

PARENT COMPANY

CEYLON HOSPITALS PLC

AJITH ERANDAN TUDAWE

Executive Chairman

Ajith Tudawe is the Chairman of Ceylon Hospitals PLC (Durdans Healthcare Group) and is a Senior Director of Tudawe Holdings Limited. His knowledge and extensive experience in Accounting and Finance and his astute entrepreneurial skills have combined to enable him to lead Durdans to the forefront of the healthcare institutions in the country. He is a graduate in Accounting and Finance from the United Kingdom. He is a Fellow of the Institute of Chartered Accountants in England and Wales, the Institute of Chartered Accountants Australia and Institute of Chartered Accountants Sri Lanka. He is also a Fellow of the Association of Chartered Certified Accountants (ACCA), UK.

UPUL DULIP TUDAWE

Director/ Executive Vice President

Upul Tudawe serves as Group Director of Tudawe Holdings (Pvt) Ltd and its subsidiary companies. In addition, he also functions as Chairman of Commercial Marketing Distributors (Pvt) Ltd. He holds a Bachelor of Science degree in Microbiology from Texas Tech University and a degree in Medical Technology from the University of Texas Health Science Centre in Houston, USA. Upul Tudawe is a Member of the American Society of Clinical Pathology (ASCP) and the Australian Institute of Medical Scientists (AIMS).

DR A D PREETHIRAJ ASOKA WIJEGOONEWARDENE

Director/ Senior Vice President – Medical

Dr. Preethiraj Wijegoonewardene holds an MBBS from India as well as a Postgraduate Diploma in Family Medicine from the Postgraduate Institute of Medicine (PGIM) in Colombo. He is a Fellow of the College of General Practitioners of Sri Lanka and was awarded the Honorary Fellowship of the Royal College of General Practitioners, UK in November 2008. He is a Patron of the

South Asia Primary Care Research Network and was elected as Chairman of the South Asia Board of RCGP International. The first Sri Lankan to receive a WONCA Fellowship, he was also awarded an Honorary Fellowship from the Bangladesh Academy of Family Physicians.

SATHIS PRITHIVIRAJ TUDAWE

Director/ Senior Vice President – Administration

In the capacity of Senior Vice President Administration and as Chairperson of the Technical and Maintenance Committee, Sathis Tudawe oversees the technical and maintenance aspects of the business operation while managing all security and transport related operations in an advisory capacity. He is also a Group Director of Tudawe Holdings (Pvt) Ltd, its subsidiaries and associates and has over 40 years of experience within the construction industry.

Y NIMAL RANJITH PIYASENA

Non-Executive Director

As the Managing Partner of Y. N. R. Piyasena & Company and Vice-Chairman of Hotel Star Dust in Pottuvil, Nimal Piyasena contributes over 40 years of diversified experience in the fields of Finance, Healthcare, and Trade Operations.

ASOKA SRIWICKREMA ABEYWARDENE

Independent, Non-Executive Director

An Independent Director of Ceylon Hospitals PLC, he serves as Chairman of the Audit Committee, Remuneration Committee and Related Party Transactions Review Committee. He is an Executive Director of Continental Insurance Lanka Ltd, Fellow of The Institute of Chartered Accountants of Sri Lanka, Fellow of the Certified Management Accountants of Sri Lanka, Fellow of the Institute of Directors UK and a former partner of Messrs. KPMG Ford, Rhodes, Thornton & Co. Chartered Accountants.

AHAMED SU-AYID MOHOMED ISMAIL

Independent, Non-Executive Director

With over 30 years of experience in the fields of financial management, risk management, auditing, consulting and business advisory services, Su-ayid Ismail is the Founder/CEO of BAS Consultants (Pvt) Ltd and provides consulting and advisory services for SMEs and family businesses. Su-ayid Ismail is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, Fellow of the Chartered Management Accountants of UK, Member of the Institute of Internal Auditors and a Former Partner of Messrs. Ernst & Young Chartered Accountants.

ASITE DRUPATH BANDARA TALWATTE

Independent, Non-Executive Director

Asite Talwatte is the Chairman of Management Systems (Pvt) Ltd, the Chairperson of the Integrated Reporting Council of Sri Lanka and a Non-Executive Director on the boards of several listed and private Companies. With over 37 years of experience in the fields of Assurance, Business Risk and Advisory Services, he served as Country Managing Partner of Ernst & Young for over 10 years prior to his retirement in March 2016. He holds a Post-Graduate Diploma in Business and Financial Administration from the Institute of Chartered Accountants of Sri Lanka and the University of Wageningen, Holland as well as an MBA from the University of Sri Jayewardenepura, Sri Lanka. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and the Chartered Institute of Management Accountants, UK.

SUBSIDIARY COMPANY

DURDANS MEDICAL AND SURGICAL HOSPITAL (PVT) LTD

AJITH ERANDAN TUDAWÉ

Executive Chairman

Refer Page 16 for the profile.

UPUL DULIP TUDAWÉ

Director/ Executive Vice President

Refer Page 16 for the profile.

DR A D PREETHIRAJ ASOKA WIJEGONEWARDENE

Director/ Senior Vice President – Medical

Refer Page 16 for the profile.

SATHIS PRITHIVIRAJ TUDAWÉ

Director/ Senior Vice President – Administration

Refer Page 16 for the profile.

Y NIMAL RANJITH PIYASENA

Non-Executive Director

Refer Page 16 for the profile.

ASOKA SRIWICKREMA ABEYEWARDENE

Independent, Non-Executive Director

Refer Page 16 for the profile.

MERRILL JOSEPH FERNANDO

Non-Executive Director

Merrill J. Fernando is the founder of 'Dilmah', the reputed tea Company with a vast global presence. A humanitarian whose underlying philosophy is to make business a matter of human service, he was awarded the prestigious 'Business for Peace Award' in Oslo in 2015 by the Nobel Peace Laureates Committee and was honoured with the FIRST Award for Responsible Capitalism in November 2016 for improving the lives of underprivileged children and deprived communities. As a unique sustainability initiative, the 'MJF Charitable Foundation' and 'Dilmah Conservation'

were created to directly assist humanitarian and environmental initiatives and is funded by the diversion of 10% of pre-tax profits from the sale of Dilmah Tea.

DILHAN CHRISHANTHA FERNANDO

Non-Executive Director

Dilhan Fernando serves as a Group Director of the MJF Group of Companies. He is the Chairperson of the Business and Biodiversity Platform, pioneered by 'Dilmah Conservation' together with the Ceylon Chamber of Commerce and International Union for Conservation of Nature (IUCN). He initiated the concepts of tea gastronomy, tea lounges and set up the world's first consumer and hospitality tea school, 'Dilmah School of tea', to impart knowledge of and teach the finer aspects of tea in an effort to introduce the beverage to the younger generation. He is also actively involved in work surrounding the 'MJF Charitable Foundation' and 'Dilmah Conservation'.

PROF JANAKA DE SILVA

Non-Executive Director

Prof. Janaka de Silva is Senior Professor and Chair of Medicine, University of Kelaniya, and a Consultant Physician of the Colombo North Teaching Hospital. Professor de Silva was educated at Royal College. He obtained his MBBS and MD degrees from the University of Colombo and a D.Phil. from the University of Oxford. He was awarded Fellowships from the Royal College of Physicians of London, Ceylon College of Physicians, National Academy of Sciences of Sri Lanka, the Royal Australasian College of Physicians and the Royal College of Physicians of Thailand. He is a recipient of the titular national honour 'Vidyajyothi', the highest award for scientific achievement

in Sri Lanka. He is currently the Director of the Postgraduate Institute of Medicine, University of Colombo and Chairman of the National Research Council of Sri Lanka.

DR BANDULA WIJESIRIWARDENA

Non-Executive Director

A Consultant Physician, Dr. Bandula Wijesiriwardena holds over 33 years of experience in the Government Healthcare sector. He was the President of the Ceylon College of Physicians in 2005. He presently works for the private healthcare sector full-time. Dr. Wijesiriwardena pioneered the introduction of Clinical Practice Guidelines through the Ceylon College of Physicians which are presently being used island-wide. With numerous national and international publications to his credit, Dr. Wijesiriwardena won the Presidential Award for his clinical research in 2000 and was awarded Honorary Fellowships by The Royal Australian College of Physicians and Colleges of Medicine of South Africa. He holds an MBBS (Colombo), MD (Colombo), MRCP (UK) and is a Fellow of the American College of Physicians and the Ceylon College of Physicians.

AHAMED SU-AYID MOHOMED ISMAIL

Independent, Non-Executive Director

Refer Page 16 for the profile.

Board of Directors

SUBSIDIARY COMPANY

DURDANS MEDICAL AND SURGICAL HOSPITAL (PVT) LTD CONTD.

ARJUN RISHYA FERNANDO

Independent, Non-Executive Director

Arjun Fernando was appointed to the Board of Durdans Medical Surgical Hospital (Pvt) Limited in November 2017. He currently serves as a Director on the Boards of Central Finance PLC, Nations Trust Bank PLC, Home Finance Company, Fiji, The Solutions Group (Pvt) Ltd and First Media Solutions (Pvt) Ltd. He also serves on the Boards of NDB Capital Holdings, NDB Securities (Pvt) Ltd and NDB Zephyr Partners Ltd for and on behalf of the NDB Capital Group of Companies. He has functioned as the CEO/ Director of DFCC Bank and was on the director boards of several of DFCC Bank's subsidiaries, joint ventures and associates. Prior to joining DFCC Bank, Mr. Fernando has had a long and illustrious career at HSBC Sri Lanka and overseas. He holds an M.Sc. (Management) from Clemson University, USA and a B.Sc. (Engineering) from Southern Illinois University, USA. He is also an Associate of the Chartered Institute of Bankers (ACIB), UK.

AMINDA SANJEEVE TUDAWA

Executive Director

As a Director of Durdans Medical and Surgical Hospital (Pvt) Ltd and Durdans Heart Centre (Pvt) Ltd, Aminda Tudawe functions as Head of Supply Chain and Procurement in a strategic capacity while coordinating corporate strategy. He is presently involved in the Durdans Vision 2022 project and is working with the Project Consortium. He was actively instrumental in overseeing the implementation of JCI at Durdans Hospital during the period 2012 to 2014 and played a key role in the car park building project from November 2015 to March 2018. He holds a Bachelor of Science (Hons) degree in Business Management from the University of Wales, UK as well as a Master of Business Administration (MBA) degree from the School of Business, University of Leicester, UK.

SUBSIDIARY COMPANY

DURDANS HEART CENTRE (PVT) LTD

AJITH ERANDAN TUDAWÉ

Executive Chairman

Refer Page 16 for the profile.

UPUL DULIP TUDAWÉ

Director/ Executive Vice President

Refer Page 16 for the profile.

DR A D PREETHIRAJ ASOKA WIJEGOONEWARDENE

Director/ Senior Vice President - Medical

Refer Page 16 for the profile.

SATHIS PRITHIVIRAJ TUDAWÉ

Director/ Senior Vice President - Administration

Refer Page 16 for the profile.

Y NIMAL RANJITH PIYASENA

Non-Executive Director

Refer Page 16 for the profile.

DR R CHANDRAWANSE RAJAPAKSE

Independent, Non-Executive Director

Dr. Rajapakse served as the Director Medical Administration of Durdans Hospital. With significant experience as a senior medical administrator, he served as an officer of the Sri Lanka Army Medical Corps and its Commanding Officer from 1989 to 1991, Director of the Government Hospital, Kurunegala, Director of the Teaching Hospital, Kandy, the first Director of the new Sri Jayewardenepura Teaching Hospital and the Director General, Hospital Services in the Republic of Seychelles. He holds an MBBS from the University of Ceylon, a Post Graduate Diploma in Health, New Zealand and is a fellow of the SLCHA.

Dr. Chandrawanse Rajapakse retired from the Board of Directors of the company with effect from 27th November 2018

DR A NEVILLE DHARMAWANSA

Independent, Non-Executive Director

With decades of experience in the healthcare sector, Dr. Dharmawansa holds an MBBS from the University of Ceylon as well as Postgraduate qualifications from the UK. He is a Fellow of the Royal College of Physicians in England and was a practicing physician in the Sri Lankan private healthcare sector.

SUMITH ARANGALA

Independent, Non-Executive Director

Sumith Arangala is the Chief Executive Officer of LVL Energy Fund PLC. He is on the Board of its investee companies and is a Non-Executive Independent Director of Renuka Agri Foods PLC. He is also the Acting Chief Executive Officer of Lanka Ventures PLC. He has previously worked at the Capital Development and Investment Company Limited, the pioneer venture capital company in Sri Lanka and counts nearly 35 years of experience in private equity, venture capital and capital markets. He holds a Bachelor of Engineering degree and a Graduate Diploma in Quality Technology from the Royal Melbourne Institute of Technology, Australia. He is also a Graduate Member of the Institute of Engineers, Australia.

AMINDA SANJEEVE TUDAWÉ

Executive Director

Refer Page 18 for the profile.

Senior Management Team

DR HARSHA BARANAGE

Director Medical Services

Dr. Harsha Baranage joined Durdans as Director Medical Services in December 2018. He holds a Degree in Medicine (MD), a Post Graduate Degree in Health Administration, M.Sc. in Health Administration from Asia-e University as well as a Diploma in General Practice (MCGP). Dr. Baranage carries 12 years of experience in the capacity of Medical Director at Asiri Central Hospital and Asiri Surgical Hospital. He was instrumental in setting up the first Bone Marrow Transplant Unit and Stroke Unit in Sri Lanka creating a landmark within the private healthcare sector. He also led the team at Asiri Central Hospital to achieve the JCI accreditation in 2016. He was a recipient of the Hospital Management Asia awards, has been honoured by the Government of Maldives and has received several awards and accolades in Sri Lanka. He coordinated multiple events relating to health, appeared on many programmes and has published literature in view of promoting health in the country.

DR SUNIL RATHNAPPREYA

Deputy Director Medical Administration

Dr. Sunil Rathnappreya joined Ceylon Hospitals PLC in June 2018. He is a Medical Practitioner by profession and holds an MBBS (University of Colombo), M.Sc. (Post Graduate Institute of Medicine, University of Colombo) and an MBA in Healthcare (Sikkim Manipal University, India). He served as the Director Medical Services of Lanka Hospitals PLC, Medical Director of the National Council for Mental Health, Course Coordinator of the Post Graduate Institute of Medicine, Executive Director of the Institute for Occupational Health and Safety and as the Medical Officer of the Ministry of Health. Counting over 35 years of experience including 15 years as a medical administrator, he is a council member of the Private Health Services Regulatory Council, member of the Health Care &

Support Services Council of the Tertiary & Vocational Education Commission, while being a member of the College of General Practitioners, Sri Lanka Medical Association, Independent Medical Practitioners Association and the College of Community Physicians of Sri Lanka.

MAJ GEN LAL PADMAKUMARA

Chief Operating Officer

With over 35 years of experience encompassing military training in senior leadership positions, Maj. Gen. Padmakumara joined the Company in 2017 and currently serves as the Chief Operating Officer. He holds a Bachelor of Arts degree from the University of Colombo, a Master's degrees in Defence Studies from the University of Kelaniya and the National University of Dhaka, Bangladesh, as well as a Master's degree in Management Studies from Osmania University, Hyderabad, India. His experience in the army involved a diverse range of responsibilities including strategic planning, command decision making, administration, security management, officer training at varied levels, assisting Government authorities, forecasting and budgeting of resources and human resource management in a 200,000-member organisation.

MAHANIL PERERA

Head of Laboratories

Mahanil Perera joined the organisation in 2011 and presently holds the post of Head of Laboratories. Having over 25 years of experience in business development, marketing and management, Mahanil Perera is responsible for the island-wide laboratory network which span over 75 branches. The development, expansion and operations of the Durdans Medical Centres and Laboratories and Collection Centres come under his purview. He holds a Post Graduate Diploma in Marketing from the Sri Lanka Institute of Marketing.

AMINDA SANJEEVE TUDAWA

Director Supply Chain

Please refer Page 18 for the profile.

DR JITHENDRI PERERA

Deputy Director Medical Services

Dr. Jithendri Perera joined the Company in 2006 and has acquired knowledge of the operations across the Group. She was absorbed into the management team in November 2012 and functions as Deputy Director Medical Services since April 2018. She was instrumental in coordinating clinical and non-clinical activities to achieve Joint Commission International (JCI) accreditation for Durdans Hospital in the capacity of the Senior Manager-in-Charge of the Quality Assurance Department. She holds an MBBS Degree from Rajiv Gandhi University, Bangalore, India with her post qualifying experience at hospitals in both India and Sri Lanka. Besides her administrative role, her interest in clinical medicine, especially in Primary Care Family Medicine led her to successfully complete the MCGP diploma course conducted by the College of General Practitioners of Sri Lanka in 2017.

ANAGI KARUNASENA

Chief Financial Officer

Anagi Karunasena joined the Company in 2014 and presently oversees the finance function of the Group. She oversees multiple functions in this regard which encompasses establishing financial strategies, risk identification and management, identifying opportunities for investment and growth, improving cost efficiencies and in-depth monitoring of financial performance as well as financial and regulatory compliance. Her post qualifying experience in the field of finance spans over 19 years and she has gained experience in diverse business sectors such as manufacturing, financial, construction, power and energy and advisory services prior to joining Durdans. She holds a

Bachelor of Science degree in Management from the University of Sri Jayewardenepura, Colombo as well as a Master's degree in Business Administration from the Postgraduate Institute of Management, Colombo. She is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, an Associate Member of the Sri Lanka Institute of Bankers as well as a Member of CPA Australia.

RAKSHITHA TUDAWÉ

Head of Strategy and Business Development

Rakshitha Tudawe oversees the development and execution of strategic initiatives for the Group, having joined the Company in 2016. He holds a Bachelor of Science (Hons) degree in Business Economics from the School of Economics, University of East Anglia in Norwich, a Master's degree in Management from Loughborough Business School and attended executive programs at Insead Business School France.

SANJEEWA KODIKARA

Chief Information Officer

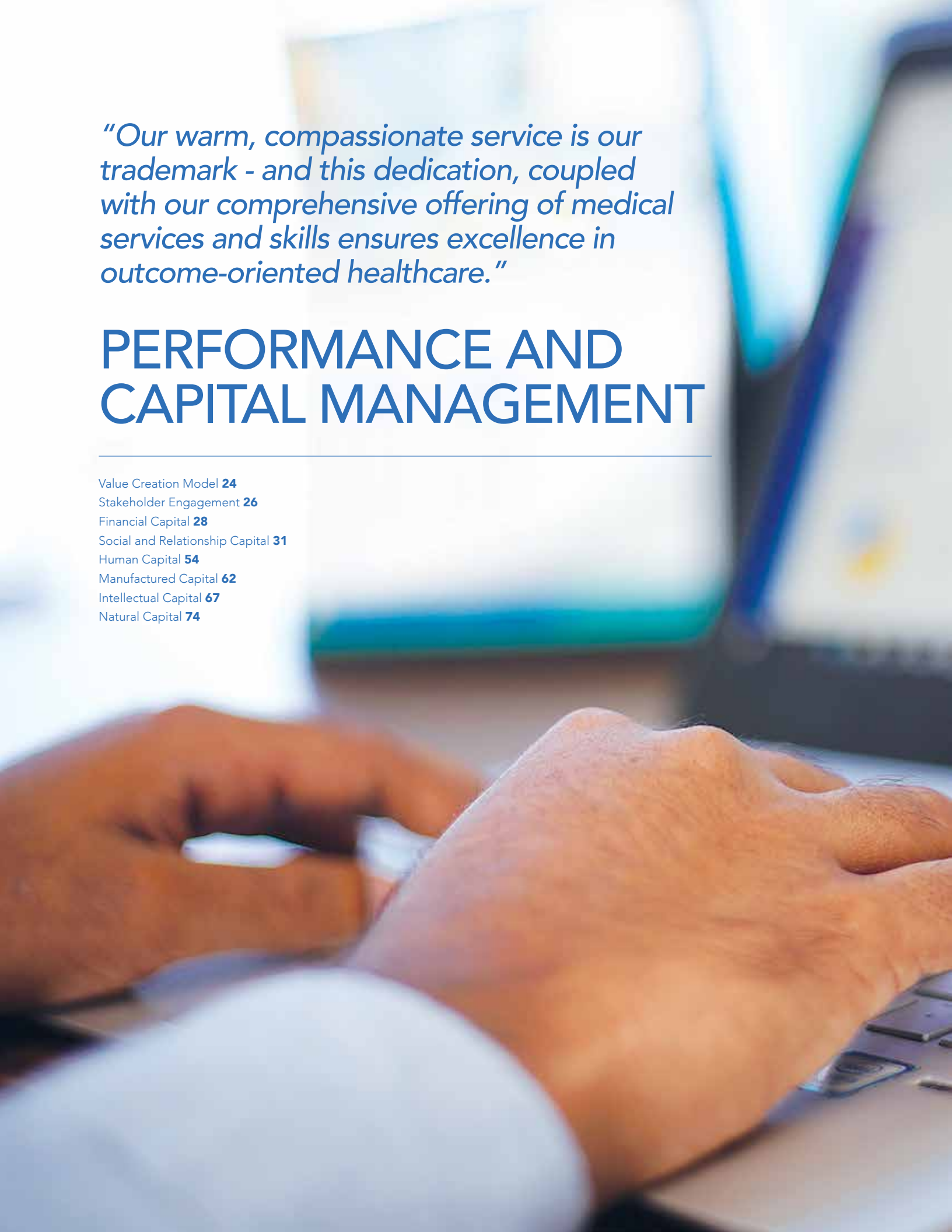
With an experience of 19 years, Sanjeeva Kodikara joined the Company in 2017 and oversees the information technology arm of the business. He is responsible for enhancing the convenience factor in the provision of medical services using new initiatives and technologies, the implementation of lean management practices and the development of hardware and cloud platforms, as well as providing smarter reporting deployment methods. His experience in the field of IT extends to senior positions held previously at EAM Maliban Textiles (Pvt) Ltd, Orit Trading Lanka, Orit Apparels Lanka (Pvt) Ltd and Quantum Clothing Lanka (Pvt) Ltd. He holds a Master's degree in Business Administration from Buckinghamshire New University UK, a Postgraduate Diploma

from the British Computer Society UK, a Diploma in Information Systems from the Australian Computer Society and a Diploma in Computer Systems Design from the National Institute of Business Management.

GAYANTHIKA PATHIRANNEHE

Head of Human Resources

With over 23 years of experience in the fields of human resources and administration across multiple organisations, Gayanthika Pathirannehe presently oversees the Human Resource function of the Group. Her experience in the capacity of General Manager and Consultant previously encompassed the broad areas of policy formulation, coaching and counselling, workforce planning and recruitment, industrial labour management, training and development, performance and grievance management, social compliance, compensations and benefits to name a few. She holds a Bachelor of Arts degree from the University of Colombo, a Diploma in Psychology Counselling from the Institute of Psychologists Sri Lanka, a Certificate Course in Industrial Relations, Human Resource Management and Development from the Employers Federation of Ceylon and a Diploma in Personnel Management from the National Institute of Business Management.



"Our warm, compassionate service is our trademark - and this dedication, coupled with our comprehensive offering of medical services and skills ensures excellence in outcome-oriented healthcare."

PERFORMANCE AND CAPITAL MANAGEMENT

Value Creation Model **24**
Stakeholder Engagement **26**
Financial Capital **28**
Social and Relationship Capital **31**
Human Capital **54**
Manufactured Capital **62**
Intellectual Capital **67**
Natural Capital **74**



Performance and Capital Management

VALUE CREATION MODEL

Inputs

FINANCIAL CAPITAL

- Shareholder funds and debt
- Cash flow from operations

HUMAN CAPITAL

- Employee diversity
- Training and development
- Experience
- Responsible practices
- Benefits and rewards
- Skills and competencies

SOCIAL AND RELATIONSHIP CAPITAL

- Investor relations
- Customer relations
- Health and safety
- Product responsibility
- Community development
- Business partnerships

MANUFACTURED CAPITAL

- Investment in property, plant and equipment
- Capacity expansion

INTELLECTUAL CAPITAL

- Brand stewardship
- Research and development
- Technological expertise
- Systems and processes

NATURAL CAPITAL

- Energy
- Water
- Waste
- Emissions

HOW WE CREATE VALUE

Durdans Value Creation Levers

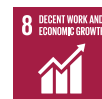
Sustainability Framework

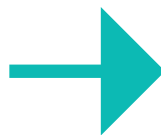
Human Resource Management

IT Governance

- Radiology and Imaging
- Laboratory Services
- Critical Care
- Accident and Emergency Care
- Wellness and Preventive Care
- Gynaecology and Obstetrics
- Nephrology
- Ambulance Services
- Blood Bank
- Neurology
- Audiology and ENT Care
- Ophthalmology
- Oncology
- Cardiac Care
- Orthopaedics
- Dental and Oromaxiofacial Services

SDGs Impacted





Outputs

FINANCIAL CAPITAL

- Revenue and profits
- Shareholder returns and dividends
- Payments to other stakeholders
- Share price appreciation

HUMAN CAPITAL

- Staff motivation
- Talented, efficient workforce
- Job satisfaction
- Career progression
- Safe and equitable environment

SOCIAL AND RELATIONSHIP CAPITAL

- Community skills development
- Sound investment decisions
- Lasting supplier/ distributor and stakeholder relations
- Customer satisfaction and retention

MANUFACTURED CAPITAL

- Ability to address demand
- Cutting-edge healthcare solutions
- Enhancing standards
- Improved reach, organisational growth

INTELLECTUAL CAPITAL

- Intellectual property
- Patents and copyrights
- Improved efficiencies
- Unique knowledge and expertise

NATURAL CAPITAL

- Efficient and responsible disposal of effluents and waste
- Reduction of carbon footprint
- Reduced utility consumption



← SDGs Impacted




Performance and Capital Management




STAKEHOLDER ENGAGEMENT

Our focus remains on creating value through partnership and collaboration – enhancing quality of life, driving lifestyles

of health and wellness and providing opportunities for growth. The following table details our engagement with our

diverse stakeholders, and describes the initiatives taken to further strengthen our relationships during the year.

Key Stakeholders	Focus Areas	Strategic Response	Method and Frequency of Engagement
 <p>CUSTOMERS Patients Relatives/ Family</p>	<p>Improve patient experience</p> <p>Enhance patient safety</p> <p>Address emerging needs in healthcare</p>	<ul style="list-style-type: none"> Compassionate care Streamlined processes Best practices in healthcare Quality accreditations and standards Quality Audits Improved Accessibility Innovative Practices <ul style="list-style-type: none"> Stringent safety and hygiene mechanisms Minimally invasive procedures Experienced, skilled staff Emergency Preparedness initiatives <ul style="list-style-type: none"> Vision 2022 · Next generation healthcare solutions 	<p>Facebook - Weekly</p> <p>Surveys/customer feedback - Daily</p> <p>CRM - complaint management - Daily</p> <p>Dedicated email for customer queries - Daily</p> <p>ATL/ BTL</p> <p>Bi-weekly articles</p> <p>Newsletters</p>
 <p>EMPLOYEES Executive Staff Non-Executive Staff</p>	<p>Sustainable career growth</p> <p>Retention</p>	<ul style="list-style-type: none"> HRIS Performance Reviews Training and Development Competitive Remuneration <ul style="list-style-type: none"> Engagement Events Benefits and Rewards 	<p>Individual performance review - Annually</p> <p>Quality initiative awards - Quarterly</p> <p>Round table discussions - Monthly</p> <p>Get together - Annually</p> <p>Group sale - Bi-annually</p> <p>Christmas carols - Annually</p> <p>Vesak Bhakthi Gee - Annually</p> <p>Nurses' Day Celebrations - Annually</p> <p>Newsletters</p>
 <p>BUSINESS PARTNERS Brands (Pharmaceuticals, Medical Devices and Medical Consumables) Suppliers</p>	<p>Product quality</p> <p>Relationship building</p>	<ul style="list-style-type: none"> Periodic reviews Clearly defined quality guidelines Cultivating relationships with globally recognised brands <ul style="list-style-type: none"> Supplier Engagement Training and Development Regular Meetings 	<p>Brand engagement - Quarterly</p> <p>Supplier visits - Annually</p> <p>Supplier training - Annually</p>

Key Stakeholders	Focus Areas	Strategic Response	Method and Frequency of Engagement
 INVESTORS	Transparency and accountability	<ul style="list-style-type: none"> Increased awareness Compliance with legal and regulatory requirements Relevant, timely disclosures 	Annual General Meeting Annual Report Interim Reports Feedback
	Sustainable returns	<ul style="list-style-type: none"> Profitable returns Commendable performance Expansion and development of resources Remaining relevant and competitive Optimising resources 	
 SOCIETY Underprivileged Communities Medical Fraternity, Consultants, GPs, General Public	Improving access to healthcare	<ul style="list-style-type: none"> Free clinics and medical camps Free services CSR initiatives 	Medical camps - Annually Free clinics - Quarterly Sports meets - Annually Parent craft - Quarterly CMEs - Quarterly Medicare National Exhibition - Annually
	Increasing awareness on emerging issues	<ul style="list-style-type: none"> Awareness building programmes Participation in medical events 	
	Contribution to economic growth	<ul style="list-style-type: none"> Job creation Local sourcing 	
 Regulatory Bodies Private Health Services Regulatory Council, Central Environment Authority, Atomic Energy Authority, Colombo Municipal Council, Colombo Stock Exchange, CASL, SLAASMB	Environment	<ul style="list-style-type: none"> Compliance Responsible waste disposal 	Licenses from CEA, PHSRC, CMC - Annually Certificate from CEA - Annually License from AEA - Once in two years Assessment Tax to CMC - Annually Waste collection fee to CMC - Annually
	Quality and Industry Standards	<ul style="list-style-type: none"> Obtain relevant industry certifications 	Compliance with CSE, CASL, SLAASMB regulations - Quarterly, Bi-Annually and Annually
	Governance and Accountability	<ul style="list-style-type: none"> Compliance 	Compliance with Ordinances/ Acts, pricing and taxes - where applicable
	Human	<ul style="list-style-type: none"> Compliance with relevant authorities 	

Performance and Capital Management

FINANCIAL CAPITAL

SDGS IMPACTED:



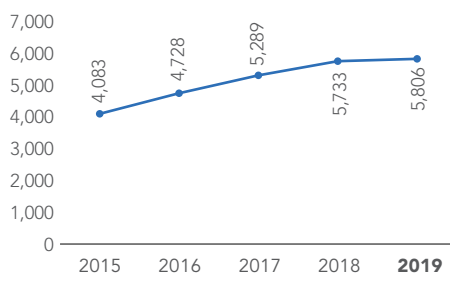
At Durdans, our financial capital plays a significant role in the hospital's daily operations, while ensuring its growth, expansion and continuity. During the year, we continued to utilise our financial capital to create and distribute sustainable value for our shareholders, employees, financiers and the government.

REVENUE

The Group reported marginal increase in revenue of Rs. 5.81 Bn compared to the previous financial year's revenue of Rs. 5.73 Bn. With the purpose of remodeling the buildings under the 'Project 2022' plan, the Company shut down three of its frequently patronised wards to pave the way for construction contractors to commence the required demolition and construction work. Additionally, some of the revenue generating units had to be closed temporarily due to shifting of operations from the proposed development area to new locations, which prevented full occupation of some of the revenue generating units of the Group.

Year	Revenue (Rs. Mn)	Revenue Growth %
2015	4,083	3%
2016	4,728	16%
2017	5,289	12%
2018	5,733	8%
2019	5,806	1%

REVENUE - (Rs. Mn)

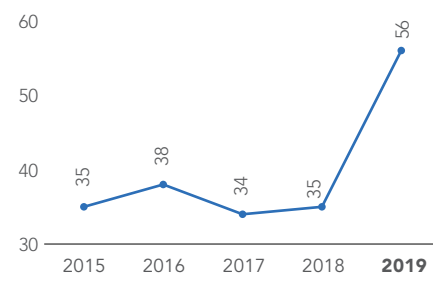


The country's economic condition that prevailed during the year also resulted in the Group not being able to achieve its intended occupancy level. The exchange rate pressure on the cost of living index resulted in lowering the spending power of the average consumer, which resulted in a declining number of patients seeking private hospital services in the year under review.

OTHER OPERATING INCOME

Operating income at Group level grew by 60% to Rs. 56 Mn compared to Rs. 35 Mn in the previous year. This was mainly due to the car park income being accounted for a full financial year as opposed to the car park income accounted for only a few months in the year before. Further, a major contributor to other operating income was the disposal proceeds of property, plant and equipment during the year which increased by Rs. 8 Mn compared to the year before. The shutdown of wards as previously mentioned resulted in a big quantity of furniture, fixtures and fittings being disposed of in addition to routine disposal proceeds arising from periodic medical and other asset condemnation processes.

OTHER OPERATING INCOME - (Rs. Mn)

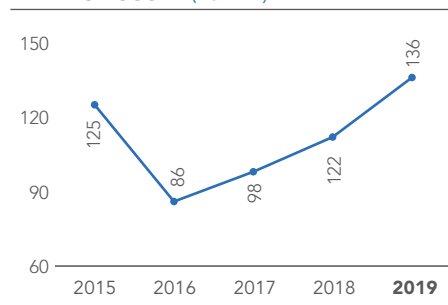


Year	Operating Income (Rs. Mn)	Other Operating Income Growth %
2015	35	3%
2016	38	9%
2017	34	-11%
2018	35	3%
2019	56	60%

FINANCE COST

Finance cost increased by 11% to reach Rs. 136 Mn in the financial year 2018/19, compared to the previous financial year. Even though market interest rates for deposits increased to promote savings among the population, the negative impact of the same was reflected on businesses in terms of increasing cost of borrowings. The increase in Company borrowings resulting from the 'Project 2022' financing and the routine investment in technologically advanced medical equipment at Group level resulted in the term loan cost to increase by 4% compared to the previous year. The cost of overdrafts increased at Company level due to the increased intermittent use of short-term facilities to bridge the temporary cash flow gaps arising from low operating volumes.

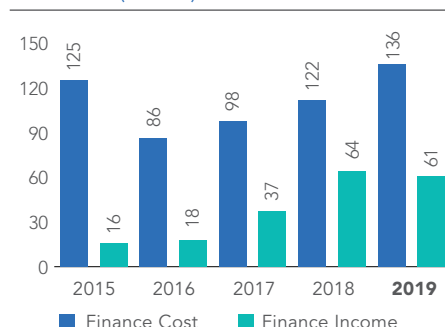
FINANCE COST - (Rs. Mn)



Year	Finance Cost (Rs. Mn)	Finance Cost Growth %
2015	125	-33%
2016	86	-31%
2017	98	14%
2018	122	24%
2019	136	11%

Year	Finance Income (Rs. Mn)	Finance Income Growth %
2015	16	-16%
2016	18	13%
2017	37	106%
2018	64	73%
2019	61	-5%

FINANCE COST AND FINANCE INCOME - (Rs. Mn)



FINANCE COST IN DETAIL

	2018	2019	%
Loan and Lease Interest	92	96	4%
Debenture Interest	6	0	-100%
Overdraft Interest	24	40	67%
Total	122	136	11%

NET PROFIT

Net Profit Before Tax (NPBT)

Group Net Profit Before Tax (NPBT) declined by Rs. 54 Mn, displaying a reduction of 9% in comparison to the previous year. Despite the Group's efforts resulting in a savings of approximately Rs. 33 Mn during the year through its continued efforts to deploy staff effectively and right-size the organisation to bring in more cost efficiencies, other operating expenses such as rent cost, new location setup costs and cost of renovations resulted in increasing the annual operating expenses far more than the aforementioned savings. An increase in rent cost was observed with the introduction of the new 10% Withholding Tax on rent payments (irrespective of the rent paid) introduced

by the new Inland Revenue Act of 2017. NPBT was also impacted by the increased financed cost as explained previously.

NET PROFIT AFTER TAX (NPAT)

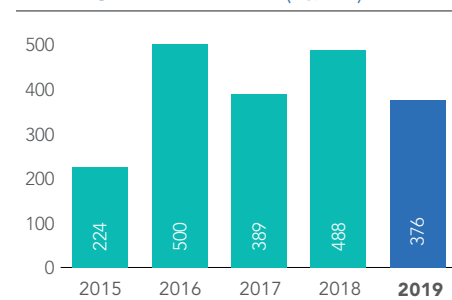
The Group's Net Profit After Tax (NPAT) declined to Rs. 376 Mn from the previous year's Rs. 488 Mn. This was partly attributable to the decline at the level of NPBT as explained previously. The tax expenses of the Group increase by 50% due to the new Income Tax rate applicable to the healthcare sector increasing from 12% in the previous year to 28% in the current year.

Year	NPAT (Rs. Mn)	NPAT Growth %
2015	224	-13%
2016	500	123%
2017	389	-22%
2018	488	25%
2019	376	-23%

TAXATION

Year	2018	2019	%
Taxation	115	173	50%

NET PROFIT AFTER TAX - (Rs. Mn)



Performance and Capital Management

FINANCIAL CAPITAL

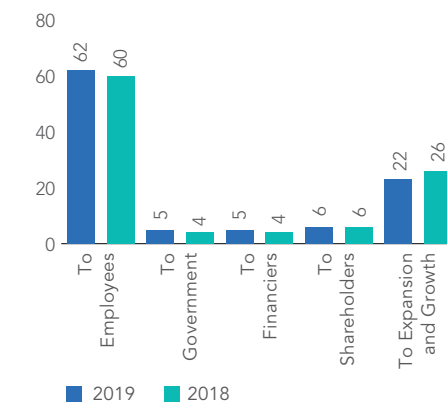
VALUE GENERATED AND DISTRIBUTED

Economic Value Generation (Rs. Mn)

	Group		Company	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Direct Economic Value Generated	2,810	2,682	1,723	1,575
Economic Value Distributed	2,174	1,988	1,402	1,351
Economic Value Retained	636	694	321	224
	2,810	2,682	1,723	1,575

	Group		Company	
	2019	2018	2019	2018
To Employees	62%	60%	64%	69%
To Government	5%	4%	3%	2%
To Financiers	5%	4%	7%	7%
To Shareholders	6%	6%	7%	8%
To Expansion and Growth	22%	26%	19%	14%

VALUE GENERATED AND DISTRIBUTED - GROUP - (%)



SOCIAL AND RELATIONSHIP CAPITAL

At Durdans, the strength of our relationships defines our success. As part of our social and relationship capital, the hospital has identified four major segments with whom we engage on a daily basis, namely our customers, business partners, investors and the surrounding community. During the year, we focused on developing these relationships to foster growth and partnership, and augment our delivery of the Durdans promise.

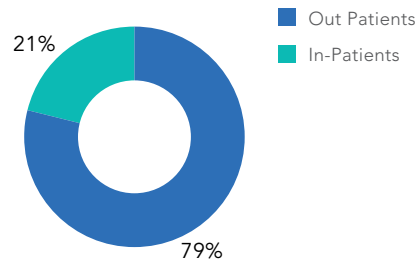
CUSTOMERS

SDGS IMPACTED:



We continued to monitor customer trends and needs in order to further enhance the overall customer experience and curate our offerings to address emerging needs in healthcare, while delivering customised, personalised services to the people. During the year, we identified a greater need for out-patient services amongst our customers, and have taken measures to

PATIENT CATEGORIES



Durdans Hospital promises the highest standards of patient care, capable of providing a wide range of healthcare services to support national health and wellness.

cater to their needs, discussed further in the Manufactured Capital section in this report.

We have also identified new customer segments during the year, and introduced mechanisms and initiatives to target emerging markets such as the UAE, Maldives and Seychelles in order to provide them with the highest levels of medical care.

A COMPREHENSIVE HEALTHCARE SOLUTION

Durdans Hospital promises the highest standards of patient care, capable of providing a wide range of healthcare services to support national health and wellness. The hospital is fully equipped to provide patients with healthcare solutions spanning diagnostics, medical services and surgical care.

SERVICES WE OFFER	
Accident and Emergency Care	Nephrology
Ambulance Services	Neurology
Audiology	Oncology
Cardiology	Ophthalmology
Dental Services	Orthopaedics
Dermatology and Cosmetic Care	Plastic and Reconstructive Surgery
Diabetes and Endocrinology	Psychiatry and Psychological Services
Dietetics and Nutrition	Rheumatology
EEG, EMG and ENT Services	Urology
Gastroenterology	Vaccination Services
Gynaecology and Obstetrics	Venereology
Haematology	Laboratory Services
Immunology	OPD Services
Microbiology	Pharmacy
Physiotherapy and Rehabilitation	Radiology

Performance and Capital Management

SOCIAL AND RELATIONSHIP CAPITAL

With the rise of Non-Communicable Diseases (NCDs) such as heart disease, diabetes, cancer and asthma, the consequent need for enhanced medical intervention is transforming the healthcare industry and remains integral to improving our customers' way of life.

In order to address these developments, Durdans Hospital offers Preventive Health Packages comprising essential screenings and tests to ensure early diagnosis and promote preventive care, allowing patients to monitor and maintain good health. These diagnostic services are offered under four key categories, namely

'Comprehensive', 'Executive', 'Regular' and Basic. The customer also has the choice of adding to the existing packages from a host of Optional Tests following doctor's recommendation. We are further taking steps to expand these health check-up programmes to locations outside of Colombo in the near future.

Basic Health Check	Regular Health Check	Executive Health Check	Platinum Health Check
<ul style="list-style-type: none"> FBC - Full Blood Count FBS - Fasting Blood Sugar Lipid Profile Serum Creatinine Gamma GT SGPT - Serum Glutamic Pyruvic Transaminase ESR - Erythrocyte Sedimentation Rate UFR - Urine Full Report Stool for Occult Blood Chest X-Ray with Report (Once in 3 years) ECG - Electrocardiogram Full Medical Examination and Report 	<ul style="list-style-type: none"> FBC - Full Blood Count FBS - Fasting Blood Sugar HBA1C (Glycosylated Haemoglobin) Lipid Profile Serum Creatinine Gamma GT SGPT - Serum Glutamic Pyruvic Transaminase TSH (3rd Generation) ESR - Erythrocyte Sedimentation Rate UFR - Urine Full Report Stool for Occult Blood Chest X-Ray with Report (Once in 3 years) ECG - Electrocardiogram Echocardiogram Ultrasound Scan of Abdomen and Pelvis Mammogram above 40 years Breast Scan below 40 years Full Medical Examination and Report 	<ul style="list-style-type: none"> FBC - Full Blood Count FBS - Fasting Blood Sugar HBA1C (Glycosylated Haemoglobin) Lipid Profile Renal Profile Liver Profile Thyroid Profile 3 ESR - Erythrocyte Sedimentation Rate UFR - Urine Full Report Stool for Occult Blood Chest X-Ray with Report (Once in 3 years) ECG - Electrocardiogram Echocardiogram Ultrasound Scan of Abdomen and Pelvis Lung Function Test Mammogram above 40 years Breast Scan below 40 years Full Medical Examination and Report 	<ul style="list-style-type: none"> FBC - Full Blood Count FBS - Fasting Blood Sugar HBA1C (Glycosylated Haemoglobin) Lipid Profile Renal Profile Liver Profile Thyroid Profile 3 ESR - Erythrocyte Sedimentation Rate UFR - Urine Full Report Stool for Occult Blood Chest x-Ray with Report (Once in 3 years) ECG - Electrocardiogram Echocardiogram TMT - Stress Test (Male & Female) Ultrasound Scan of Abdomen and Pelvis Eye Assessment Lung Function Test Mammogram above 40 years Breast Scan below 40 years

Being in the area of medical diagnostic laboratory services for over two decades, Durdans possesses extensive experience and expertise, supported by an eminent panel of Consultant Pathologists



In our quest to deliver the best in healthcare and transform the customer experience while we continued to improve upon existing systems and processes, the following existing services, new products, initiatives and innovations were extended to our customers during the year.

LABORATORY OPERATIONS

Durdans Laboratory Services is trusted by clinicians and patients islandwide, owing to our accurate and reliable reports which are promptly delivered via SMS, email, fax or hard-copy. Being in the area of medical diagnostic laboratory services for over two decades, Durdans possesses extensive

experience and expertise, supported by an eminent panel of Consultant Pathologists covering an expansive laboratory network including over 75 locations and 2000 partner collection centres islandwide. We also provide consultation and radiology services via our Medical Centres, while the satellite laboratories support all our laboratory investigations and ECGs. As an added convenience, we provide mobile sample collection services across the island to enable ease of access. As part of our efforts to continuously improve quality and achieve excellence, we further enhanced our quality policy during the year.

All our laboratories and medical centres are fully equipped with state-of-the-art automated analysers to ensure accuracy and minimise errors by eliminating human intervention. We comply with the standard framework required to meet the ISO 15189:2012 standard (by the Sri Lankan Accreditation Board) and Joint Commission International Accreditation, in addition to adhering to the hospital's own internal and external quality programmes.

Our laboratories cater to a range of diagnostics spanning the areas of Bio-Chemistry, Haematology, Endocrinology, Pathology, Microbiology, Immunology, Serology, Histopathology and Molecular Biology.

Our well-experienced and qualified staff are involved from the point of collecting the sample, transporting (maintaining the cold chain) the samples and analysing them under stringent quality control systems under the guidance of a panel of specialist consultant pathologists.



LABORATORIES

23



MEDICAL CENTRES

7



SAMPLE COLLECTION CENTRES

46

Performance and Capital Management

SOCIAL AND RELATIONSHIP CAPITAL

The Hospital also houses our own dedicated Molecular Biology Research and Development arm which develops new panels. The following new investigations were added to our portfolio during the year:

Investigation	Description
Adiponectin test	Predictive test to identify potential candidates for diabetes type 1 and 2.
Allergy Panel	Cost effective, affordable allergy test for inhaled, food, skin and other allergies.
Alpha 1 Antitrypsin	Lower levels of Alpha 1 Antitrypsin are associated with emphysema and chronic lung and liver disease.
Anti-Glomerular Basement Membrane Antibody Test (GBM)	Determination of circulating auto antibodies against the GBM of the kidney.
Anti Tissue Transglutaminase Test	Used to diagnose celiac disease.
Bacterial Antigen Test (BAT)	Used to detect rapid identification of bacterial meningitis from cerebrospinal fluid (CSF).
Anti Centromere Antibody Test	Helps evaluate patients with clinical signs and symptoms compatible with limited systemic sclerosis including skin involvement, Raynaud Phenomenon and arthralgia.
Anti Glutamic Acid Decarboxylase (GAD) Antibody Test	<ul style="list-style-type: none"> a) Assessing susceptibility to auto immune (type 1) diabetes mellitus b) Distinguishing between type 1 and type 2 diabetes mellitus c) Diagnosing latent auto immune diabetes in adults d) Confirming a diagnosis of stiff person Syndrome
Hereditary Hemochromatosis	Identifies Hemochromatosis, a genetic disease of iron metabolism which causes increase in iron absorption which can cause organ damage, therefore critical to diagnose at an early stage using this test.
Mycology Tests	Investigations of fungal culture, body fluids, skin and CSF samples.
Procalcitonin Test	Used for early detection of Sepsis.
Serum Free Light Chain Assay	Used in the follow-up of multiple myeloma and other monoclonal diseases including Light Chain Disease.
Red Cell Folate Test	Used to detect folic acid deficiency which causes Megaloblastic Anaemia.
T.B. Culture and T.B. Quantiferon	Cost effective, highly specific and sensitive test used to diagnose Mycobacterium Tuberculosis.

We also commenced immunofixation and the improved resolution of serum and urine proteins electrophoresis with the introduction of the new 'Sebia Hydracys 2 Scan' Electrophoresis Analyser. Serum and urine immunofixation assists in the accurate diagnosis types of multiple myeloma.

DIAGNOSTICS

Armed with advanced technology and the latest equipment, our fully-fledged

pathology and radiology laboratories comprise of clinical analysers and high-end ultrasound equipment and scanners operated by a team of proficient, trained and competent personnel.

Radiology facilities include CT, MRI, digital X-ray, ultrasound, bone densitometry and digital mammography. While the complete range of diagnostic services are offered at the main hospital in Colombo, a number of

mini labs are equipped to perform X-rays, scans and ECG diagnostic services.

Our state-of-the-art DEXA scanner facilitates advanced diagnostics for osteoporosis, diabetes and cardiovascular disease, while our all new Olympus Evis Exera III endoscopy system, was introduced during the year, enabling improved workflow and patient outcomes (discussed further in the Manufactured Capital section of this report).



Currently Durdans Hospital has in place the necessary resources to conduct a range of diagnostics including Endoscopy, Video Endoscopy, Sigmoidoscopy, Colonoscopy, Bronchoscopy and Laryngoscopy.

With the use of microwave ablation, our Radiology Department further facilitates minimally invasive treatment for patients with liver, kidney, lung, breast and prostate cancers or any kind of mass, in a state-of-the-art facility under the guidance of experienced specialists.

MEDICAL SERVICES AND SURGICAL CARE

Our medical services arm strives tirelessly towards enhancing our level of surgical care, while providing a service that is both affordable and accessible to the people. With over 50 general surgical packages in place delivered by specialist consultants and an experienced nursing staff, Durdans offers the best of multiple worlds, offering an outstanding healthcare experience coupled with the sought after aspects of convenience and cost-effectiveness.

We maintain seamless, streamlined structures and processes in our surgical theatres and Intensive Care Units, strengthened and supported by our highly skilled, trained staff dedicated to serving each division with a spirit of care and compassion. During the year we introduced an online theatre booking system, which drives internal efficiency and enables surgeons to book surgical theatres during a preferred time slot and determine availability of resources.

The hospital continues to be a preferred centre for surgical care, pursuing investments in the latest equipment and state-of-the-art technology in order to elevate its service offering. Such investments carried out in the financial year are further discussed in the Manufactured Capital section of this report.

CARDIOLOGY

Widely acknowledged as a centre of excellence in cardiac care, the Durdans Heart Centre possesses the highest capabilities in the areas of non-invasive

cardiac investigations, cardiac surgery and invasive and interventional procedures. The centre is fully equipped with the necessary expertise and technology to conduct high-risk, minimally invasive cardiac procedures, having enabled thousands of patients with complex heart conditions to live longer, healthier lives. To date, the hospital has conducted over 10,000 cardiac surgeries and 50,000 interventional procedures. There have been over 7000 cardiac channelling appointments recorded at the Heart Centre during the year. Home to a rich panel of resident consultant cardiac specialists and surgeons skilled in performing minimally invasive cardiac procedures and bypass surgeries, the centre can successfully perform complex procedures at minimal risk as a result of these procedures; reducing blood loss, lowering risk of infection and post-procedure discomfort and ensuring faster recovery - opening opportunities for treatment to those originally considered at high risk for traditional heart surgical procedures as a result of age and medical history.

In the coming year, we hope to remodel the Cardiac Channelling Area to enhance the customer experience by revamping the rooms housing the ECG and Treadmill equipment, and improving the general facilities.

STEM CELL THERAPY AND CARDIAC INTERVENTION

Using sophisticated and modern non-invasive diagnostic imaging systems, Durdans Hospital is able to effectively perform revolutionary stem cell therapy in the treatment of heart failure. With a history of successful procedures wherein which harvested stem cells from the patient's bone marrow are used to strengthen and repair dying heart muscles in order to treat heart conditions, Durdans continues to transform the landscape of healthcare through next

Performance and Capital Management

SOCIAL AND RELATIONSHIP CAPITAL

Our expert neonatologists and paediatricians are prepared to face any critical situation with the support of our cutting-edge NICU equipment and modern facilities.



generation solutions. These procedures are performed at a fully-fledged catheterisation laboratory located within the heart centre.

OBSTETRICS AND GYNAECOLOGY

The Obstetrics and Gynaecology unit of Durdans Hospital comes fully equipped with advanced laparoscopic surgical equipment with state-of-the-art in-built applications to drive the efficient performance of the hospital's primary theatre complex. Supported by such equipment, the hospital is able to perform womb removal and other gynaecological and obstetric surgeries that are minimally invasive, the adoption of which techniques cements the hospital's reputation as a leader of change, through the introduction of cutting edge, innovative medical solutions to Sri Lanka.

Our maternity unit is trusted among expectant mothers, designed to fulfill the highest levels of comfort and convenience through dedicated care and superior facilities. The unit has its own dedicated operating theatre and modern labour rooms, providing mothers with safe and comfortable surroundings, assisted by experienced professional consultants, attendants and nurses available round the clock to provide the necessary guidance and support throughout their delivery. Furthermore, the hospital provides lactation support in order to assist new mothers.

Infants in need of intensive care are treated at the Neonatal Intensive Care Unit (NICU). Our expert neonatologists and paediatricians are prepared to face

any critical situation with the support of our cutting-edge NICU equipment and modern facilities. We also conduct a Parentcraft programme in the hospital premises, directed by specialist consultants and medical officers to guide parents along the road to delivery and subsequent child care, helping them prepare for the birth of their child, and educating them on healthy lifestyles, varied labour-related arrangements and responding to any other queries a future parent would raise.

NEPHROLOGY

Supported by a team of dedicated, experienced specialists and transplant surgeons, the Nephrology Unit of Durdans Hospital provides comprehensive nephrology care including dialysis and kidney transplant procedures. With cutting-edge laboratory services driving diagnostic support for renal patients, and continues to raise awareness among the public regarding prevention of kidney failure, while our aftercare services provide constant observation and treatment until kidney function returns to a normal level and a patient is deemed in stable condition.

OPHTHALMOLOGY

The hospital has in place a fully-fledged eye care centre, supported by the expertise of specialist consultants and state-of-the-art equipment to support the latest ophthalmological procedures including Focal Laser Treatment, Pan Retinal Photocoagulation (PRP), Fundus Fluorescein Angiography (FFA) and Indocyanin Green Angiography (ICGA). The unit's powerful HD OCT-5000 scanner supports a complete range of retinal investigations, and allows for advanced screening in glaucoma patients.

OPTOMETRIST CENTRE

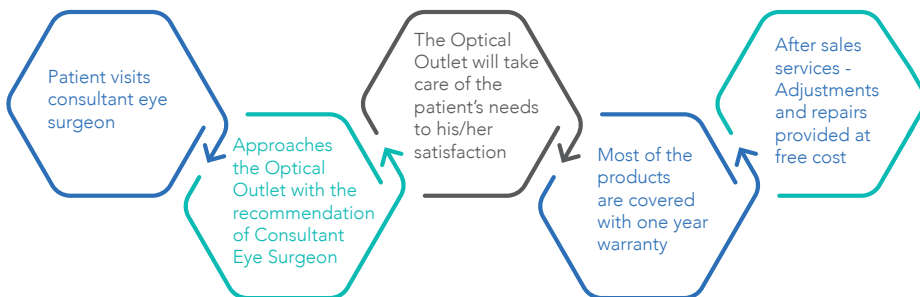
An optometrist centre was opened on the 7th floor, adjacent to the Eye Clinic, enabling the purchase of high quality lenses, spectacle frames, contact lenses and sunglasses.



Available services:

- Spectacle frames, Sunglass and Lenses
- Contact lenses and lens care (soft and hard)
- Total hearing care if required
- Fitting center facilities

The process:



NEUROLOGY

The Neurology Unit provides the highest level of service to those afflicted with a range of neurological issues. Currently possessing the most advanced biplane catheterisation laboratory in South Asia, Durdans Hospital is fully equipped to diagnose and perform the most complex procedures. Durdans also uses a CUSA machine in tumour surgery, aiding the

removal of malignancies with minimal harm to surrounding tissue in the body.

INTERVENTIONAL RADIOLOGY

Interventional radiology is increasingly being used at Durdans Hospital to perform catheter-based (small thin tubes) minimally invasive procedures guided by diagnostic imaging modalities such as X-Ray, MRI, CT

and ultrasound. Image guidance enables our interventional radiologists to guide the catheter precisely to the affected area for surgical intervention without performing open surgery. Interventional radiologists can restore blood flow to blocked arteries (angioplasty), place stents, remove blood clots (thrombosis), stop bleeding (embolisation), remove tumours and conduct biopsies. Interventional radiology can be used to treat many conditions including: Peripheral Arterial Disease, Cancer, Venous Diseases, Fibroids and Liver Disease. Interventional Radiology Procedures are an alternative to open surgery and key-hole surgeries, minimise risk of infection and require a shorter duration of hospital stay while recording a faster recovery.

DERMATOLOGY AND COSMETIC CARE

Durdans Hospital provides the latest solutions in dermatological and cosmetic procedures, enabling customers to enhance aesthetic appearance through the assistance of specialised professionals in the field. Our minimally invasive procedures ensure comfort and dependability, including laser acne scar removal, open pore treatment, treatment for scars, keloid and stretch marks, dry skin therapy, skin rejuvenation, botox treatments, injectable dermal fillers and laser treatments.

PHYSIOTHERAPY AND SPORTS MEDICINE

Our experienced and knowledgeable physiotherapists are able to provide advanced, reliable treatment for injuries sustained from physical activity such as sport, exercise, or recreation, in addition to performing therapy for those recovering from chronic illness, injury or surgery. Furthermore, the unit conducts comprehensive medical examinations for the purpose of issuing medical certificates required prior to participating in sporting activities.

Performance and Capital Management

SOCIAL AND RELATIONSHIP CAPITAL

... our focus continues to be on upholding world-class standards by improving every aspect of our operations, spanning our service, competencies, people, quality standards, infrastructure and overall efficiency.

AUDIOLOGY, SPEECH AND LEARNING

As the first private facility of its kind to be established in Sri Lanka, the Audiology, Speech and Learning Therapy Unit offers customers an extensive range of auditory therapy and speech screening services, and includes aspects such as audiological testing, balance/vestibular testing, cochlear implants, hearing aid evaluation and infant hearing screening programmes. The centre also possesses the distinction to be one of the few locations recognised as an auditory and speech screener for the national airline as authorised by the Civil Aviation Authority.

PHARMACY

Located conveniently on the ground floor in close proximity to the hospital entrance, our fully equipped pharmacy is easily accessible at any time, 365 days of the year, and provides an extensive range of all possible medical and surgical supplies required by its customers. We also possess the ability to address the requirement of those who seek outpatient care and submit prescriptions from doctors external to the hospital.

During the year we engaged in optimising our processes, to ensure less time consumption and improve levels of customer satisfaction (Refer Page 31 in this report). Stringent precautionary measures are undertaken, and the prescription is checked multiple times by qualified medical officers to ensure accuracy and safety in dispensing medication.

DIABETES CLINIC

Our dedicated Diabetes Clinic was revamped during the year, and continues to offer specialised consultation services to ensure management of diabetes and treat diabetes related complications.

FOOD AND BEVERAGE

Hospital meals can now be requested via a computer system, in addition to placing an order to the F&B Department over the ward phone system. Plans are also in place to introduce a buffet for consultants. All food items are checked and accepted as per the quality standards specified by the hospital which are distributed to the suppliers, thereby ensuring the highest quality, health and hygiene for our patients.

CUSTOMER CONVENIENCE AND SATISFACTION

In order to elevate our customer experience, our ability to maintain a high degree of patient satisfaction and customer convenience is the key to our success. Therefore our focus continues to be on upholding world-class standards by improving every aspect of our operations, spanning our service, competencies, people, quality standards, infrastructure and overall efficiency. In order to maintain our position as a trusted healthcare services provider, we continuously care for and engage with our customers in order to evaluate their needs and requirements

and assist them on their path to health and wellness.

CUSTOMER RELATIONSHIP MANAGEMENT SYSTEM

During the year we introduced a Customer Relationship Management System (CRM), to drive a more proactive approach towards improving engagement, receiving feedback and enabling us to build lasting relationships with our customers. Powered by Microsoft Dynamics, the project consists of four stages, of which two have been launched to date: 'Patient Complaints Management' and 'Sales'. The remaining stages, namely 'Customer Loyalty' and 'Customer 360° Care' will be launched in the coming year, thereby achieving our objective of providing a more holistic approach towards customer care and engagement.

INFORMATION COMMUNICATIONS CENTRE

Our new Information Communications Centre was launched during the financial year. This dedicated hotline provides patients, families and the public with current and accurate information related to all their hospital related queries. Rather than redirect customer queries to a call centre, our new communications centre is located on the ground floor, and provides information through dedicated personnel and medical officers who are able to address complex queries with accurate, relevant and timely information.

SURGICAL INFORMATION CENTRE

Focusing primarily on customer convenience, the Surgical Information Centre serves to improve customer care through a dedicated hotline which provides information related to surgeries and surgical packages.

ONLINE PURCHASE OF HEALTH SCREENING PACKAGES

Prior to the introduction of this initiative, customers who wished to purchase a health screening package were required to visit the Executive Wellness Centre. Now, through the convenience afforded by Online Health Checks, customers can simply choose their preferred package from the comfort of their homes, or while on the go. This initiative offers appointment scheduling with a customer care representative, while clear instructions are made available on the website to enable patients to make the necessary arrangements prior to taking the tests. All necessary information pertaining to the available health check packages is provided on the site to enable customers to make an informed choice, while payment can be made online through a secure payment gateway, thereby creating a platform for preventive healthcare, accessible anytime, from anywhere in the world.

In order to further motivate customers and support them on their wellness journey, online health checks are offered at a discounted value, resulting in significant expenditure savings, and increasing customer engagement.

IMPACT:

Revenue has increased due to the purchase of online health checks, in addition to recording an increase in customer base. Many happy customer comments were cited in our social media engagement network with respect to this initiative.



ONLINE LAB REPORTS

In the past, reports issued by the laboratory involved a longer turnaround time for printing and delivery. Patients were required to physically visit the hospital in order to collect the report, and therefore Durdans Hospital designed its online lab reports system with patient information security and convenience in mind.

Upon the issuance of the lab report, an encrypted message is sent to the customer via an SMS alert, enabling them to download the report to their mobile device or digital device while maintaining privacy and confidentiality. This initiative further prevents incidents such as the risk of loss or damage to the report.

Customers can also access the lab report by visiting the Durdans Online Reports portal and entering the specimen number and UHID mentioned on the lab investigation invoice. All reports pertaining to each customer are available on a dedicated

portal for optimum convenience, where patients can access all lab reports issued by Durdans over the duration of the last three months. Patients also have the option of requesting the lab reports to be emailed, while a self-service kiosk has also been introduced at the lab report collection area in order to print lab reports on demand.

IMPACT:

As a result of this initiative, a positive correlation between customer satisfaction and issued online lab reports has been identified. An improved customer satisfaction has been noticed towards this initiative through regular surveys. It has resulted a 40% reduction on paper usage, a positive move towards less carbon footprint and energy conservation.

Performance and Capital Management

SOCIAL AND RELATIONSHIP CAPITAL

CUSTOMER ENGAGEMENT

Throughout the patient's stay or treatment, we engage with our customers and their party to ensure their needs are met, and all services are delivered according to their satisfaction. In terms of in-patients, the hospital has introduced a system of room visits, checking on the patient's status during their stay and addressing their needs, and visiting them prior to discharge in order to receive feedback regarding their overall experience at Durdans Hospital. Concerns are circulated via an intra-mail system, and we strive to address them during their stay. In terms of complaints, subsequent to a visit, the customer is notified of the rectified issue and the corrective action taken.

Furthermore, we have customer care personnel stationed in the lobby to assist patients and visitors and direct them towards the service they require. Inquiries can also be made via our Chatbox, operated by our customer care representatives to ensure timely, accurate information is provided.

We also have in place an information hub for all patients, and issue quarterly communications with the latest developments offered at the hospital. Durdans also introduced periodic interactive engagement models including forums in order to foster relationships with our customers throughout the year.

CHANNELLING

Our healthcare services entail a wide range of consultants and medical specialists to choose from, in order to address specific patient requirements. Our customers can now easily access their preferred specialist through a wide range of options created to cater to their varying requirements.

Customers now have the option of placing a pencil booking for available consultants, with a simple phone call to our appointments desk, or by simply making a direct appointment via our website.



Customers now have the option of placing a pencil booking for available consultants, with a simple phone call to our appointments desk, or by simply making a direct appointment via our website. The Durdans Hospital Direct Appointments Service requires only the doctor's appointment fee and the hospital fee to be paid with no additional charge incurred, resulting in a savings of up to Rs. 300. The system is updated in real time, and appointments can be made speedily, upholding patient security and confidentiality through a user-friendly interface, facilitating customer convenience and satisfaction. Furthermore, our

customers can also channel us online using 'Doc990' or 'eChannelling' services.

CUSTOMER CARE

At Durdans Hospital, our dedication towards our customers is exemplified through our focus on personalised care and service. As a hospital renowned for our outstanding levels of patient care, we continue to maintain our longstanding reputation as a reliable, trusted healthcare services provider among the many customer segments we serve.



Banuka Ramanayaka, Rathnapura - Hair Loss Patient

I was balding at the top and saw that I was losing hair. I started my treatment in March 2018 and had three sessions within three months and one more treatment after three months. There's a visible difference and when I run my hand through my hair I feel more hair. My family and friends also comment on the difference. They are happy.

Anushka Obadage - Patient Party

My mother was admitted with Cellulitis and she was in a critical condition. She was in hospital for 14 days. The doctors who were treating her did a great job. All the nurses and other staff members in Ward 08 took care of her very well.

Mats Schlünder

Got treated for electrocution here. The rooms are simple but clean and the staff was professional. Greetings to the lady from admissions. No complaints!

Omesh Devendra - Patron

Called the hotline to acquire knowledge about doctors and this agent who assisted with me was polite, knowledgeable and even contacted the doctor for me to check his availability.

Family of Hawwa Umma - Dialysis Patient

I would like to express my sincerest thanks to all of the nurses and their assistants for the wonderful care they gave. Everyone was professional, efficient, kind and caring to my mom. The care we received exceeded our expectations. Thank you and God bless you for the work you do

Renuka Abeysinghe, Nugegoda - Acne Patient

I started my treatment in October 2017 and I have kept coming back because I find the treatment to be quite good for my pimples and I see a visible improvement. Its more than just a treatment, I rely on the doctor's sound counsel and expertise.

Ayesha Parveen Nayeem – Patient Party of Cataract Patient

I was having many doubts whether I was going to the correct hospital when it came to my father's surgery because my father is 76 years old and he has had many health complications. He was having a very bad eye condition which turned out to be glaucoma. He had eye pressure; several complications. I went to see other doctors about this but they only casually looked into it and said yes he needs surgery but never gave me a clear explanation. So I had doubts because my father is an elderly and very feeble person. He couldn't walk well. I didn't want this eye surgery to be an added burden on him. Finally I decided to go see Dr. Charith Fonseka. I came in on the day of the surgery with my father. The Durdans Eye Clinic called me on the day of the surgery to see if I was able to make it to the hospital on time. No one needs to tell me I saw with my own eyes how the nurses even though they were so busy didn't omit even one responsibility and attended to each and every patient.

Shiroman Priyantha – Shoulder Patient

I've been having this condition for three years. I channelled doctors previously but none of them could give me a good solution. I work in Italy. So after I took my reports to Italy the doctors there said I have to go for a joint replacement. Several people told me not to go for a replacement surgery as the joints have to be replaced every 10 years or so. A friend of mine who works as a physiotherapist for Sri Lanka cricket Team recommended Dr. Ashan Abeywardena. When I met him he said the damage is critical but he can give a try with stem cell grafting but the result will be 50/50. It's been almost two years since the procedure. My shoulder injury has healed to a great extent and I can move my arm and shoulders well. Those days I couldn't even put on a t-shirt by myself. I'm grateful for the recovery.

Performance and Capital Management

SOCIAL AND RELATIONSHIP CAPITAL

Manel Wijeratne - ENT Surgery Patient

In 2011 I consulted an ENT surgeon elsewhere who gave me an inaccurate diagnosis. When I consulted him again in 2015 he did not admit that diagnosis and told me that it is best to get it removed by surgery and that it carries a high risk of facial paralysis as it is on the nerve. I didn't have confidence in him after giving me a wrong diagnosis. I waited. Later on I channelled Dr. Sakka who said it is better to remove it before it gets bigger and if it goes to the nerve it will be a bit difficult to remove. He said since he looks at the nerve first and the polyp later there would be no risk. This gave me the confidence I needed. The operation was a success. No stitches can even be seen. I was able to do normal work after two days. It was a large polyp. When sent for biopsy there were cancer cells in that. An oncologist said I have to do radiotherapy but I decided against it. Dr. Sakka was confident that he had cleared the polyp completely. I went for a second opinion to Singapore. They also gave the decision that I don't have to do radiotherapy. The doctor is considerate about patients and I respect him for that. I give total credit to Dr. Sakka for saving my life.

Mr. and Mrs. Gunawardene, Parentcraft Antenatal Programme Participants

This was a very effective programme for both of us. We learnt a lot about this season. Thank you for organising such a programme for us especially since we are expecting our first baby. And plus thank you for your cheerful presentation, God bless you all.

QUALITY STANDARDS

During the year, Durdans Hospital was reaccredited with JCI Gold Standard and the ISO 15189: 2012 Standard. The reaccreditation by these standards reflects our pledge to uphold service excellence by enhancing our quality and safety practices through a reliable process that includes setting benchmarks. Once addressed, the improvements made in our healthcare practices translate into tangible benefits of care, safety and enhanced facilities for patients and patrons (refer to the Intellectual Capital section in this report).

Our Quality Assurance Team continuously monitors the hospital's activities, and conducts an internal process and outcome audit quarterly in order to address key issues that may arise in our operations, and upgrades systems and procedures where required.

The audit conducted during the busiest time of the year was a rigorous inspection covering areas of international patient safety goals, standards of clinical practice, credentialing and privileging of clinical staff, medication management, disaster preparedness, facility management and patient and family education.

ISO STANDARDS

Refer to intellectual capital on Pages 67 to 73.

HEALTH AND SAFETY

Our dedication towards our customers ensures that we prioritise their safety and well-being in all we do. Therefore, we continued to enhance the hospital's health and safety mechanisms via training, maintenance and safety audits.

During the year we conducted a comprehensive safety audit encompassing aspects of security, transport, fire safety, staff occupational health and safety, electrical hazards, hazardous materials, waste management and other general safety aspects. Stringent safety and precautionary measures are in place, with duly assigned Standard Operational Procedures (SOPs) followed by each department in order to maintain high levels of safety and quality.



We conduct maintenance activities according to a maintenance calendar, guided by the Manager Engineering. The hospital also performs random checks throughout the day to ensure consistent patient safety and care is upheld. Emergency maintenance requirements are forwarded to a centralised location, recorded and assigned to the relevant department to address issues speedily and efficiently.

As a hospital, we handle hazardous materials on a daily basis. As such, a process is also in place to address hazardous waste and spills and our staff members are periodically educated on the management thereof to ensure no harm comes to anyone present in the premises. All hazardous material is labelled and documented and disposed of safely in order to prevent any adverse effects and thereby guarantee the people’s safety.

In the event of an emergency, the hospital has adopted a code system which is announced repeatedly over the PA system in order to draw the attention of the trained staff to face the emergency situations. Actions plans are in place to address each specific emergency the moment we are made aware of the presence of such threats.

During the year we increased our CCTV coverage, with a total of 400 IP cameras



999 CARDIAC ARREST	■
888 FIRE	■
777 EXTERNAL DISASTER	■
777 INTERNAL DISASTER	■
777 BOMB THREAT	■
444 CHILD ABDUCTION	■
444 VIOLENT PATIENT OR STAFF	■



covering the entirety of the hospital area, in order to support our 24/7 surveillance of the premises. Any suspicious movement is reported to our security division, and the threat is addressed immediately by one of our trained security personnel.

MINIMISING RISK

We work with expert physicians and specialists in order to deliver on our promise of excellence in healthcare to all our customers. In order to maintain outstanding levels of patient care, we combine this expertise with a comprehensive clinical governance framework, which addresses and measures clinical risk, clinical effectiveness, workforce effectiveness and level of consumer participation. The Clinical Governance Unit works in collaboration with the Risk Management Committee to monitor these aspects, and the Board of Directors is informed of any developments.

Policies are formulated in order to minimise risk related to clinical processes, and ensure their safe execution. These policies are further reviewed and updated based on regular risk assessments, while our employees are also encouraged to report

potential or identified risks in order to strengthen our existing levels of safety.

Clinical effectiveness relates to the effectiveness of the services Durdans provides, identified through range of pre-defined quality and safety indicators. These benchmarked indicators are used to measure performance, while serious incidents are reported to the Senior Management, thoroughly investigated and addressed. Areas prone to high-risks are audited on a regular basis, while the Governance Committee and the clinical advisory panels possess adequate representation by clinicians who ensure every possible potential risk is addressed.

CUSTOMER CONFIDENTIALITY

Customer privacy is an integral aspect of our operations, and all our systems and operations have been designed with confidentiality and security of information in mind. We continue to upgrade our security mechanisms to ensure patient records. Hospital records are maintained safely, and have not encountered any complaints with respect to a breach of privacy or data loss during the year.

Performance and Capital Management

SOCIAL AND RELATIONSHIP CAPITAL

BUSINESS PARTNERS



At Durdans Hospital, our partnerships assist us to elevate our service offering and safeguard our promise of world-class healthcare, providing us with reliable, high quality goods and services essential to our operations, including pharmaceutical and medical devices, stationery, food and beverages, IT equipment and hardware. As a tertiary hospital, we collaborate with a range of suppliers to meet the demands of our stakeholders, from small vegetable and

fruit suppliers to large listed companies on the Colombo Stock Exchange, comprising of pharmaceutical manufacturers and their local agents.

Furthermore, our continued collaboration with expert consultants in the medical field ensures that we maintain the highest standards of healthcare. As an experienced, established and reputed name in healthcare, we are able to attract respected professionals in the sector who facilitate advanced care and treatment.

OUR BUSINESS PARTNERS

Our business partners can be categorised into four key aspects, as shown below;



ETHICAL PRACTICES, EXCELLENCE AND STANDARDS

We ensure that the hospital does not rely on a sole supplier, with a fair distribution of the organisation's requirements across a pool of resources in order to mitigate risk. Periodic reviews are conducted and the results thereof are communicated with respect to the quality and standards of goods and services rendered, in order to ensure the organisation's expectations are met. Furthermore, the number of brands sourced are limited to ensure that world-class products and services are procured to serve our patients with the best the healthcare industry has to offer.

At Durdans, we follow stringent guidelines with respect to our procurement and supply chain. We have taken steps to ensure all our business partnerships comply with the relevant regulatory and legal requirements. All pharmaceuticals and medical consumables are screened to verify their registration with the National Medicines Regulatory Authority (NMRA), which ensures compliance with local medical regulations and standards. Pharmaceuticals are compiled into the hospital formulary which is revised annually.

LOCAL AND INTERNATIONAL SOURCING

We believe in supporting and contributing towards the local economy by sourcing medical products that are manufactured locally. Our locally sourced examination gloves and surgical gloves meet globally accepted standards, while reaching the expectations of clinicians for the purpose of use on patients. All externally sourced products are reviewed prior to procurement against a range of requirements, as we do not compromise on our patient's health and safety.

As a tertiary hospital, we collaborate with a range of suppliers to meet the demands of our stakeholders, from small vegetable and fruit suppliers to large listed companies on the Colombo Stock Exchange...

In addressing the specific needs of each medical field, we invest in the best equipment the healthcare industry has to offer, ensuring that we extend the best possible care to our patients by purchasing globally recognised brands including Johnson & Johnson, Roche, Medtronic, Stryker, Philips, Siemens, GE and Hologic.

ASSOCIATIONS AND PARTNERSHIPS

Ceylinco Healthcare Services Ltd

During the year, Durdans Hospital signed a Memorandum of Understanding ("MoU") with Ceylinco Healthcare Services Ltd, in a bid to expand services offered by the hospital in the field of cancer treatment. As a result of this partnership with Ceylinco Healthcare Services Ltd, Durdans is now equipped to offer comprehensive cancer care services at the Durdans Cancer Care Unit. This partnership enables the hospital to treat patients with advanced radiation therapies, in addition to performing other essential functions including laboratory investigations, radiological diagnostic imaging and oncological surgery for treatment of cancer.

This MoU created the opportunity for Durdans Hospital to explore advanced radiation therapy equipment offering the opportunity to move beyond external beam radiation therapy to targeted radiation, thus minimising the adverse effects resulting from more conventional treatment methodologies.

TomoTherapy® is one such technology, which delivers radiation slice-by-slice, combining an advanced form of Intensity Modulated Radiation Therapy (IMRT), with reliable and accurate Computed Tomography (CT) scanning technology. This produces powerful and precise radiation beams which support the treatment of hard-to-reach tumours, reducing radiation exposure to healthy tissues and organs.

In addition, the partnership powers the use of Clinac ix, a state-of-the-art linear accelerator which delivers a wide range of imaging and patient treatment options, facilitating the treatment of areas appropriate for radiation therapy.

Furthermore, a specialised type of Computerised Tomography (CT) scanner (CT Simulator) supports the production of 3-D images of each patient's internal anatomy, assisting doctors to accurately and precisely determine the region of interest together with the surrounding critical structures, clearly defining the area that requires treatment.

The partnership also enables brachytherapy, which is a form of radiation therapy (radiotherapy), which involves the placement of radioactive sources directly in a tumour or body cavity.

Vision Express

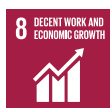
With the purpose of offering our eye patients a comprehensive service, during the year we partnered with Vision Express, a renowned local opticians service. We set up a fully-fledged optometrist centre on the 7th floor to provide our patients with the opportunity to purchase a wide variety of spectacle frames, sunglasses and lenses to suit any budget. This facility offers short turnaround time for those who wish to purchase prescription spectacles, while providing additional features of fitting facilities and hearing care (Refer Customer Capital on Page 31 for more details).

Performance and Capital Management

SOCIAL AND RELATIONSHIP CAPITAL

INVESTORS

SDGS IMPACTED:



Year on year, we strive to distribute increased returns to our valued investors and maintain the highest levels of transparency through regular communications in order to ensure their satisfaction. Any significant changes in terms of governance is updated on Colombo Stock Exchange, and further disclosed in detail in the annual report together with operational information, strategy, financial performance, risk

... we strive to distribute increased returns to our valued investors and maintain the highest levels of transparency through regular communications ...

management mechanisms and the future direction of the organisation. Furthermore, we engage with our shareholders through various mechanisms (see Shareholder Information tables on Pages 162 to 165), including our Annual General Meeting, at which we encourage their participation and feedback.

ORDINARY SHARE INFORMATION

Share price trend over the past five years

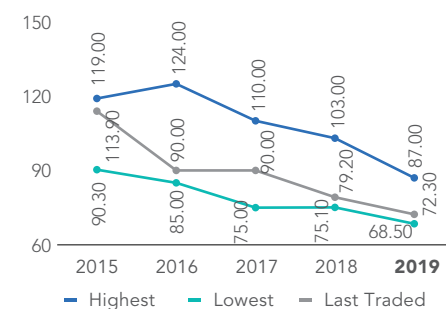
Voting

Description	2015 Rs.	2016 Rs.	2017 Rs.	2018 Rs.	2019 Rs.
Highest	119.00	124.90	110.00	103.00	87.00
Lowest	90.30	85.00	75.00	75.10	68.50
Last Traded	113.90	90.00	90.00	79.20	72.30

Non-Voting

Description	2015 Rs.	2016 Rs.	2017 Rs.	2018 Rs.	2019 Rs.
Highest	89.90	87.50	86.50	85.00	76.00
Lowest	70.20	52.00	60.20	65.30	54.20
Last Traded	75.10	73.60	71.90	72.50	67.60

VOTING - (Rs.)



NON-VOTING - (Rs.)



**DIVIDENDS PER SHARE****Rs. 3.60****EARNINGS PER SHARE****Rs. 9.50****DIVIDEND PAYOUT RATIO****58%****RETURN ON ASSETS****4%****RETURN ON EQUITY****7%****RETURN ON CAPITAL EMPLOYED****9%****MARKET ACTIVITY****Share Trading Information**

Description	2015	2016	2017	2018	2019
Number of Shares Traded					
Ordinary Shares - Voting	700,511	156,267	1,527,288	1,363,951	594,280
Ordinary Shares - Non-Voting	435,831	252,616	342,946	1,848,488	778,920

Share Trading Turnover (Rs.)

Ordinary Shares - Voting	77,406,284	16,956,458	153,051,838	133,369,757	45,240,924
Ordinary Shares - Non-Voting	33,890,329	20,182,423	26,936,817	129,216,269	52,995,054

Sustainable Value for Investors

Description	2018 Rs.	2019 Rs.
Ordinary Shares - Voting		
Highest Price	103.00	87.00
	28th June 2017	23rd May 2018
Lowest Price	75.00	68.50
	09th February 2018	31st December 2018
Last Traded Price	79.00	72.30
	29th March 2018	29th March 2019
Ordinary Shares - Non-Voting		
Highest Price	85.00	76.00
	19th May 2017	26th April 2018
Lowest Price	65.00	54.20
	26th December 2017	21st September 2018
Last Traded Price	73.00	67.60
	29th March 2018	29th March 2019

Performance and Capital Management

SOCIAL AND RELATIONSHIP CAPITAL

Financial Activity

Description	2015	2016	2017	2018	2019
Earnings per Share (Rs.)	5.91	12.67	9.67	11.87	9.50
Net Assets Value per Share (Rs.)	82.01	91.14	153.46	147.88	151.83
Return on Assets (%)	5	9	5	6	4
Return on Capital Employed (%)	10	15	10	11	9
Return on Equity (%)	8	16	7	10	7

Dividend Distribution

Description	2015	2016	2017	2018	2019
Dividend per Share (Rs.)	2.70	3.60	3.60	3.60	3.60*
Total Dividend Paid (Rs.)	91,456,360	121,941,814	121,941,814	121,941,814	121,941,814
Dividend Payout Ratio (%)	60	56	58	76	58

* This includes the final dividend of Rs. 2.74 per share paid for the FY 2017/18 and the 1st interim dividend of Rs. 0.86 per share paid for the year 2018/19.

COMMUNITY



As a responsible corporate entity founded on a philosophy of compassion and care, Durdans Hospital is dedicated towards uplifting the nation's standards in health and wellness, by enabling improved access to healthcare and raising awareness among communities and medical officers regarding the latest health developments, while promoting practices for healthier living among the people. During the year we continued to pursue activities to educate the public on preventive care, and on actions to be taken to address emerging medical concerns.

THE DURDANS HEART HEALTH FORUM

As a pioneer and leader for dedicated cardiac care, Durdans Hospital houses some of the finest cardiac specialists in the country further reinforced by a facility fully designed and equipped for the purpose of performing a range of procedures, including both routine and complex surgeries. Therefore, we continued in our quest to share our collective knowledge in order to create public awareness and educate the community regarding cardiac care and the proposed methods to combat this non-communicable disease.

During the year we held the second instalment of the Heart Health Forum, themed 'Health that Makes the Heart Go On', which took place on the 25th August 2018 at the Durdans Auditorium. The forum serves as a means of education and awareness for both heart patients and the general public, disseminating knowledge

During the year we continued to pursue activities to educate the public on preventive care, and on actions to be taken to address emerging medical concerns.

about heart disease and encouraging lifestyle modifications to promote heart-healthy living.

The programme included brief presentations and demonstrations headed by subject experts, offering practical and crucial information regarding surgical interventions, cardiac rehabilitation, diet and nutrition and recommended physical activities to promote healthier lifestyles and reduced risk of heart disease.

The response to the programme was highly positive, with a great degree of positive feedback received from participants, as shown below;

"This programme is very interesting and important. Very good, and keep us informed if there is another"

Mr. Fernando

"It was excellent. We gathered a lot of information from all the five sessions".

Mrs. Athukorala

A cardiac rehabilitation package was launched during the forum, providing to the public a medically supervised programme with components consisting of family doctor consultation, yoga, physiotherapy, cardiologist consultation, in addition to a dietitian and nutritionist consultation. Organised rehabilitation programmes such



Performance and Capital Management

SOCIAL AND RELATIONSHIP CAPITAL



as these have the potential to improve cardiovascular health for individuals who have suffered from cardiac arrest, heart attack, or are recovering following heart surgery.

The forum opened with a session on Wellness, Exercise and Fitness by Dr. Shreen Willatgamuwa, the hospital's Resident Family Physician and Executive Wellness Centre In-Charge. This was followed by a culinary demonstration of a Quick Fix Salad and Healthy Burger conducted by the resident chefs. Next, Dr. Chamara Rathnayake, Consultant Cardiologist conducted a session on Living with Heart Disease FAQs while the benefits of yoga for the heart and body were expounded on by yoga instructor, Ms. Nirojini Nagenthiram. The advantages of physiotherapy were highlighted by physiotherapist Mr. Prabath Jayawardena, with a session on minimally invasive cardiac surgeries being presented by Dr. Kesava Dev, Resident Cardiothoracic Surgeon of Durdans Hospital. Following the programme's conclusion, the audience was provided the opportunity of meeting and discussing their queries with our panel of distinguished speakers while enjoying healthy refreshments.

HEART HEALTH CAMP IN BATTICALOA

The Durdans Heart Centre is regionally renowned for performing complex heart surgeries with superior outcomes. Each year the centre performs an overwhelming number of routine heart procedures and surgeries in addition to ground-breaking procedures in healthcare. In a bid to improve access to healthcare among socio-economically disadvantaged communities, Durdans Hospital organised a two-day health camp in Eravur, a remote town 15 km North-West of Batticaloa.

The Durdans Heart Centre specialises in comprehensive heart screenings that are conducted by a leading pool of visiting and resident consultant cardiac specialists. This aids in the early detection of risk factors that can prevent the development of chronic heart diseases, which served as the primary objective of this programme.

The cardiac-related health camp took place at Al Muneera Balika Maha Vidyalaya, Eravur from the 14th to 15th July 2018, covering two full days of serving the people via comprehensive check-ups, consultancies and expert recommendations. Approximately 250 patients participated

on the first day of the camp, with Durdans doctors and staff performing health assessments on each participant, free-of-charge. Blood pressure checks, blood tests and BMI calculations were some of the assessments conducted. The second day of the programme was reserved for doctor consultations enabling patients to approach eminent Consultant Cardiologists Dr. W. S. Shantharaj and Dr. Shanike Karunaratne who provided the people with their expert assessment and recommendation.

This marked the first time that a CSR event of this magnitude had been conducted in Eravur and the response from the community was overwhelming.

"Everyone was here from the beginning, working with commitment"

Mr. Mahath, Principal,
Al Muneera Balika Maha
Vidyalaya

"Lots of people find it difficult to go to Colombo, this is a golden opportunity for our people. There are many underprivileged people here in Batticaloa and they have come here to check their health condition. We are thankful to Durdans Hospital"

Mr. Ahamed, Chairman,
Eravur Urban Council

"All Durdans staff were very friendly and doing the job well"

Mr. Devarajah

"...poor heart patients are here so we appreciate this kind service free of charge."

Mr. Wahabdeen

As a result of the programme, it was identified that a significant number of individuals who attended were over the age of 40, with a considerable portion of them displaying high risk symptoms including high cholesterol and sugar levels – enabling



the hospital to educate the people of Eravur on methods of preventing the rising threat of cardiac disease.

PARENCRAFT PROGRAMMES

Parentcraft is a free programme held periodically, enabling couples to prepare for their baby's arrival. At this event gynaecologists, obstetricians, paediatricians, nutritionists, audiologists and other specialists take to the stage to deliver expert knowledge on topics that are of importance to the healthy growth of the baby and the mother and speak on ways in which certain complications can be avoided or mitigated in a pregnancy or after birth.

DIABETES IN FOCUS

Identifying the rise of such non-communicable diseases, during the year Durdans Hospital held a Diabetes Awareness Program at the hospital

DURDANS SPONSORS EMERGENCY AMBULANCE FOR SCHOOL SPORTS-MEETS

During sports-meet season, Durdans Hospital facilitated a free ambulance service supported by medical personnel placed on standby to ensure safety in the face of a possible emergency. The following schools received this service during the year:



Ananda College – 8th February 2019



St. Bridget's College – 14th February 2019



St. Peter's College Primary – 22nd February 2019

BLOOD DONATION CAMP

Durdans Hospital conducted a blood donation campaign in May 2018, enabling the donation of over 100 pints of blood to the Apeksha Hospital Maharagama, with the participation of neighbouring offices, homes and Durdans staff, who all gave their time to save a life, despite facing busy schedules and challenging weather.

HIP SURVEILLANCE INITIATIVE

In recognition of World Cerebral Palsy Day, Durdans Hospital partnered with NCCCCDD and the MJF Foundation to launch the 'Hip Surveillance Initiative' for children for the first time in Sri Lanka. Through this programme, the at-risk children for cerebral palsy and other childhood-onset disabilities from the MJF Centres across Sri Lanka are provided with X-ray imaging to support medical and therapeutic facilities.

premises on 17th November 2018, featuring knowledge and advice beneficial for diabetes prevention, treatment and lifestyle management. Attendance was free, with sessions conducted by subject specialists who disseminated knowledge on new findings, diet and nutrition, complications and a healthy lifestyle related to diabetes which was received with great enthusiasm from the general public.

Durdans Hospital further conducted the following events during the year, inspired by its dedication towards improving the nation's access to healthcare and transforming lives.

Performance and Capital Management

SOCIAL AND RELATIONSHIP CAPITAL

... participated in a number of exhibitions and programmes designed to create public awareness regarding new developments in the healthcare industry and communicate to the people the range of services offered by the hospital.



PUBLIC AWARENESS AND COMMUNICATION

Durdans Hospital participated in a number of exhibitions and programmes designed to create public awareness regarding new developments in the healthcare industry and communicate to the people the range of services offered by the hospital.

Vedesa 2018 Exhibition - 04th to 08th December 2018 - Durdans Hospital had a stall in place to disseminate information regarding hospital services at the Vedesa

Exhibition organised by the Medical Faculty of the University of Jayewardenepura.

Medicare - 01st to 03rd March 2019- Durdans Hospital participated in the 10th edition of the Medicare National Healthcare Exhibition, recording over 3,000 attendees. Our representatives were there to provide information about the services and packages offered by Durdans Hospital, while a game and complimentary giveaway further made it an interactive experience for people.

CONTINUING MEDICAL EDUCATION PROGRAMMES

In addition to educating the hospital's staff through 'Continuing Medical Education Programmes' (CMEs), Durdans Hospital conducts and supports similar events throughout the year to enhance the knowledge of medical practitioners across different parts of the island.

04th July 2018 - Durdans Hospital sponsored a Continuous Medical Education Programme at the Anuradhapura Teaching Hospital, attended by consultants and medical officers in the region. Initiated by the Anuradhapura Medical Association, the programme was consisted of awareness sessions on topics related to surgical procedures.

28th January 2019 - In a continuous effort to support the Sri Lankan Medical Fraternity, Durdans Hospital hosted the IMPA Continuous Medical Education Programme, with a distinguished panel including Dr. Nileshe Fernandopulle communicating on Colon Cancers, Dr. Ashan Abeywardene discussing Knee Replacement while Dr. Pandula Athaudaarachchi enhancing the knowledge regarding Interventional Cardiology respectively.

22nd February 2019 - A Continuing Medical Education (CME) program was conducted for medical professionals, with 'Medical management of Advanced Cirrhosis in Adults' and 'An Update in Image Guided Interventions' being the key topics under discussion. The former session was delivered by Professor Janaka De Silva, Consultant Physician and Gastroenterologist, while the latter was conducted by Consultant Interventional Radiologists Dr. Eranga Ganewatte and Dr. Chinthaka Appuhami. Many consultants and nursing staff attended this programme.

FREE CLINICS

During the year we conducted the following free clinics, enabling better access to healthcare, while encouraging a move towards early diagnosis and preventive care.

UROLOGY

A Free Stone Clinic for Urology speciality was conducted on the 30th of March 2019, at which the initial consultation was conducted free of charge. The clinic assisted in the health assessment and diagnosis of many of the patients that attended the clinic, of several were diagnosed to undergo procedures and surgery.

ENT

A free ENT Clinic for the purpose of diagnosing disorders of the ears, nose and throat was conducted on the 23rd of March. The Clinic generated a high level of interest, evidenced by the rapid registration of patients filling up all available appointments, with several of them being translated into referrals to ENT Specialists.



Performance and Capital Management

HUMAN CAPITAL

SDGS IMPACTED:



Our employees are motivated, driven and highly skilled and serve as a key contributor towards the Durdans experience, dedicated towards delivering service excellence, care and the highest standards in healthcare. Year on year, we enhance their skills, assisting them on their path to growth, and enable them to reach their full potential. Our human resources policy continues to evolve according to employee needs and industry dynamics, enabling us to further nurture our people, creating a culture that promotes employee satisfaction and welfare.

EMPLOYEE DIVERSITY AND INCLUSION

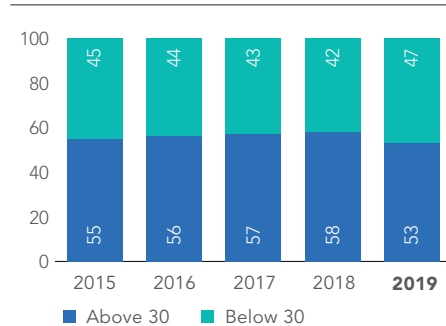
As an equal opportunity employer, Durdans Hospital values diversity, providing fair and equal opportunities in recruitment and selection. Our workforce is skilled and diverse, and we do not discriminate on

Our human resources policy continues to evolve according to employee needs and industry dynamics, enabling us to further nurture our people, creating a culture that promotes employee satisfaction and welfare.

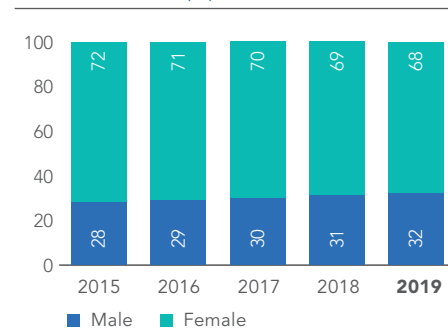
the basis of race, religion, gender, marital status or sexual orientation. Composed of a predominantly female workforce, our employees are distributed across two

primary categories, namely executive and non-executive levels, of which the latter serves as the majority.

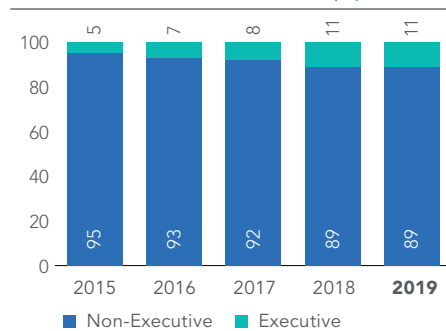
EMPLOYEE AGE ANALYSIS - (%)



GENDER-BASED EMPLOYEE DISTRIBUTION - (%)



STAFF CATEGORY ANALYSIS - (%)



RECRUITMENT AND SELECTION

The skills and expertise of our human capital ensure the seamless function of the hospital's daily activities. As such, our objective is to recruit and select the finest talent in a timely and cost-effective manner, in order to facilitate the achievement of the Hospital's strategic aims. Therefore, our well-defined recruitment and selection policies are aligned towards identifying and selecting the right person for the right position, based on pre-defined job

FEMALE WORKFORCE
68%

EMPLOYEES
2,175

specifications and qualifications, while specific education and skill requirements must be met for a potential candidate to be considered for a specialised discipline.

We continued to invest in partnerships with higher education institutes, technical training institutes, job banks and recruiters in order to source top graduates and candidates for new vacancies. Furthermore, we developed a comprehensive interview process map in order to clearly identify and indicate the different stages in the interview process faced by every employee level across the organisation.

SCREENING PROCESS

All medical professionals, resident doctors and consultants are screened by our 'Credentialing and Privileging Committee' prior to them beginning their practice at Durdans Hospital. The credentials of potential candidates are reviewed and verified with utmost care to ensure we recruit only skilled personnel to our workforce, thereby guaranteeing that our customers' health is in capable, safe hands.

AMRAK INSTITUTE OF MEDICAL SCIENCES

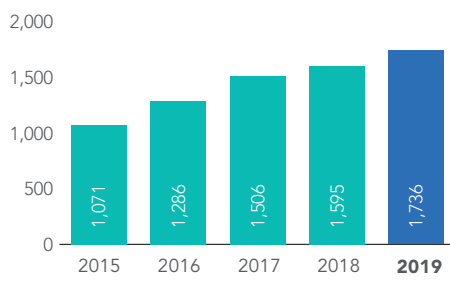
Durdans Hospital has established Amrak Institute of Medical Sciences to generate skilled labour for the healthcare industry. A Durdans Hospital and Astron, India affiliated educational institution, commercial operations of Amrak are expected to begin in the foreseeable future.

RECOGNITION, BENEFITS AND REWARDS

Our employee remuneration packages reflect the level of responsibility associated with the relevant post, regulatory policy and market standards. During the year we enhanced salaries as per the accepted market rate, in order to contribute towards greater job satisfaction and motivation among our workforce.



DISTRIBUTION OF VALUE ADDITION TO EMPLOYEES - (Rs. Mn)



Our staff remuneration consists of guaranteed 'fixed' salary and fixed and variable allowances determined by means of periodic market surveys for various employee categories. We are in the process of revamping our rewards and recognition structure to better reflect our KPIs and Brand Promise. Incentives are calculated based on an employee metric analysis linked to overall company performance and cascading objectives, while recognising the employee's individual performance which is identified through the hospital's annual performance appraisal. We anticipate this appraisal system and process to be further streamlined and reach peak efficiency

through the Human Resource Information System ("HRIS") implemented in the financial year under review.

The following benefits were extended to full-time permanent employees during the year:

- Performance-based bonus provided in addition to the regular bonus scheme decided by the management.
- Payment for extra work carried out by non-executive employees such as overtime, night allowances and holiday pay.
- Performance incentives for clinical and non-clinical staff for work beyond their expected capacity.
- Hostel accommodation for nursing staff, pupil nurses and nurse aids.
- Staff meals at subsidised rates.
- Monetary benefits for OPD services.

Performance and Capital Management

HUMAN CAPITAL



- Medical and hospitalisation insurance cover to staff and their family members.
- Insurance schemes which provide monetary benefits to the next of kin in the event of death of an employee after a critical illness.
- Free staff transport service provided for those working late hours.
- Workman insurance policy covering the risk of permanent/ temporary disabilities due to work related accidents.
- Recognising the best Customer Relationship Officer/ Customer Relationship Executive every quarter.

QUALITY INITIATIVE AWARDS

As an initiative of the Quality Week 2018, the habit of self-auditing for compliance within all wards and units in Durdans Hospital was implemented by the Quality Assurance Department. Self-auditing checklists unique to each ward and unit were formulated in accordance with the hospital policies and handed over to the



TOTAL TRAINING HOURS

14,548



TRAINING HOURS PER PERSON

8

respective units in order to inculcate this practice.

With the support of the Chief Nursing Officer and matrons, the Quality Assurance Department conducted the audits, followed by the recognition and rewarding ceremony which served as its finale. The Cardiac Surgical Intensive Care Unit emerged winners while the Neonatal Intensive Care Unit and Dialysis Unit held the second and third places. Furthermore, wards/units and departments scoring above the average cut off mark were awarded certificates of commendation.

As the second phase of this practice, a series of continuous quality improvement audits were carried out throughout the hospital in both medical and non-medical wards/units and departments. This audit for compliance was conducted by the Astron, India auditor, Dr. Jitender Sharma together with the Quality Assurance Department and the Chief Nursing Officer.

The recognition and rewards ceremony for the best performing units with the least number of non-compliances was held on the 28th February 2019 in the Durdans Hospital auditorium organised by the Human Resource Department.

The Endoscopy unit emerged the best-performing unit, Food & Beverages as the second best-performing unit and ward 7B as the third best performing unit. Furthermore, all wards, units and departments scoring above the determined average cut off mark were once again awarded certificates of commendation.

TRAINING AND DEVELOPMENT

Our training needs are identified through the analysis of data collected from a range of aspects across the hospital's various functions, including Customer Feedback, Incident Reports, HAI Risk Analysis Forms, CPR Record Sheets, Morbidity and Mortality Incidents, Observing and Detecting Bad Practices and Open and Closed BHT Audits. Through our training and development, we anticipate to achieve the following key components:



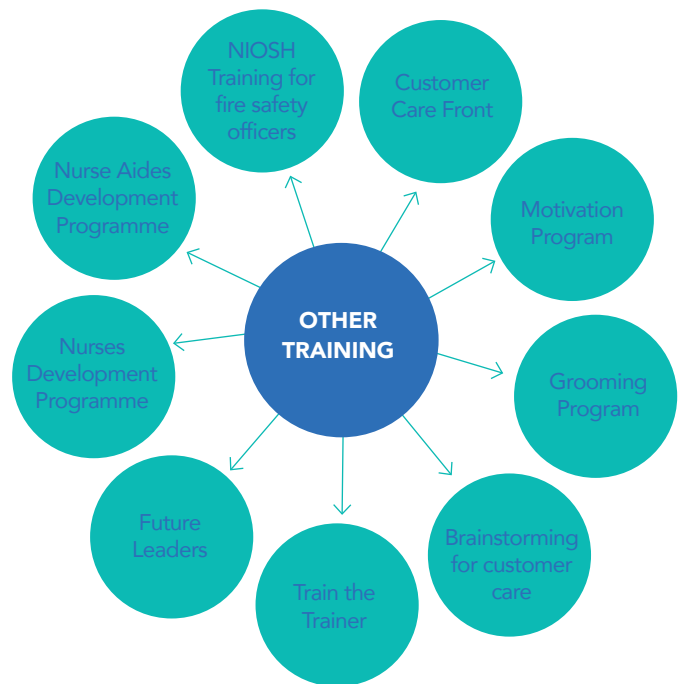
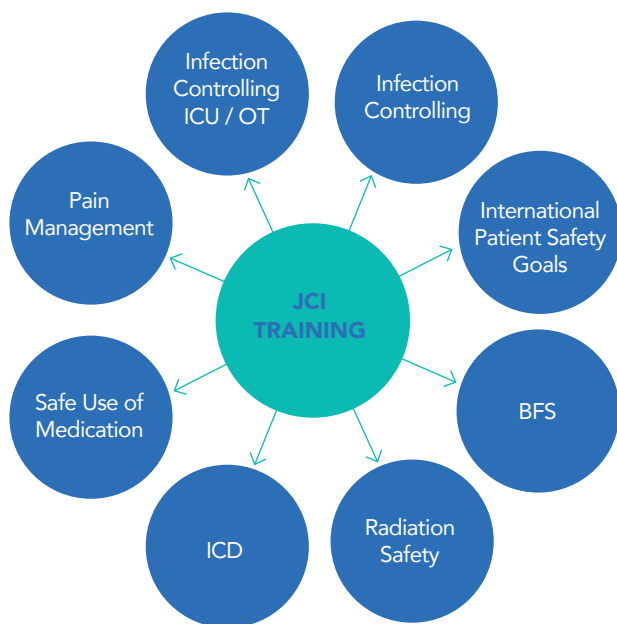
In fulfilling our mission to deliver on our promise of compassion and dedication towards the people we serve, Durdans Hospital has identified the need for our employees to provide a service that extends far beyond mere technical knowledge and skills. Therefore, the hospital invested in establishing the 'Future Leaders' development programme for nurses, sisters and matrons, targeting the development of soft skills, and emphasising aspects such as customer relations, ethics and confidentiality.

Furthermore, we conducted a training needs analysis for back office staff and developed a lab grading, taking into consideration the number of years of experience, in addition to pursuing mandatory JCI training and the routine technical skills training required by various employee levels.



Performance and Capital Management

HUMAN CAPITAL



THE DURDANS NURSING SCHOOL

The Durdans Nurses Training School continues to nurture dependable, capable graduates, while developing high standards of nursing capability among its students via a three-year residential programme structured according to Government-approved curriculums and examinations. 21 students successfully completed their first year of study during the year and concluded their capping ceremony on 28th March 2018.

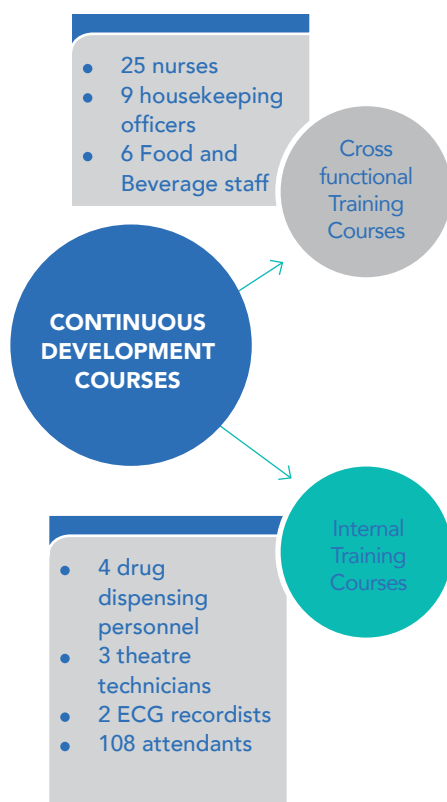
Our student nurses proudly sported their nurse's cap for the first time, as they carried a lamp to symbolise their commitment to the legacy of Florence Nightingale, while reciting the Nightingale Oath. Prizes were awarded for outstanding academic achievements during the course of their study, with students, parents, training school staff and senior management in attendance.

CONTINUOUS DEVELOPMENT COURSES

A total of 157 staff members participated in continuous development courses during

the year. The graduation ceremony was held at the Learning Centre, with gifts and certificates handed out in recognition of outstanding performance in these fields.





These Continuing Medical Education ("CME") courses comprise of programmes held in-hospital and out-of hospital, attended by members of our staff. Lecture Discussions, Workshops, Symposiums and Seminars are held at the Learning Centre and Auditorium, with more focused sessions including on-the-job training and skills enhancement being held at unit and ward level.

CME files are maintained to document performance and update skills, with a rewards system implemented for participation to ensure employee morale and motivation for learning.

CAREER PROGRESSION

At Durdans, we recognise our employees' service and skills, and thus our recruitment policies encourage internal promotion over external hires. Unless circumstances require the hospital to do so, currently all vacancies are posted on the intranet for employee consideration. Furthermore, as part of our long-term plan to introduce a standardised system for succession planning across every department, during the year we proposed a clear career progression path for theatre attendants to become theatre technicians.

EMPLOYEE ENGAGEMENT AND RETENTION

We recognise that effective employee communication and engagement ensures motivation and commitment, contributing towards employee welfare, satisfaction and adding value to the customer experience. All hospital communications and new developments in relation to processes, policies and systems are channelled via periodic emails in all three languages, in addition to the intranet, circulars and the hospital newsletter. Additionally, frequent meetings are encouraged between the senior management levels and their subordinates, creating a space for them to discuss areas for improvement and voice their concerns.

The following engagement mechanisms took place during the year under review;

- Provided staff with the opportunity to obtain household appliances and jewellery at a discounted rate using monthly instalments, in partnership with Singer PLC and Mallika Hemachandra Jewellers.
- A staff cookery competition was held, followed by a culinary demonstration on microwave cooking.

- Avurudhu celebrations were held with the involvement of Durdans management and staff, preceded by the traditional lighting of the oil lamp.
- A Mathematics and Science workshop was held for the children of the staff preparing to face the Grade 5 scholarship examination. Good Luck cards were sent out to those facing GCE O/L and A/L examinations.
- In commemoration of Vesak, the Durdans staff organised a Bhakthi Gee programme, held at the hospital premises.
- The nursing staff and management of Durdans hospital celebrated International Nurses' day, in recognition of the contribution made by nurses around the world. Dance performances and poetry recitals were key highlights of the event, with tokens of appreciation handed out to all nurses.
- The Durdans Get-Together held at the SLECC was a resounding success, with the participation of over 1000 employees.
- Durdans Hospital celebrated Christmas by spreading joy and cheer with the singing of Christmas Carols by staff members.

HEALTH AND SAFETY

Durdans Hospital focuses every effort towards fostering a safe, protected environment for patients and employees alike. Our safety policies and emergency response systems are constantly reviewed and updated in collaboration with our dedicated Quality Assurance Department in order to minimise risk and ensure all people within the hospital premises remain safe at

Performance and Capital Management

HUMAN CAPITAL

all times. While adhering to JCI standards, we strive to go beyond mere compliance, by dedicating time, energy, effort and funds towards enhancing safety mechanisms across the board.

The hospital's health and safety aspects are governed by multiple committees, shown below;



EMERGENCY RESPONSE PREPAREDNESS

Upon identifying fire safety as a primary area of focus, we created a benchmark fire emergency response readiness programme at Durdans Hospital, which saw its completion during the year under review. Partnering with external management consultants and working in collaboration with a cross-functional team from various departments, the hospital formulated

a comprehensive plan for emergency preparedness and response.

Following a gap analysis and an ensuing drive towards risk mitigation, the Durdans management tiers were educated on strategic fire risk management. Over 2,000 members of staff were subsequently trained on fire risk education, while dedicated fire teams received practical training on fire emergency response including live

firefighting and clinically critical patient evacuation.

In our journey towards continuous improvement, we performed our second full fire evacuation simulation during the year, with the support of the Fire Brigade, Disaster Management Centre, Sri Lanka Air Force and the Sri Lanka Police. Three rehearsals were conducted in total, encompassing the hospital and the car park building, carrying out both a day and night rehearsal for the former, with one rehearsal for the latter.

Furthermore, we conducted mock drills for the hospital's various designated emergency codes, performed as per GSA standards.

OCCUPATIONAL HEALTH AND SAFETY

As a hospital, our employees are exposed to occupational hazards every day; therefore, each department follows rigorous Standard Operating Procedures (SOPs) and safety measures customised to address the daily activities and potential risks emerging from the relevant function.

All hazardous materials are labelled clearly, quantified and documented, and periodic training is provided for those who handle such materials on a daily basis. In the event of a spillage, staff members are trained in the acceptable procedure of spill management and must be attired in a HAZMAT suit prior to its execution. Similarly, as part of the hospital's health and safety requirement, all bio-waste handlers are required to be geared in Personal Protective Equipment (PPE).

We maintain an open-door policy with zero tolerance for harassment in the workplace and are compliant with all employee related legal and legislative requirements.

GRIEVANCE MECHANISMS

We greatly value our employees' happiness and satisfaction, and therefore apply ourselves towards addressing any concern raised by our staff. We maintain an open-door policy with zero tolerance for harassment in the workplace and are compliant with all employee related legal and legislative requirements.

Furthermore, our employees are offered counselling services free of charge, facilitated by an experienced in-house doctor.

HUMAN RIGHTS AND CHILD LABOUR

At Durdans Hospital we dedicate ourselves to following best practices with respect to working hours, working age limits, health and safety measures, elimination of child labour and sexual harassment, also respecting the right to collective bargaining and freedom of association. Our strict policies ensure that individuals under the age of 18 are not employed by the hospital, and our screening process requires us to validate all documents of identification and follow up on character references in order to ensure compliance.

Performance and Capital Management

MANUFACTURED CAPITAL

SDGS IMPACTED:



Our manufactured capital consists of our tangible assets, namely the property, plant and equipment that support our daily operations. During the financial year under review, we expanded our operations and continued to invest in cutting-edge medical equipment to better reach our customers, and augment our delivery of a range of breakthrough, revolutionary healthcare solutions under one roof.

THE VISION 2022 PROJECT

As part of our vision to transform the landscape of healthcare in Sri Lanka, we have initiated Durdans Vision 2022 which will see us realign emerging local and global socio-economic trends with a major infrastructure development and re-modelling programme. This ambitious project commenced in the first quarter of 2018 and was further pursued during the year under review and will see an expansion of our premises to 350, 000 square feet upon completion.

Durdans has identified a clear trend towards day surgeries and procedures, low-cost wards and minimally invasive procedures and has invested in improving facilities to cater to their rising demand. With the aim of uplifting the hospital's present service delivery, the Vision 2022 project will offer greater convenience to patients by increasing capacity through the construction of newer outpatient facilities, waiting areas, consultation chambers, wards and greater service automation and innovation.

... we expanded our operations and continued to invest in cutting-edge medical equipment to better reach our customers, and augment our delivery of a range of breakthrough, revolutionary healthcare solutions under one roof.

We are also exploring new specialties for which there is an increasing demand among people, such as geriatric care and facilities for bone marrow transplants. Furthermore, we have plans in place to install a new Blood Bank and Central Sterilisation Services Department to strengthen and promote operational efficiency.

The Vision 2022 Project is conducted considering the best practices in healthcare and designed with healthcare evidence-based design a practice proven to achieve the best possible clinical outcomes to our patients by addressing patient safety and efficiencies in delivery of patient care.

ISLAND-WIDE EXPANSION

An established island-wide network of laboratories consisting of over 75 locations and partner collection centres beyond 2000, Durdans Laboratories provide convenient access to reliable and accurate diagnostic laboratory reports. During the year, Durdans Laboratory continued in its journey of growth, expanding to 22 new locations islandwide. The recent additions to the network include Vavuniya, Kottawa, Piliyandala, Galagedara, Kaduwela, Malambe, Maligawatte, Akurassa, Tangalle, Mawanella, Gampola, Udawalawe, Neluwa and Giriulla and Kahawatte. Considering,

the ease of access Katugastota and Akurana we have moved to new locations. Balangoda was converted to a laboratory to expand our reach and provide high quality laboratory services.

We continued to pursue the establishment of medical centres to expand our product portfolio with consultation and radiology services. We further promote customer convenience through our island wide presence which is supported by our mobile services which brings our services to the doorstep.



**LAB IN
PILIYANDALA**

75th



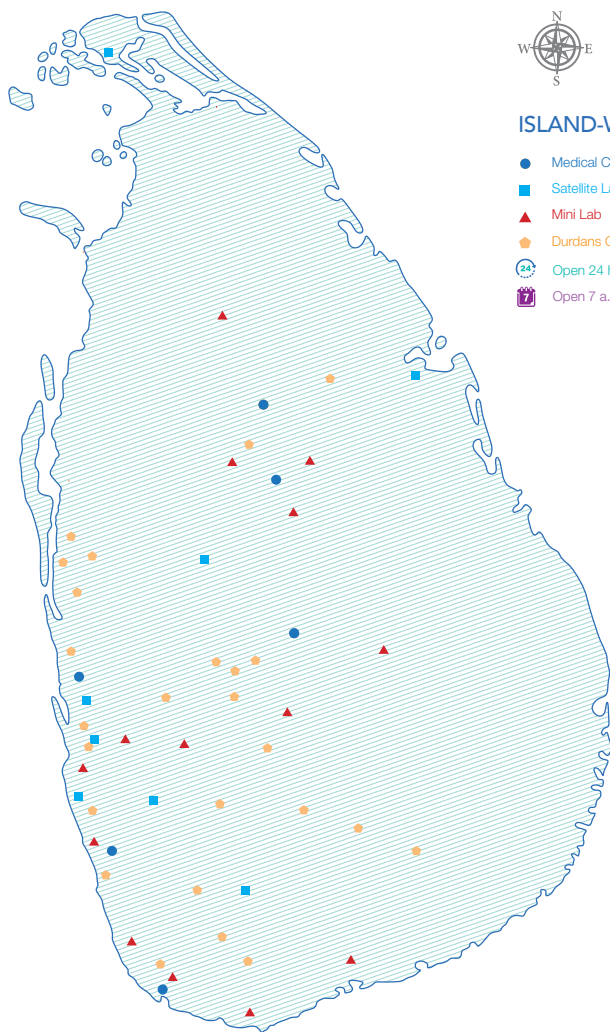
**NEW
LOCATIONS**

22



**TOTAL
LOCATIONS**

76



ISLAND-WIDE REACH

- Medical Centre
- Satellite Lab
- ▲ Mini Lab
- ◆ Durdans Own Collecting Centre
- 24 Open 24 hours
- 🕒 Open 7 a.m. - 7 p.m.

			Opening Hours
Anuradhapura	●		24
Anuradhapura- Bank Town	◆		🕒
Kahatagasdigiliya	◆		🕒
Kebathigollewa	◆		🕒
Kekirawa	◆		🕒
Thambuttegama	▲		🕒
Vavuniya	◆		🕒
Galle	●		24
Karapitiya	▲		24
Matara	▲		🕒
Udugama	◆		🕒
Ambalangoda	▲	New	🕒
Akuressa	◆	New	🕒

			Opening Hours
Tangalle	▲	New	🕒
Neluwa	◆	New	🕒
Karapitiya - New Hospital Road	◆	New	🕒
Jaffna	■		🕒
Kandy	●		24
Akurana	◆		24
Katugastota Road - Kandy	▲		24
Kegalle	▲		🕒
Nawalapitiya	▲		🕒
Mahiyanganaya	▲		🕒
Wadugodapitiya	◆		🕒
Keppetipola Mawatha-Kandy	◆		24

			Opening Hours
Anagarika Dharmapala Road-Kandy	◆		🕒
Gampola	◆	New	🕒
Mawanella	◆	New	🕒
Katugastota	◆	New	🕒
Kalubowila	●		6x8
Homagama	▲		6x7
Nagoda	▲		6x7
Panadura	▲		7x8
Wadduwa	▲		7x9
Mount Lavinia	◆		🕒
Rathmalana	◆		🕒
Moratuwa	●	New	🕒
Darga Town	◆		🕒
Kottawa	◆	New	🕒
Piliyandala	◆	New	🕒
Kurunegala	●		24
Dambulla	▲		🕒
Polgahawela	◆		🕒
South Circular Road-Kurunegala	◆		🕒
Galagedara	◆		🕒
Paragahadeniya	◆		🕒
Giriulla	◆	New	🕒
Negombo	●		24
Chillaw	◆		🕒
Wennappuwa	◆		🕒
Divulapitiya	◆		🕒
Negombo - Galkanda Junction	◆		🕒
Kochchikade	◆		🕒
Marawila	◆	New	🕒
Colombo 10	■		24
Castle Street-Colombo 8	◆		🕒
Jayewardanepura	▲		🕒
Malambe	◆	New	🕒
Kaduwa	◆	New	🕒
Malgawaththa	◆	New	🕒
Rathnapura	■		🕒
Balangoda	▲		🕒
Kahawaththa	◆	New	🕒
Udawalawa	◆	New	🕒
Ragama	■		🕒
Gampaha	▲		🕒
Kiribathgoda	◆		🕒
Wathupitiwela	▲		🕒
Wattala	◆		🕒
Mahabage	◆	New	🕒
Kandana	◆	New	🕒
Kirindiwela	◆	New	🕒
Trincomalee	■		🕒
Duke Street-Trincomalee	◆		🕒
Kanthale	◆	New	🕒

Performance and Capital Management

MANUFACTURED CAPITAL

STATE-OF-THE-ART EQUIPMENT

In the year under review, Durdans Hospital invested approximately Rs. 500 million in procuring cutting-edge medical equipment including the new biplane system, digital

mammogram, etc. to serve its patients with the latest advancements in healthcare and diagnostics. The following notable additions to our range of services were made during the year:

Image Guided Therapy System



Durdans Hospital is proud to possess the most advanced biplane catheterisation laboratory in South Asia - the Philips Azurion biplane system, which offers next generation solutions through a ground-breaking image guided platform to ensure faster, more efficient diagnosis. The system facilitates head-to-toe interventions without compromising patient safety and comfort, enabling the transformation of the hospital's level of neurology care.

Interventions are performed faster with less preparation and lab time, without jeopardizing patient safety due to the standardised protocols in place. Interventionists can also operate controls table-side without having to enter the control room or re-enter the exam room thus removing the need for sterility breaks.

NEURO AND PERIPHERAL VASCULAR PROCEDURES

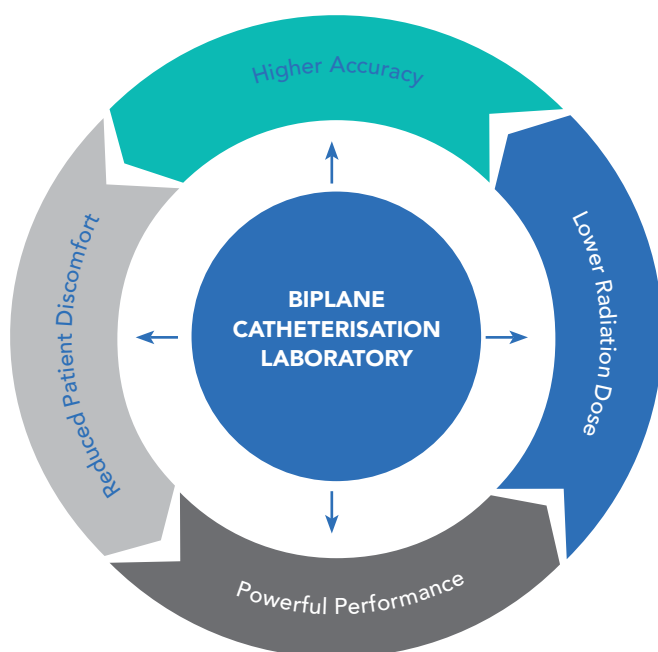
The biplane introduces new interventional tools such as VasoCT and AneurysmFlow, which are a first in South Asia. VasoCT enables interventionists to view detailed images of soft tissues and blood vessels, while AneurysmFlow can enhance decision-making through superior visualisation and quantification of information.

CARDIAC PROCEDURES

In cardiac procedures, live imaging and navigation platforms can facilitate accurate navigation inside vessels and enable precise device placement procedures. These platforms further benefit sophisticated catheter and ablation techniques for cardiac procedures that require advanced imaging and allow accurate placement of stents.

DIAGNOSTIC PROCEDURES

The laboratory comes equipped with an advanced x-ray tube, driving a powerful performance which facilitates enhanced detection. Relying on real-time information sourced from imaging systems,



interventional devices and navigational tools, clinicians are able to make efficient, faster decisions for a range of head-to-toe interventional procedures, thus preserving quality of life.

SAFETY AND HYGIENE

Multiple procedures are made possible through the Phillips Azurion Image Guidance System. As a result, heart catheterisation procedure and vascular interventions can be performed in the same operating theatre without moving patients elsewhere, thereby upholding greater levels of safety and hygiene.

RADIATION CONTROL AND MANAGEMENT

A key aspect of patient care pertains to radiation control and management, which can be achieved with the high definition images generated at a relatively low X-ray dose through ClarityIQ technology. By revealing minute details, this level of visibility assists interventionists in locating the primary site and make accurate, life-saving decisions.

... the Philips Azurion Biplane system, which offers next generation solutions through a ground-breaking image guided platform to ensure faster, more efficient diagnosis.

ENDOSCOPY SYSTEM

The Durdans Endoscopy Unit situated on the ninth floor was revamped with the introduction of the Olympus Evis Exera III endoscopy system, enabling improved patient outcomes and easing the process for both patient and clinicians in procedures such as bronchoscopy, gastroenterology and other surgical procedures. A highly advanced system, the new unit offers high definition imaging and advanced control, enabling the superior performance of routine examinations, early detection of various conditions, biopsies, minimally invasive procedures and increased accuracy in diagnosis.

DIGITAL MAMMOGRAPHY

A significant development at Durdans during the year was the introduction of Hologic Mammogram, driving early detection of breast cancer through sharper imaging and improved technology. This digital mammogram is capable of performing tomo-guided biopsy or 3D biopsy in Sri Lanka, the device enables better visibility for lesions at optimum dose, while the advanced speed and redefined ergonomics enhances patient comfort and convenience, further reducing the need for unnecessary biopsies. The 3D Digital mammogram further ensures minimal pain due to less compression, while maintaining higher levels of accuracy.

ADVANCING CONTROL

- Responsive Insertion Technology
- High Force Transmission Technology
- Variable Stiffness
- Scope Guide
- One touch connector
- Maximum compatibility

ADVANCING VISUALISATION

- Dual focus- two-stage optical lens technology
- Twice viewable distance with Narrow Band Imaging
- Save time and effort to capture sharpest image
- Wider angles

Performance and Capital Management

MANUFACTURED CAPITAL

GYNAECOLOGY ULTRASOUND SCANNER

The Voluson E8 Ultrasound System provides maximum clarity to support the early detection and diagnosis of issues related to women's reproductive health and pregnancy

related complications. The scanner uses advanced technology to capture fine details and discover the smallest anomalies, thus improving diagnostics and enabling early treatment for identified conditions.

BOTH 2D AND 3D IMAGES CAN BE ACQUIRED WITHIN ONE COMPRESSION

Increased detection of very early cancers even in dense breasts

Safe and comfortable

High resolution display

3.7 sec 3D exam time

Reduces unnecessary recalls

ADVANCED GYNAECOLOGICAL CARE

- Clarity and detail with 2D/ 3D imaging
- Visualisation of anatomy in any image plane
- Fast and easy visualisation of even the tiniest vessels
- Display more anatomical information in a single image than with standard FOV
- Tomographic Ultrasound imaging (TUI)
- Faster, Easier and More Comfortable

ADVANCED MATERNITY CARE

- Improved diagnostic confidence in complex examinations
- Better visualisation through 3D/4D US technologies help detect congenital birth defects
- Live video streaming showing motion of foetal heart wall or valve or blood flow in various vessels through 4D imaging technology
- 4-chamber view of foetal heart allows better detection of foetal defect for early treatment with improved outcomes
- Diagnose facial profile anomalies - often a key sign for syndrome recognition and diagnosis
- Automated calculation of number and volume of ovarian follicles with sonoVAC

ENT WORKSTATION

During the year, the ENT clinic transformed into a state-of-the-art facility with the introduction of the ENT workstation. Supported by modern equipment, the clinic allows for thorough examination and sound diagnosis of ENT, head and neck related conditions, and enables therapeutic procedures and a wide range of minimal access surgery as outpatient procedures.

Such procedures include examination of the ears under the microscope, ear suction under the microscope, endoscopic nasal examination, endoscopic throat examination, minor ear procedures such as providing injection to ears, and evaluation of the voice. As such, the ENT workstation offers a sense of comfort for patients and ease of precision for the ENT surgeon, thus enhancing the hospital's level of care.

INTELLECTUAL CAPITAL

SDGS IMPACTED:



Our collective knowledge, systems, technology and expertise set us apart from our competition - ensuring a distinctive service, while driving efficiency and enhanced performance across the organisation. During the year under review we invested considerably into upgrading and advancing our organisational capabilities in order to better fulfill our stakeholders' needs.

THE DURDANS BRAND

Following its repositioning in the previous fiscal year, we have now successfully completed the physical image and public perception of the Durdans brand. All signage, communications and uniforms now communicate a paradigm shift in our brand offering, moving towards a service that's wholly 'Dedicated to You'. During the year, we focused on further aligning ourselves with our brand strategy, achieving our vision to shape the future of Sri Lankan healthcare.

Our brand purpose is to define the customer experience by positively engaging with customers during their Durdans journey, which begins before entering the hospital, and extends beyond their departure. This encompasses four aspects:

EMPOWERING PRIDE

- We attract, inspire and motivate passionate individuals

DEDICATED COMPASSION

- We create heartfelt, customer-centric experiences

ADVANCING MEDICAL EXCELLENCE

- We drive the medical industry towards greater heights

PRESTIGE BEYOND BORDERS

- Enhancing our reputation beyond Sri Lanka

A PHILOSOPHY OF CARE

Our service philosophy is based on our brand culture, and during the year we continued to align our actions, attitudes and behaviour across all functions and all leadership levels. We focused on creating an experience rather than mere interaction, by cultivating employee attitudes and skills, and investing in state-of-the-art technology to exemplify a spirit of medical advancement, knowledge and heartfelt care.

CONFIDENCE

The feeling or belief that one can rely on receiving the best possible care, expertise and quality at every step.

EMPATHY

Every Durdans team member is aware of the feelings, emotions, needs and concerns of others, constantly looking for ways to improve their satisfaction.

ASSURANCE

To ensure all communications and interactions with customers dispel any doubts or uncertainties they may have.

PROGRESSIVE

A forward-thinking approach to all things healthcare - constantly applying the best practices for the total benefit of our customers.

Performance and Capital Management

INTELLECTUAL CAPITAL

During the year the Company launched the first phase of its very own HRIS. Created using a cloud-based platform, and accessible to employees via a mobile app, the system enables the automation of key HR related activities...



TECHNOLOGY

Today's healthcare sector is transforming exponentially with the rise of new developments including IoT (Internet of Things), and the advancement of healthcare wearables being areas of key impact. As such, the need for greater accuracy and robust transactions is vital to address the inevitable future of a strong digital health network and a system of proactive care.

In order to accommodate these rapid developments in technology, we enhanced the hospital's architecture through virtualisation and the installation of new infrastructure during the year under review.

We currently utilise a hybrid cloud-based architecture, leveraging each aspect to achieve greater flexibility, speed and higher levels of security and excellence in customer service solutions.

PROCESS AUTOMATION

Laboratories

A key highlight of the year was the implementation of our Laboratory Information System (LIS), an initiative which saw us achieve the complete automation of our Laboratory system. From the point of collection of a sample to the report being released, the entire spectrum of our laboratory operations was redesigned to

remove all manual forms, thus reducing the cost and Turnaround Time (TAT). Through the introduction of electronic lab reports, our printing cost reduced significantly, by as much as 40%.

Due to the deployment of the new LIS, all our centers can now access customer reports online, minimising delivery costs and resulting in considerable time savings. Investigation reports are also available on the Durdans website presently for tests conducted at the hospital. The islandwide roll out plan is scheduled for the next financial year.

HUMAN RESOURCES

During the year the Company launched the first phase of its very own Human Resource Information System (HRIS). Created using a cloud-based platform, and accessible to employees via a mobile app, the system enables the automation of key HR related activities including attendance records, overtime, leave requests, approval and payroll - thereby streamlining the HR process, enhancing security and protecting employee confidentiality.

As an entity entrusted with the public's health and well-being, we owe an immense responsibility towards the people we serve. Therefore we are working towards automating the hospital's recruitment and validation process, and are taking steps to digitise and further strengthen our onboarding process, thus ensuring we hire qualified candidates with the right skills, train new recruits to achieve thorough knowledge in their respective fields, and drive service excellence in all aspects of our operations.

During the year we also implemented the following systems and processes to further improve operational excellence and foster better management practices:



KNOWLEDGE AND EXPERTISE

We pride ourselves on our expertise and specialised industry knowledge gathered through nearly 75 years in the healthcare industry. Furthermore, we collaborate with highly skilled personnel, a rich panel of consultants and the best industry care professionals to ensure that the highest standards in healthcare and wellness are extended to the multitude of lives by whom we impact.

Activity	Outcome
Automation of the JCI Accreditation Process	<ul style="list-style-type: none"> • Reduced paper consumption • Streamlined process
Computerising inventory for laboratories situated out-station	<ul style="list-style-type: none"> • Improved operational efficiency
Combined all system platforms on a central console on the portal for internal users	<ul style="list-style-type: none"> • Convenience • Ease of access
Outpatient pharmacy optimisation through the improvement of queuing system	<ul style="list-style-type: none"> • Reduced customer waiting time • Streamlined process
Introduction of online lab reports	<ul style="list-style-type: none"> • Reduced turnaround times/timelines • Increased customer satisfaction • Reduced carbon footprint through less paper usage, less printing and reduced travel
Introduction of online health packages	<ul style="list-style-type: none"> • Convenience • Increase of customer base • Revenue increase • High levels of customer satisfaction
Theatre Booking System enabling surgeons to book time slots for surgeries	<ul style="list-style-type: none"> • Operational efficiency • Resource optimisation

Performance and Capital Management

INTELLECTUAL CAPITAL

The following are a few examples of complex procedures performed at Durdans Hospital during the year under review.

OPEN HEART SURGERY AND VALVE REPLACEMENT

Open heart surgery and valve replacement was performed on a patient who had three 98% blocks and further required an aortic valve replacement. The patient, a Sri Lankan national who resides in Canada decided to get the procedure done at Durdans Heart Centre. After the surgery the patient felt no pain at all and by the time he left the hospital was even able to engage in daily activities like climbing stairs.

PATIENT PARTY TESTIMONIAL:

"I saw Dr. Dev, and he didn't think that these stents could be put but I pursued the matter. Then I went back to pursue the matter further in Canada and they said that the valve can be replaced but that the blocks cannot be treated with stents because of the position of the blocks. So they said I have to undergo open heart surgery. So I decided to come here and saw Dr. Dev again. The surgery was performed on the 01st of October 2018. Now as I talk to you I experience no pain at all. I left hospital on the 16th of December. I was climbing stairs. So I came home. Everything was normal. I felt good, and I feel really fit now."

Mr. Lakshman Marasingha



Scan QR to watch the video

OFF PUMP MINIMALLY INVASIVE BYPASS SURGERY (MIDCABG)

A patient with severe artery blocks underwent a heart surgery following a second Myocardial Infarction (heart attack) but experienced a quick recovery due to a minimally invasive bypass surgery. The leading Resident Cardiothoracic Surgeon at Durdans Heart Centre performed an Off Pump Minimally Invasive Bypass Surgery (MIDCABG) on Mr. Ramaiah, who was diagnosed with unstable Angina and Single Vessel Coronary Disease where his left artery revealed a 100% block. On the day of discharge, Mr. Ramaiah was fit enough to drive back home due to the lessened trauma on the body from the minimal invasive surgery.

PATIENT PARTY TESTIMONIAL:

"...One significant thing that touched me was the empathy shown by the Dr. Dev and the unity of all the doctors and others including ICU staff..."

Mr. L. K. Ramaiah



Scan QR to watch the video

MULTI ARTERIAL REVASCULARISATION SURGERY

Having shown signs of six blocks in his heart, Mr. Silva underwent Multi Arterial Revascularisation Surgery to remove these blocks. Cautioned not to engage in sprinting again, he decided to train in race walking. Six months after the operation, Mr. Silva resumed his training at a slow pace, based on the doctor's advice. By March 2018 he reached peak condition, and in June 2018, he participated in his first meet since the surgery, winning a gold medal for 5km speed walking at the Sri Lanka Masters Athletics Games. Furthermore, he was selected for the World Games as well. In 2019 Mr. Silva hopes to participate in the 21st Asian Masters Athletics Championships, to be held in Malaysia.

PATIENT PARTY TESTIMONIAL:

"...The first time we met Dr. Dev, my family and I became confident that I would make a good recovery... I got the opportunity to be selected for world games thanks to Dr. Dev and the staff at Durdans Hospital" (Translated from Sinhala)

Mr. A. T. Wijaya Silva

Scan QR to watch the video



AORTIC ARCH ANEURYSM AND BYPASS SURGERY

Mr. A L Gamini had a throat problem but only when he began losing his voice did his family become alerted to his condition. A scan showed that he had an aneurysm in his aorta which is the largest blood vessel in the body. Because of the position of the aneurysm at the aortic arch, the previous cardiothoracic surgeons they had visited were hesitant to operate on it. Finally, on approaching the Resident Cardiothoracic surgeon at Durdans Heart Centre, he confidently agreed to do the surgery. It was a complicated surgery that took 14 hours to complete with 2 bypass surgeries required along with the aneurysm. The patient had a speedy recovery.

PATIENT PARTY TESTIMONIAL:

"...He (the Cardiothoracic surgeon) was very supportive and he said he had done a similar surgery. He was one of the first who went right ahead and said it can be done..."

Mr. A. L. Gamini

Scan QR to watch the video



Performance and Capital Management

INTELLECTUAL CAPITAL

BALLOON EXPANDABLE TRANSCATHETER AORTIC VALVE IMPLANTATION (TAVI)

A complex procedure involving balloon expandable transcatheter aortic valve implantation (TAVI) – (without open heart surgery) was performed on 82 year old patient Mr. Indrasena with ischemic heart disease and poor lung function by the Resident Consultant Interventional Cardiologist of Durdans Hospital. The patient was deemed at high risk level by cardiothoracic surgeons for an aortic valve replacement and bypass operation.

Following thorough TOE and CT assessments, the procedure, a minimalistic approach without any surgical input, was performed by inserting a catheter through the groin arteries under local anaesthetic only, with the patient kept conscious throughout the entire procedure. Pre-dilation balloon expansion was administered, the aortic valve assembled through the aortic annulus and the valve implanted under rapid pacing, resulting in a perfect aortic valve without any complications or bleeding during or after the procedure.

PATIENT PARTY TESTIMONIAL:

"...After the procedure my father was quite OK. His recovery was fast. In the morning we walked and he told me that he doesn't feel breathless like he used to feel earlier."

Mr. D. A. Indrasena

AORTIC REPAIR AND VALVE REPLACEMENT

Mallik S Mohamed (39) arrived in critical condition at the Durdans A & E suffering from what was later discovered to be an Acute Aortic Dissection Aneurysm, a life threatening condition. This dissection involved the aorta from beginning to end. Furthermore the blood flow to his leg was compromised, and the aortic valve was leaking. He also had high blood pressure that could not be controlled even with medication (malignant hypertension) which further complicated matters especially from an anaesthetic point of view. Overall, this was a 14 hour long high risk surgery. An Ascending Aortic Repair along with valve replacement was performed where techniques such as circulatory arrest with bilateral ante-grade cerebral perfusion with the aid of axillary cannulation were used. Following surgery, the patient made a positive recovery. The pulse in his legs reappeared and his blood pressure is now controlled.

PATIENT PARTY TESTIMONIAL:

"I was rushed to Durdans Hospital and was immediately attended to by ETU staff. I woke up in the cardiac ICU. I found out that my stars were good. I found out that I was brought to the best cardiac unit in the country"

Mr. Mallik S. Mohamed

AWARDS AND CERTIFICATIONS

Durdans is synonymous with excellence in patient care, and as testament to our achievements in this regard, Durdans Hospital received the following awards and accolades during the year under review.

JCI Reaccreditation

Durdans Hospital was re-accredited by Joint Commission International during the period under review. Durdans possesses the distinction of being the first ever hospital in Sri Lanka to receive JCI accreditation, exemplifying its commitment to quality and service excellence. The Joint Commission is a United States-based organisation that accredits more than 21,000 US healthcare organisations and programmes. JCI accreditation is considered the gold standard in global healthcare.

ISO Re-assessment

A re-assessment was conducted within the period of review, by Sri Lanka Accreditation Board (SLAB) under the ISO 15189: 2012 accreditation scheme. Upon a successful audit the SLAB has recommended to re-certify the accreditation for Biochemistry, Endocrinology, Clinical Pathology, Haematology, Immunology, Histopathology, Microbiology and Serology.

A surveillance audit was conducted in 2018 for ISO 15189: 2012, awarded by Sri Lanka Accreditation Board. The audit received a favourable report. Following the audit SLAB has also recommended Durdans Laboratory for recertification in 2019.

During the year Durdans Hospital received an award for the initiation of a digital platform towards healthcare, awarded by Dynamic CEO.



Digital Maestros Award 2018

During the year Durdans Hospital received an award for the initiation of a digital platform towards healthcare, awarded by Dynamic CEO.

FUTURE FOCUS AREAS

- Launching a mobile app to enable customer convenience
- Implementing EMR for OPD, Accident & Emergency, Radiology and Operating Theatres
- Automation of Recruitment & Validation Processes
- Strengthening the employee onboarding process
- Lean Management Practices to reduce stockholding, improve forecasting and processes

Performance and Capital Management

NATURAL CAPITAL

SDGS IMPACTED:



At Durdans Hospital, we are committed to the welfare of the environment in which we operate, and thus year-on-year we strive to reduce our environmental impact through initiatives related to four primary aspects; energy, water, emissions and waste.

In the year under review, Durdans Hospital implemented a new heat recovery system, through which wastage is recovered and supplied towards heating cool water for distribution throughout the hospital. This initiative resulted in the shutting down of both boilers previously used for water heating, causing a considerable reduction in fuel consumption. Furthermore, the hospital's conversion to the heat recovery system equates to zero cost of fuel, translating to an overall saving of approximately Rs. 900,000 per month.

ENERGY

At present, we are taking measures towards implementing a cost saving initiative for the hospital's air conditioning system by decommissioning two air condition chillers located on the premises. This project is anticipated to result in energy savings between Rs. 1 - 1.5 Mn.

We are in the process of converting fluorescent light fittings to LED lighting in phases resulting in energy savings during the year. The project has reached 50% completion, and we hope to further the

... year-on-year we strive to reduce our environmental impact through initiatives related to four primary aspects; energy, water, emissions and waste.



MONTHLY CONSUMPTION

617,888 kWh



ELECTRICITY COST PER MONTH

Rs. 13.5 Mn



ENERGY SAVINGS PER MONTH

Rs. 1.2 Mn

transformation in the coming year, in order to continue our journey of reducing our environmental impact.

Furthermore, the hospital has introduced a lighting schedule in order to optimise our energy consumption levels and reduce wastage and we have planned an awareness programme among the staff to ensure the schedule is followed accordingly. We plan to implement an Automatic Lighting Control System in the coming years, in order to automate and streamline the process and ensure the schedule is adhered to.

WATER

Cleanliness and hygiene is of paramount importance at Durdans and we adhere to strict guidelines and standards in terms of water consumption. Our water is obtained from the main city's water line and undergoes filtration at a water treatment plant prior to being used for drinking purposes. In terms of washing and other purposes, the water is used directly from the main line.



CONSUMPTION PER DAY

281,000 ℓ



CONSUMPTION PER MONTH

8,711,000 ℓ



COST PER MONTH

Rs. 774,177

We aim to control and reduce our consumption of water in the following year, by means of further increasing hospital-wide initiatives to create awareness on water usage.

EMISSIONS

At Durdans, we remain mindful of the emissions we distribute to the environment, and therefore we strive to meet the acceptable standards established by the relevant authorities. Following a thorough inspection by a third party, i.e., the Industrial Technology Institute (ITI), our emission levels were measured and submitted to the Central Environmental Authority in order to

receive complete approval. Following this process, we have obtained the required license to operate our incinerator and have met the necessary compliance for the year.

WASTE

All waste we produce is segregated according to the following classification, colour-coded for ease of identification:



General Waste - Black	
Infected Waste - Yellow	
Food Waste - Green	
Plastic/ Polythene - Orange	
Glass - Red	
Paper - Blue	

Our staff receive waste management training and are made aware of safe and accepted methods of disposal. Bio waste from the operation theatres and sharp box waste is disposed by incineration, while waste such as paper and cardboard are sold to third parties for recycling. Food waste is provided as food for livestock, while glass bottles are handed over to a third party for responsible and safe disposal. Infected linen is disinfected with chemicals and sent to the laundry for cleaning. All hazardous materials are disposed of responsibly, ensuring minimum harm to the environment and the surrounding communities.

" We are defining the future of Sri Lankan healthcare through our promise of a truly healing experience for the many people, families and communities we serve every day. "

GOVERNANCE

Corporate Governance **78**

Enterprise Risk Management **86**





Corporate Governance

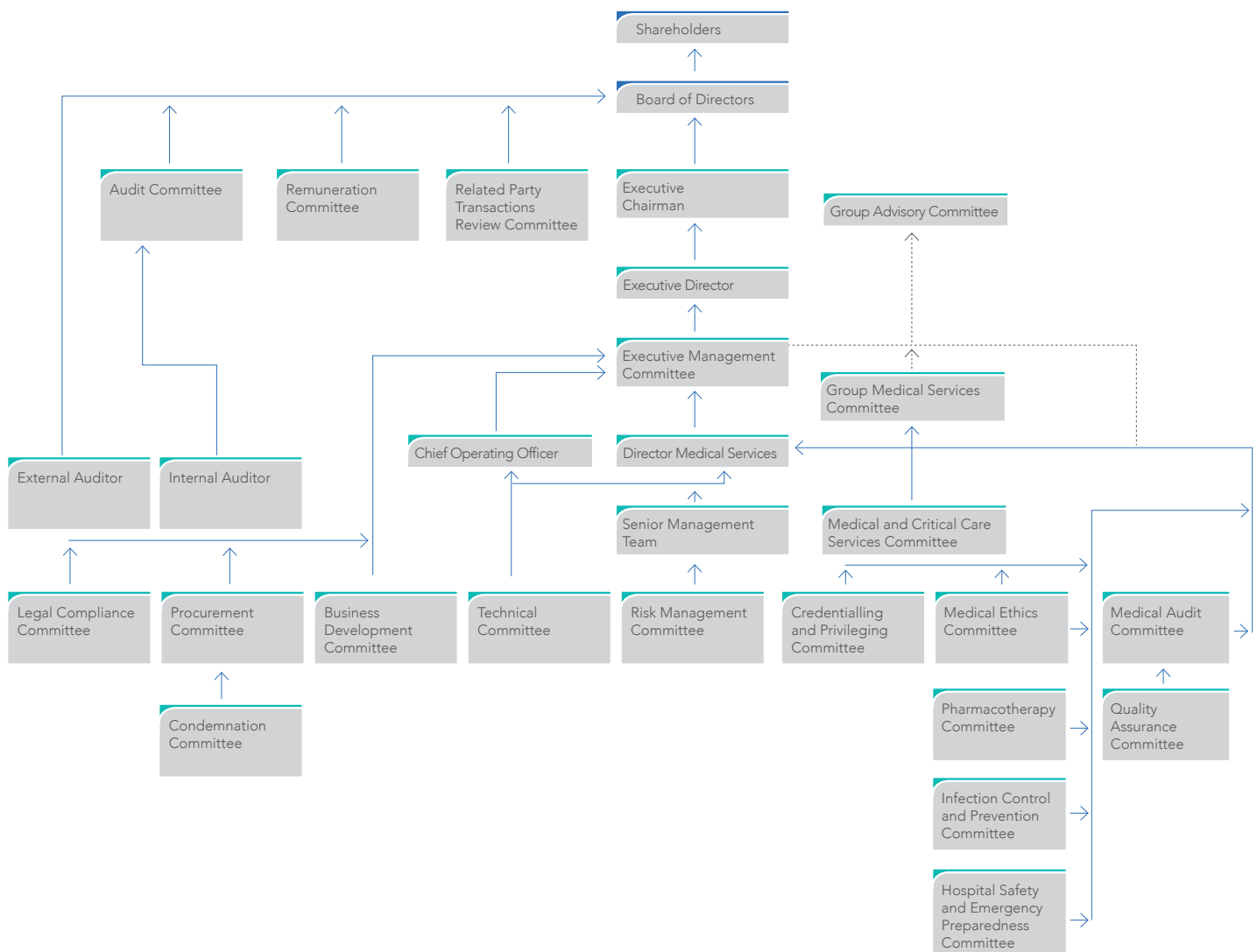
1. EXECUTIVE SUMMARY

The Company has in place a structured corporate governance framework which serves to maintain and enhance sustainable shareholder value. In addition to compliance with mandatory requirements, the Company has its own internal benchmarks and processes in order to meet

best practices in corporate governance. Detailed below are the compliances adhered to by the Company in terms of mandatory provisions of the Companies Act, Listing Rules of the Colombo Stock Exchange ("CSE") and the Securities and Exchange Commission of Sri Lanka ("SEC"), in addition to all other rules and regulations

and legislations relevant to the business of the Company. Further, where relevant and appropriate, the Company has ensured that it practices the Revised Code of Best Practices on Corporate Governance issued in 2017, jointly advocated by the SEC and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

2. ENTERPRISE GOVERNANCE FRAMEWORK AT DURDANS



2.1 The Board of Directors

2.1.1 Board Responsibilities

The key responsibilities of the Board include the following:

- Reviewing annual plans and long-term business plans
- Providing direction and guidance to formulate medium and long-term strategies aimed at promoting the long-term success of the Company
- Overseeing systems of internal control and risk management functions
- Reviewing and approving long-term strategic investments and capital expenditure
- Ensuring all related party transactions are in compliance with statutory obligations
- Monitoring systems of governance and compliance

SOME KEY DECISIONS MADE BY THE BOARD DURING THE YEAR WERE AS FOLLOWS.

- Entered into a joint venture agreement with Digital Holdings Lanka (Pvt) Ltd ("DHL"); a subsidiary of Dialog Axiata PLC to invest in a 9% stake of the ordinary shares of DHL with the intention of expanding the healthcare services of the Company via an integrated e-commerce based digital medical appointment booking solution (Doc990).
- Declared a first and final dividend of Rs. 2.74 per share for the year 2017/18 and an interim dividend of Rs. 0.86 per share for the year 2018/19 during the year under review.
- Approved to grant the 'Project 2022' building re-construction and remodeling project construction work to Tudawe Brothers (Pvt) Ltd for a contract price of Rs. 1,145 Mn.
- Approved to enter into a shareholder's agreement to invest in the capital of Amrak Institute of Medical Sciences (Pvt) Ltd, a company established to provide medical science courses for prospective students in collaboration with Astron Institute of International Studies (Pvt) Ltd, India.

2.1.2 Board Composition

As at the date of reporting the Board comprised of eight Directors of which three served in the capacity of Non-Executive, Independent Directors. In keeping with the applicable rules and codes the Company continues to maintain the right balance between Executive, Non-Executive and Independent Directors. The composition of Executive, Non-Executive, Independent Directors brings in the right mix of knowledge required to operate the business sustainably. The Executive Directors bring in extensive knowledge of the business through experience while the

Non-Executive Independent Directors bring in the required experience, objectivity and independent oversight to the business.

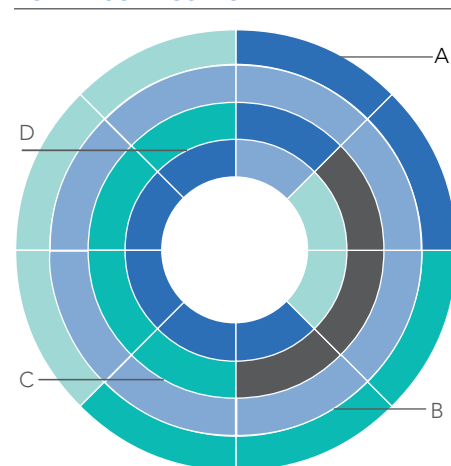
During the year under review there were no changes to the Board composition.

2.1.3 Board Appointments

Board appointments follow a formal and a structured process under the purview of the Nominations Committee.

Refer Page 100 to this Annual Report for the detailed Nominations Committee Report.

BOARD COMPOSITION



A: Designation

■ Executive ■ Non-Executive Non-Independent ■ Non-Executive Independent

B: Gender

■ Male

C: Age Group

■ < 60 ■ 60 - 65 ■ > 65

C: Board Tenure

■ < 3 Years ■ 3 - 5 Years ■ > 5 Years

New Directors when appointed are made known to shareholders via public announcements and are also declared in the quarterly interim releases as well as in the Annual Report.

Directors are required to report their business affiliations and changes to their professional responsibilities and business associations to the Nominations Committee which will examine such facts and make recommendations to the Board accordingly.

2.1.4 Board Skills

The Board brings in diverse exposure from the fields of management, business administration, medical administration, banking, finance, economics, marketing and human resources. All Directors

Corporate Governance

possess skills, expertise and knowledge supplemented with integrity and independent judgement.

Full details of qualifications and experience are provided under the Board Profile section of this Annual Report.

The Board, through a regular review of its competition ensures that the skills representation is in alignment with current and future needs of the Company.

Individual Directors are also encouraged to seek expert opinion and professional advice on subject matters of which they do not possess full knowledge or expertise, which also enables better decision making.

2.1.5 Re-Election

All directors are subject to election by shareholders at the first Annual General Meeting ("AGM"). One third of the Non-Executive Directors come up for a re-election at every AGM. The Board discusses the possibility of any impairment of Directors'

independence due to extended Board tenures and collectively evaluates the re-election of such Board members. The Executive Directors other than the Chairman-CEO are re-elected in a manner that is similar to the re-election of Non-Executive Directors.

2.1.6 Board Meetings

2.1.6.1 Regularity of Meetings

During the year four Board meetings were held. All Board meetings are pre-scheduled. Details of the Board meeting dates and the Director participation at each meeting is provided below.

	Board Meeting Date				Eligible to Attend
	17th May 2018	30th August 2018	06th December 2018	28th February 2019	
Executive					
Mr. A. E. Tudawe	✓	✓	✓	✓	4
Mr. U. D. Tudawe	✓	✓	✓	✓	4
Non-Executive, Non-Independent					
Mr. S. P. Tudawe	✓	✓	✓	✓	4
Dr. A. D. P. A. Wijegoonewardene	✓	✓	✓	✓	4
Mr. Y. N. R. Piyasena	✓	✓	✓	✓	4
Non-Executive, Independent					
Mr. A. S. Abeyewardene	✓	✓	✓	✓	4
Mr. Su-ayid M. Ismail	✓	✓	✓	✓	4
Mr. A. D. B. Talwatte	✓	✓	✓	✓	4

2.1.6.2 Timely Information to the Board

Directors were provided with necessary information well in advance by way of Board papers and proposals for all four Board meetings held during the year to help extensive discussion, informed deliberations and effective decision making.

Members of the Senior Management team made presentations to the Board on important issues relating to strategy, risk management, investment proposals, re-structuring and system procedures where necessary.

2.1.6.3 Board Agenda

The Chairman-CEO ensures that all Board proceedings are conducted smoothly and effectively, approving the agenda for each meeting prepared by the Board Secretary. The typical Board Agenda in 2018/19 took the following form:

- Confirmation of previous meeting minutes
- Ratification of Circular Resolutions
- Matters arising from previous meeting minutes
- Board sub-committee reports and other matters exclusive to the Board
- Status updates on major projects
- Review of performance – in summary and in detail
- Approval of quarterly and annual financial statements
- Tabling of Compliance report
- New resolutions
- Any other business

2.1.6.4 Board Secretary

A representative from the Company Secretaries Messrs. Nexia Corporate Consultants (Pvt) Ltd functions as the

Secretary to the Board. In addition to maintaining Board Minutes and Board Records, the Board Secretary also provides advice relating to Corporate Governance matters, Board procedures and applicable rules and regulations.

2.1.6.5 Non-Executive Directors' Contribution

In addition to attending to Board Meetings the Directors have attended respective sub-committee meetings and have contributed to decision making via circular resolutions and one-on-one meetings with key management personnel where necessary.

2.1.6.6 Ensuring Independence and Managing Conflicts of Interest

Directors make a general disclosure of interest every financial year as required. Potential conflicts if any are reviewed by the Board from time to time to ensure the integrity of the Board's independence.

During the Board Meetings, Directors who have an interest in a matter under discussion excuse themselves and abstain from voting on the subject matter.

All Directors once appointed to the Board will obtain Board clearance prior to;

- Engaging in any transaction that could create or potentially create a conflict
- Accepting a new position
- Any changes to their current Board representation or interest.

The criteria on which independence of Non-Executive Directors was reviewed is as given below

Criteria		Status of Non-Executive Independent Directors
1.	Employed by the Company during the period of two years immediately preceding appointment as Director	None of the Independent, Non-Executive Directors are employed or have been employed by the Company previously
2.	Currently has/ had during the two years preceding appointment as a Director been directly or indirectly engaged in a material business relationship/s with the Company	None of the Independent, Non-Executive Directors has/ had a material business relationship with the Company
3.	Has a close family member who is a Director, CEO (and/or equivalent) position in the Company	No family member of the Independent Non-Executive Directors is a Director, CEO of the Company
4.	Has a significant shareholding (carrying not less than 10% of the voting rights) in the Company	None of the Independent, Non-Executive Directors' shareholding exceeds 1% of voting rights
5.	Has served on the Board continuously for a period exceeding nine years from the date of first appointment	No Independent Non-Executive Director has served on the Board for more than nine years
6.	Has a relationship resulting in income/ non-cash benefits equivalent to 20% of the Director's annual income	The Independent Non-Executive Directors' income/ non-cash benefits are less than 20% of individual Director's income
7.	Is a director or an employee of another Company in which a majority of other directors of the Company are employed or are directors or have a significant shareholding or have a material business relationship	None of the Independent, Non-Executive Directors are Directors of another company as defined

Corporate Governance

2.1.6.7 Director Remuneration

2.1.6.7.1 Executive Director Remuneration

The Remuneration Committee is responsible for determining the compensation of the Chairman-CEO and the Executive Directors of the Company.

Refer Page 99 to this Annual Report for the detailed Remunerations Committee Report.

Executive Director Remuneration is a combination of fixed and variable components. The variable component is linked to the business value growth based Group's bottom line and expected returns on shareholder funds. Further, the Remuneration Committee consults the Chairman-CEO regarding any proposal relating to the Executive Director remuneration, other than that of the Chairman-CEO.

2.1.6.7.2 Non-Executive Director Remuneration

The compensation of Non-Executive Directors is determined in reference to the fees paid to Non-Executive Directors of comparable companies. Non-Executive Directors were paid additional fees for either chairing or being a member of a sub-committee. Non-Executive Directors are not paid any performance/ incentive payments.

2.2 Board Sub-committees

The Board has delegated some of its functions to Board sub-committees while retaining final decision rights.

The four Board sub-committees set up in view of delegating Board functions are listed below.

1. Audit Committee (AC)
2. Remunerations Committee (RC)
3. Nominations Committee (NC)
4. Related Party Transactions Review Committee (RPT)

The Board sub-committee comprises of principally Independent Non-Executive Directors. The membership of the four Board sub-committees for the year under review was as follows.

Committee Membership	Board sub-committees			
	AC	RC	NC	RPT
Executive				
Mr. A. E. Tudawe – Chairman-CEO	-	■	■	-
Mr. U. D. Tudawe – Executive Vice President	-	-	■	-
Non-Executive, Non-Independent				
Dr. A. D. P. A. Wijegoonewardene	-	-	-	-
Mr. S. P. Tudawe	-	-	-	-
Mr. Y. N. R. Piyasena	■	-	-	■
Non-Executive, Independent				
Mr. A. S. Abeyewardene	●	●	●	●
Mr. Su-ayid M. Ismail	■	■	■	■
Mr. A. D. B. Talwatte	■	■	■	■

- Committee Chairman
- Committee Member

In light of the above, the Company confirms that it has complied with the mandatory disclosure requirements of Section 7.6 of the Listing Rules of CSE in relation to the contents of the Annual Report and Accounts of a listed entity.

The following table provides reference to the relevant sections of this Annual Report with specified information being disclosed together with page references for the convenience of the reader.

Rule No.	Disclosure Requirements	Section/ Reference	Page(s)
7.6 (i)	Names of persons who held the position of Director during the financial year	"Our Leadership" section of this Annual Report	16
7.6 (ii)	Principle activities of the Company and its subsidiaries during the financial year and any changes thereon	Note 1.3 of the Accounting Policies	111
		Group Structure	111
7.6 (iii)	The names and the number of shares held by the 20 largest shareholders of voting and non-voting shares and the percentage of such shares held as at financial year end	Share Information	164
7.6 (iv)	The public holding percentage	Share Information	163
7.6 (v)	Directors' and Chief Executive Officer's holding in shares at the beginning and end of the financial year	Annual Report of the Board of Directors	94
7.6 (vi)	Information pertaining to material and foreseeable risk factors	Enterprise Risk	86
7.6 (vii)	Details of material issues pertaining to employees and industrial relations	Note 29	149
7.6 (viii)	Extents, locations, valuations and the number of buildings on the Company's land holdings and investment properties as at the end of the financial year	Note 10.4	128
7.6 (ix)	Number of shares representing the stated capital as at the financial year-end	Note 16	130
7.6 (x)	A distribution schedule stipulating the number of shareholders in each class of equity and the percentage of their total holdings as at the financial year-end	Share Information	162
7.6 (xi)	Ratios and market price information	Share Information	163
	Equity, dividend per share, dividend payout ratio, net assets value per share, market value per share		
7.6 (xii)	Significant changes in the entity or its subsidiaries' fixed assets and the market value of land, if the value differs substantially from the book value	Note 10 to the Financial Statements on 'Property, Plant and Equipment'	126
7.6 (xiii)	Details of funds raised through public issues, rights issues and private placements during the financial year	Not applicable	-
7.6 (xiv)	Information in respect of Employee Share Option Schemes	Not applicable	-
7.6 (xv)	Disclosures pertaining to Corporate Governance Practices in terms of Rules 7.10.3, 7.10.5 (c) and 7.10.6 (c) of Section 7 of the Listing Rules	Corporate Governance	78 - 82
7.6 (xvi)	Disclosures on Related Party Transactions exceeding 10% of the Equity or 5% of the total assets of the entity as per audited financial statements, whichever is lower	Related Party Transaction Review Committee Report	98
		Note 31 to the Financial Statements	149 - 153

Corporate Governance

The Company also confirms that it is in compliance with the Corporate Governance requirements of Section 7.10 of the Listing Rules of the CSE and disclosure of compliance with the said rules as detailed below;

Rule No.	Area Covered	Requirement	Compliance Status	Details
7.10.1	Non-Executive Directors	Two or one third of the total number of Directors whichever is higher should be Non-Executive	Compliant	6 out of 8 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	3 out of 6 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 determined to be Independent will be set out in the Annual Report	Compliant	Corporate Governance section in this Annual Report
7.10.3(b)	Disclosures relating to Directors	A determination has to be made by the Board as to the independence of Non-Executive Directors	Compliant	Corporate Governance section 2.1.6.6 in this Annual Report
7.10.3(c)	Disclosures relating to Directors	Brief resume of each independent Director should be disclosed in the Annual Report	Compliant	Our Leadership section in this Annual Report
7.10.5	Remuneration Committee	A listed company shall have a Remuneration Committee	Compliant	Board sub-committees under Corporate Governance report in this Annual Report
7.10.5(a)	Remuneration Committee Composition	i) Remuneration committee shall comprise of a minimum of two Independent Non-Executive Directors or a majority of independent Non-Executive Directors whichever is higher	Compliant	The Remuneration Committee report under Board sub-committees
		ii) A Non-Executive Director shall be appointed as Chairman of the Committee by the Board.	Compliant	
7.10.5(b)	Remuneration Committee	The Remuneration Committee shall recommend the remuneration of the Chief Executive Officer and the Executive Directors	Compliant	Corporate Governance report section 2.1.6.7 in this Annual Report

Rule No.	Area Covered	Requirement	Compliance Status	Details
7.10.5(c)	Remuneration Committee	The Annual Report shall set out:		
		i) Names of Directors comprising the Remuneration Committee	Compliant	The Remuneration Committee report under Board sub-committees
		ii) Statement of the Remuneration Policy	Compliant	
		iii) Aggregate remuneration paid to Executive and Non-Executive Directors	Compliant	Page 150 to the Annual Report
7.10.6	Audit Committee	A listed company shall have an Audit Committee	Compliant	Audit Committee Report under Board sub-committees
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 Report under Board sub-committees
		The Chief Executive Officer and Chief Financial Officer shall attend Audit Committee meetings	Compliant	
		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	
7.10.6(b)	Audit Committee	Audit Committee shall have functions as set out in section 7.10.6 of the listing rules	Compliant	Audit Committee Report under Board sub-committees
7.10.6(c)	Audit Committee	The Annual Report shall:		Audit Committee Report under Board sub-committees
		i) set out the names of Directors that comprises the Audit Committee	Compliant	
		ii) determine the independence of the Auditors and disclose the basis for such determination	Compliant	
		iii) contain a report of the Audit Committee setting out the manner of its functional compliance	Compliant	

Enterprise Risk Management

Enterprise Risk Management ("ERM") in healthcare comprises the clinical and administrative systems, processes and reports employed to detect, monitor, assess, mitigate, and prevent risks. By employing ERM, healthcare organisations proactively and systematically safeguard patient safety as well as the organisation's assets, market share, accreditation, brand value and community standing.

Deployment of healthcare risk management has traditionally focused on the important role of patient safety and minimising medical errors, the loss of which could threaten an organisation's ability to achieve its mission and decrease protection against financial liability. However, with the expanding role of healthcare technologies, increased cybersecurity concerns, the fast pace of medical science and the industry's ever-changing regulatory, legal and political climate, healthcare risk management has evolved, becoming more complex over time.

To expand the role of risk management across the organisation, Durdans has adopted a more holistic approach which, while including traditional aspects of risk management including patient safety and medical liability, has expanded to a "big picture" approach covering all potential risks across the organisation. Therefore, Durdans ERM encompasses eight risk domains as follows:

1. Patient safety/ Clinical risks
2. Strategic risks
3. Financial risks
4. Regulatory/ legal compliance and economic related risks
5. Operational risks

6. Employee related risks

7. Technological risks

8. Hazards

Based on the risk areas given above, the Company has identified the top twenty risks that requires focus and attention at corporate level. With the identification of the top twenty corporate risks, the Company has been able to formulate a comprehensive framework to enable risk management decisions that maximise creation and protection of value, while stressing the use of technology to synchronise risk mitigation efforts across the Company. This framework has further assisted in the elimination of risks associated with siloed departments or business units. Additionally, data analytics are embedded to support decision-making, departmental cohesiveness, risk prioritisation and resource allocation. Analytics are also used as an important tool for monitoring benchmarks as a means of demonstrating value achieved through ERM initiatives.

RISK MANAGEMENT PROCESS AT DURDANS

The management undertakes complete responsibility in applying an effective risk management strategy within the Company. The Audit Committee plays an integral role in risk management and oversees the adequacy and efficiency of internal controls across the Group through internal audit reports and compliance statements.

As part of its risk management, the Company adopts a risk treatment process of mitigating, minimising, accepting and/or transferring risk. Accordingly, the Company has implemented operational and management controls while establishing mitigation plans which are regularly verified by the in-house Quality Assurance Division

("QAD") and the independent internal audit team. For the purpose of managing risks on a routine basis a 'Department Risk Register' is maintained by each unit/department in conjunction with the QAD. The QAD in turn verifies this register on a quarterly basis to assess the implementation of the mitigation plans/control measures in place and determine staff knowledge on the same to avoid such risks becoming an eventuality. In addition to the above, specific mitigation mechanisms such as business continuity plans, disaster recovery plans and insurance to cover residual non-systematic risks are also employed.

The impact of an 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 used to assess the gravity of risk; Catastrophic, Major, Moderate, Minor and Insignificant.

The likelihood of occurrence is also categorised in a similar manner; Rare, Unlikely, Possible, Likely and Almost Certain. The probability of occurrence is assigned based on the extensive experience the team has in the field. The risks are further classified on dual parameters of the likelihood of occurrence and the overall impact on the business using the assessment of Low, Moderate, High and Extreme.

Likelihood	Consequence					
		Insignificant 1	Minor 2	Moderate 3	Major 4	Catastrophic 5
Rare	1	Low	Low	Low	Moderate	Moderate
Unlikely	2	Low	Moderate	Moderate	High	High
Possible	3	Low	Moderate	High	High	Extreme
Likely	4	Moderate	High	High	Extreme	Extreme
Almost Certain	5	Moderate	High	Extreme	Extreme	Extreme

Listed below are the key risks identified within the corporate risk profile along with their respective status and mitigating action plans.

PATIENT SAFETY AND CLINICAL RISK

The risk arising from the lack of safety measures for patients and staff is considered to be of high importance to the Company. As such, an in-depth evaluation of such risks is carried out on a routine basis to map out all potential areas of risk by clearly defining the actions that should be in place.

With the international accreditation bestowed on the 'Durdans' Brand, the connected measurable elements ensuring patient care is continuously monitored at all times. With respect to this risk aspect, the following internal elements of risks that could potentially hinder patient safety have been identified;

- Procedures performed in disagreement with the medical protocols
- Occurrences of cross-contamination
- Incorrect and/ or improper surgeries
- Incorrect dispensing and/ or administration of medicine
- Food poisoning

Additionally, exposure to environmental risk poses a challenge in the present-day context. In this regard, vaccinations against infections such as Hepatitis B are administered to staff who face exposure to such diseases. Further, regular screening tests are conducted for staff of critical care units to minimise hospital-borne infections. Awareness programs are also initiated for medical and clinical staff and healthcare professionals to mitigate some of the more challenging issues.

Clinical Risk Management ("CRM") plays a crucial role in enabling Durdans to identify, contain, and manage risks relating to patient care. Managing the unexpected is an essential everyday concern in high-risk organisations such as hospitals. Modern medicine has led to increasingly complex forms of treatment and processes of care. While this has resulted in a range of opportunities for improved care it has also increased the risk of adverse events and patient harm. Risks associated with patient care can never be completely eliminated and therefore, clinical risk management plays a crucial role in enabling hospitals to enhance patient safety.

Durdans fundamental business philosophy revolves around the excellent medical, clinical and aftercare services extended to

its patients. Further to the above, the CRM processes adopted by Durdans include;

- Credentialing and privileging medical staff
- Incident monitoring and tracking
- Complaints monitoring and tracking
- Infection control
- Medical record documentation/ Medical secrecy
- Preparedness for pandemics

STRATEGIC RISKS

In order to achieve short and long-term strategic objectives, the Company has created an organisational structure with clearly defined roles and responsibilities for every member of the Durdans team. This structure has served to leverage the existing functions and teams rather than create bureaucracy or overburden the leadership with decisions and tasks that can be handled by the rest of the team. Furthermore, transparent, repeatable processes have been implemented, and where possible, existing processes are used to ensure minimal disruption and provide clear direction and well-defined

Enterprise Risk Management

deliverables. Where new approaches are needed, Durdans has deployed strong change management disciplines to optimise workforce involvement and acceptance. Further appropriate risk metrics are determined for meaningful reporting formats, establishing a process for monitoring risk metrics to make sure information is relevant, reliable and provided on a regular basis. The Company has also developed and implemented the tools and templates needed to efficiently standardise and sustain the risk management process, emphasising practicality and cost/ benefit optimisation.

FINANCIAL RISKS

The Company's continuous drive to invest in advanced technology requires seeking and obtaining the necessary finance for investments. Being mindful of the gearing level of the entity, the Company ensures it manages its borrowings with due care. It ensures that financial obligations are settled in a timely manner. Further, the management exhibits the utmost diligence in monitoring market fluctuations in relation to interest rates with the objective of obtaining the best returns for the Company.

The liquidity position of the company is monitored very closely, and cash flows are managed on a daily basis with extreme care. Any investment opportunity is supported by a feasibility study to guarantee an acceptable Return on Investment (ROI).

With corporate customers and insurance companies comprising a significant portion of the business debt portfolio, receivables are closely monitored to reduce the risk arising from grant of credit. In order to strengthen the process of granting credit to corporates the Company adopts a credit evaluation process where credit limits and credit periods are granted by the Executive Management Committee of the

Company. As a control measure, an internal operating procedure has been developed to avoid any unauthorised credit limit being entered into the operating system without the knowledge and approval of the management of the Company.

REGULATORY AND LEGAL COMPLIANCE RELATED RISKS

The regulatory environment continues to pose a degree of uncertainty resulting in the hospital being challenged in its efforts to define medium and long-term strategies. As a migratory measure Durdans has resorted to implementing structures which are robust and effective while being flexible and acceptable to changes within the legal framework and business requirements. Durdans also participates in various industry forums for greater awareness, while enlisting the support of decision makers to obtain greater clarity and ensure increased consistency with respect to government policies and initiatives.

ECONOMIC RISKS

The Company operates in a dynamic environment where various economic factors can potentially impact the business and its operations.

With healthcare being an essential service, Durdans is insulated against economic shocks to a certain extent in comparison to other industries. However, the Company has been adept in identifying potential risks that could impact its 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 urgently. With the collective experience of the team, changes are anticipated effectively, and the adverse impact minimised.

OPERATIONAL RISK

In any organisation, people and processes inherently incur errors and contribute towards ineffective operations. In evaluating operational risks, practical remedial steps are required to eliminate the exposure and to ensure successful responses. In light of the above, an annual review of operational risks is carried out by an external risk management organisation and the outcome thereof is reported to the Board of Directors for their information and for appropriate action where necessary. A number of operational risk mitigation measures carried out by Durdans is listed below;

- Backup arrangements for utility services and critical medical equipment
- Periodic review and calibrations of medical equipment by the Bio-Medical engineering team to ensure expected performance
- Backup arrangements for data and IT system security
- Effective supply chain management coupled with rigorous stock management procedures to avoid stock outs, eliminate wastage and pilferage as well as minimise the value of expired stocks
- An HRM framework with clear policies and procedures for selection, recruitment, training and development

Damage to reputation causes irreparable loss to a brand and brand image. Hence safeguarding the organisation's reputation by following guidelines to handle consumer grievances has always been a key area of focus for the Company. The Durdans team places a great degree of emphasis on ensuring every experience is a memorable one for each patron at every service

touchpoint. Constant improvements to an already well-established system of operations is undertaken by the management on a daily basis, taking into account the feedback received from all stakeholders to ensure an improved service.

EMPLOYEE RELATED RISKS

The Company continues to value its people as the most important asset of the organisation considering it is they who translate corporate vision into reality by delivering high levels of care to its patrons. Every employee epitomises the values of the Company while at work, as well as outside of working hours.

Unlike a few years ago, the private healthcare sector today is a dynamic one, which makes it necessary to constantly enhance the people agenda in a manner beneficial to employees and the Company. Hence Durdans is constantly addressing the needs of its staff members and taking steps to motivate employee engagement through a performance-driven culture. In doing so, every team member is made to understand how his/her role delivers value and contributes towards the organisation's performance, thereby enhancing their commitment to uphold the best standards of service delivery.

In the past, Durdans took steps to transform its organisational culture and create a cohesive team environment. Continuous efforts were taken to improve communication among management, staff, team leaders and units to disseminate information across the organisation in a more effective and efficient manner. Results of the annual employee satisfaction survey carried out by the Human Resources Department were collated carefully and corrective action taken to improve and to address employee concerns.

INFORMATION TECHNOLOGY AND INFORMATION MANAGEMENT RELATED RISK

Daily operations at Durdans are managed using a fully-fledged ERP system which was developed in-house. The security of information and the uninterrupted service of its systems are of utmost importance for the continued operations of the Company. The loss of data due to technical failure, system downtimes, threat of viruses and data security are some of the key concerns the Company has identified, and steps have been taken to minimise all possible risks arising from the aforementioned threats.

The system currently runs on a high availability solution powered by a VMware platform to maintain zero downtime. Security has been improved on the servers through VLAN and firewalls, combined with real time monitoring and alerting systems against intrusions and suspicious activity. During the financial year the Company completed the installation of a 'cloud backup solution' to further minimise the loss of valuable data.

Patient data is managed confidentially with the creation of high security zones within the network, only accessible to designated personnel. The Company has also taken measures to install firewalls to protect data against unauthorised access, in addition to implementing measures for DLP (Data Leakage Prevention) and real-time threat monitoring alerts. Durdans has migrated to a Microsoft cloud platform with improved security to enhance productivity and provide mobility. All external laboratories are connected to the main hospital using a state-of-the-art IP-VPN with enhanced security and reduced redundancy.

“During the year, we continued to utilise our financial capital to create and distribute sustainable value for our shareholders, employees, financiers and the government.”

FINANCIAL REPORTS

Annual Report of the Board of Directors on the Affairs of the Company	92
Statement of Directors' Responsibility	97
Report of the Related Party Transactions Review Committee (RPTRC)	98
Report of the Remuneration Committee	99
Report of the Nominations Committee	100
Audit Committee Report	101
Independent Auditor's Report	103
Consolidated Statement of Profit or Loss and Other Comprehensive Income	106
Consolidated Statement of Financial Position	107
Statement of Changes in Equity	108
Statement of Cash Flows	110
Notes to the Financial Statements	111





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

GENERAL

The Directors have pleasure in presenting their report and the audited financial statements of the Company and the Group for the year ended 31st March 2019 and the auditor's report on the Consolidated Financial Statements.

This report provides the information as required by the Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange and recommended best practices on Corporate Governance. This report was approved by the Board of Directors on 09th May 2019.

1. PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Ceylon Hospitals PLC is the holding company of Durdans Heart Centre (Pvt) Ltd and Durdans Medical and Surgical Hospital (Pvt) Ltd constituting the Durdans Hospitals Group.

The Chairman's Review and Performance and Capital Management sections are incorporated into this report by reference. They contain details of development and performance of the Group's businesses during the year, an indication of the key performance indicators and information regarding principal risks and uncertainties together with information equivalent to that required for a business review.

The measures taken by the Company to manage its risks are detailed in the report titled Enterprise Risk Management on Page 86 of this report.

2. FUTURE DEVELOPMENTS

The Group will embark on a five-year construction project to remodel and rebuild its existing older buildings to suit the requirements of the customers who will patronise the hospital in years to come. It is the belief of the management that

the future demand for healthcare will be focused towards shorter hospital stays resulting from advanced technological factors. On completion of the proposed project the hospital will have a purpose-built state-of-the-art facility having economical ward beds dedicated for males and females in addition to the standard rooms.

Further information on future developments is provided in the Chairman's Review of this report.

3. FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP

The Financial Statements of both the Company and the Group duly certified by the Chief Financial Officer and approved by two directors in compliance with Sections 152, 153 and 168 of the Companies Act No. 07 of 2007 are given from Pages 106 to 159 of the Annual Report.

4. AUDITORS REPORT

The Company's external auditors, Messrs. B. R. De Silva & Co. Chartered Accountants performed the audit on the financial statements for the year ended 31st March 2019. The Auditor's report on the Financial Statements is given on Pages 103 to 105 of the Annual Report as required by Section 168 (l) (c) of the Statutes.

5. ACCOUNTING POLICIES

A summary of the significant accounting policies adopted in the preparation of the Financial Statements is given from Pages 111 to 122 of the Annual Report as required by Section 168 (l) (d) of the Companies Act No. 07 of 2007. The policies adopted are consistent with those adopted in the previous financial year.

6. RESULTS AND DIVIDENDS

6.1 Gross Revenue

The total revenue of the Group for the year ended 31st March 2019 was Rs. 5.8 Bn (2018 - Rs. 5.7 Bn). An analysis of the income is given in Note 3 to the Financial Statements on Page 123 to this Annual Report.

6.2 Profit and Appropriations

The profit before income tax of the Group for the year ended 31st March 2019 was Rs. 549 Mn (2017/18 - Rs. 603 Mn) and the profit after tax for the year ended 31st March 2019 was Rs. 376 Mn (2017/18 - Rs. 488 Mn). The details of the Group profits are given on Page 106 to this report.

6.3 Dividend on Ordinary Shares

A first interim dividend of Rs. 0.86 per ordinary share for the year ended 31st March 2019 was paid in the month of June 2018. The Board has recommended a second interim dividend of Rs. 3.60 per share for the year ended 31st March 2019 to be paid in May 2019. No further dividends have been recommended.

Prior to recommending the dividend, in accordance with Section 56 (2) and (3) of the Companies Act No. 07 of 2007, the Board of Directors signed a certificate stating that, in their opinion, based on the available information, the Company will satisfy the solvency test immediately after the distribution is made. The Company has obtained a certificate from the Auditors for the said solvency statement in terms of Section 57 of the Companies Act.

6.4 Provision for Taxation

Income tax for 2018/19 has been provided on taxable income arising from the operations of the Group and has been disclosed in accordance with Sri Lanka Accounting Standards. The Group has also provided deferred tax on all known temporary differences using the liability method as permitted by the Sri Lanka Accounting Standard (LKAS 12) on Income Tax.

Information on income tax expenses and deferred taxes is given in the notes to the Financial Statements on Page 125 to this Annual Report.

6.5 Reserves

The Group's total reserves as at 31st March 2019 amounted to Rs. 4.23 Bn (2017/18 – Rs. 4.09 Bn). The movement of the reserves are given on Page 108 under 'Statement of Changes in Equity' and in the notes to the Financial Statements of this Annual Report.

6.6 Property Plant and Equipment, Investments Properties, Leasehold Properties and Intangible Assets

Details of capital expenditure incurred on property, plant and equipment are given in the Notes to the Financial Statements from Pages 126 to 128.

7. CREDITORS

For all trade creditors, it is the Group policy to:

- Agree and confirm the terms of payment at the commencement of business with that supplier
- Pay in accordance with any contract agreed with the supplier or as required by law, and
- Continually review payment procedures and liaise with suppliers as a means of eliminating difficulties and maintaining good working relationships

8. DIRECTORS

8.1 List of Directors

The Board of Directors of the Company as at the date of this report comprise of eight, having extensive medical, financial and commercial knowledge and expertise. The qualifications and experience of

the directors are given in the 'Board of Directors' section from Pages 16 to 19 of this Annual Report.

Names of the persons who held office as Directors of the Company as at 31st

Mr. A. E. Tudawe	Chairman - Executive Director
Mr. U. D. Tudawe	Executive Director
Mr. S. P. Tudawe	Non-Executive Director
Dr. A. D. P. A. Wijegoonewardene	Non-Executive Director
Mr. Y. N. R. Piyasena	Non-Executive Director
Mr. A. S. Abeyewardene	Independent, Non-Executive Director
Mr. Su-ayid M. Ismail	Independent, Non-Executive Director
Mr. A. D. B. Talwatte	Independent, Non-Executive Director

March 2019 and the names of the persons who ceased to hold office as Directors of the Company at any time during the year 2018/19, as required by Section 168 (1) (h) of the Companies Act No. 07 of 2007 are given below.

8.2 Independence of Directors

The Board has made a determination as to the independence of each non-executive director and confirms that three of the non-executive directors meet the criteria of independence in terms of Rule 7.10.4 of Listing Rules.

Each of the independent directors has submitted a signed and dated declaration of his independence against the specified criteria.

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

8.3 Re-election of Directors

In Accordance with the Articles of Association of the Company and the Corporate Governance Code Mr. A. D. B. Talwatte will retire by rotation at the Annual General Meeting in June 2019 and being eligible, will offer himself for re-election with the unanimous consent of the Directors.

8.4 Recommendation for re-election

Dr. A. D. P. A. Wijegoonewardene, Mr. Y. N. R. Piyasena and Mr. A. S. Abeyewardene shall vacate their office as per the requirements of Section 210 of the Companies Act No. 07 of 2007 and three separate resolutions will be tabled at the forthcoming Annual General Meeting to obtain the sanction of the shareholders to re-appoint them as Directors to the Board as per Section 211 of the Companies Act.

8.5 Disclosure of Directors Dealings in Shares

Directors' Interest in Ordinary Shares of the Company were as follows:

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

	31st March 2019 Number of Shares		31st March 2018 Number 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
Mr. Su-ayid. M. Ismail	100	-	100	-
Mr. A. D. B. Talwatte	1,000	-	1,000	-

8.6 Remuneration and Other Benefits

Directors' remuneration and other benefits, in respect of the Company for the financial year ended 31st March 2019 is given in Note 31.5.1 to the Financial Statements on Page 150 of this Annual Report as required by Section 168 (1) (f) of the Companies Act No. 07 of 2007.

8.7 Directors' interests in Contracts or Proposed Contracts

Directors have no direct or indirect interest in any contract or proposed contract with the Company for the year ended 31st March 2019 other than those disclosed on Page 152 of this Annual Report.

The Directors have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested. They have also disclosed their interest in other companies so as to ensure that they refrain from voting on a matter in which they have an interest.

8.8 Related Party Transaction

The Board formed a Related Party Transactions Review Committee in 2016 to assist the Board in reviewing all related

party transactions carried out by the Company and its subsidiaries adopting the Code of Best Practice on Related Party Transactions as issued by the Securities and Exchange Commission of Sri Lanka (SEC).

9. ARTICLES OF ASSOCIATION

The Articles of Association of the Company may be amended by passing of a special resolution.

10. STATED CAPITAL

The stated capital of the Company as at 31st March 2019 was Rs. 916 Mn comprising 25,527,272 voting and 8,345,454 non-voting ordinary shares. (2017/18 – Rs. 916 Mn comprising 25,527,272 voting shares and 8,345,454 non-voting shares). Details of the stated capital are given in Note 16 to the Financial Statements on Page 130 to the Annual Report. The rights and obligations attached to the ordinary shares are set out in the Articles of Association of the Company a copy of which can be obtained from the Secretaries upon request.

11. SHARE INFORMATION

Details of share-related information are given on Page 162 to this Annual Report and information relating to earnings, dividends and net assets per share is given in the Performance and Capital Management section on Pages 46 to 48 of this Annual Report.

12. PUBLIC HOLDING OF SHARES IN THE COMPANY

The public shareholding as at 31st March 2019 for voting and non-voting shares was 23.30% and 78.6% respectively.

13. SUBSTANTIAL SHAREHOLDING

Substantial shareholders are required to notify their interests in accordance with Section 200 of the Companies Act No. 07 of 2007. They are also obliged to comply with the notification obligations to the Company as contained in the rules of the Colombo Stock Exchange.

The Twenty Largest Shareholders of the Company as at 31st March 2019 are indicated on Pages 164 to 165 of this Annual Report.

14. EQUITABLE TREATMENT TO SHAREHOLDERS

The Company has at all times ensured that all Shareholders are treated equitably.

15. CORPORATE DONATIONS

During the year, the Company made donations to charity amounting to Rs. 738,865 (2017/18 - Rs. 737,524). The information given above on donations form an integral part of the Report of the Board of Directors as required by the Section 168 (1) (g) of the Companies Act No. 07 of 2007.

16. ENVIRONMENTAL PROTECTION

The Group and the Company have not, to the best of their knowledge engaged in any activity, which was detrimental to the environment.

17. STATUTORY PAYMENTS

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

18. EVENTS AFTER THE REPORTING PERIOD

There have been no material events occurring after the Balance Sheet date that would require adjustments to or disclosure in the Financial Statements other than as disclosed in Note 28 to the Financial Statements on Page 149 to this Annual Report.

19. GOING CONCERN

The Board of Directors has reviewed the Company's business plans and is satisfied that the Company has adequate resources to continue its operation in the foreseeable future. After considering the financial position, operating conditions, regulatory and other factors and such other matters required to be addressed in the Corporate

Governance Code, the Directors have a reasonable expectation that the Company possesses adequate resources to continue in operation for the foreseeable future. For this reason, the Group of Companies continues to adopt the going concern basis in preparing the financial statements.

Details of the adoption by the Group and the Company of the going concern basis in preparing the financial statements are set out in the financial review within the business review section and are incorporated into this report by reference.

20. RISK MANAGEMENT AND SYSTEM OF INTERNAL CONTROL

20.1 Risk Management

Specific steps that have been taken by the Company are detailed on Pages 86 to 89 to this Annual Report.

20.2 System of Internal Control

The Board of Directors has established an effective and comprehensive system of Internal Controls to ensure that proper controls are in place to safeguard the assets of the Company, to detect and prevent fraud and irregularities, to ensure that proper records are maintained, and Financial Statements presented are reliable. Management Accounts are prepared monthly to provide the management with relevant, reliable and up-to-date Financial Statements and key performance indicators.

The Audit Committee reviews on a regular basis, the reports, policies and procedures to ensure that a comprehensive internal control framework is in place. More details in this regard can be seen on Page 101 of this Annual Report.

The Board has conducted a review of the internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of their effectiveness

and successful adherence therewith for the period up to the date of signing the Financial Statements.

20.3 Audit Committee

The composition of the Audit Committee and their Report is given on Page 101 of this Annual Report.

21. CORPORATE GOVERNANCE

The Corporate Governance practices of the Company are set out from Pages 78 to 85 of this Annual Report. The Directors acknowledge their responsibility for the Group's corporate governance and the system of internal control.

22. OPERATIONAL EXCELLENCE

To increase efficiency and reduce operating cost the Company has ongoing initiatives to drive policy and process standardisation and to optimise the use of existing technological platforms.

23. APPOINTMENT OF AUDITORS

The Financial Statements for the year have been audited by Messrs. B. R. De Silva & Co. Chartered Accountants, who offer themselves for re-appointment. A resolution to re-appoint them as Auditors and authorise the Directors to fix their remuneration will be proposed at the Annual General Meeting.

24. AUDITOR'S REMUNERATION AND INTEREST IN CONTRACTS WITH THE COMPANY

The Group audit fees paid for the year 2018/19 amounted to Rs. 1.9 Mn. Apart from that, the Company has engaged Messrs. B. R. De Silva & Co. Chartered Accountants, the external auditors to advice on accounting matters for the year under consideration. As far as the Directors are aware, the Auditors do not have any other relationship or interest in contracts with the Company.

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

25. ANNUAL GENERAL MEETING

The 73rd Annual General Meeting of the Company will be held at the 'Auditorium' on 11th Floor, Durdans Hospital, No. 03, Alfred Place, Colombo 03 at 9.00 a.m. on Thursday 27th June 2019.

26. NOTICE OF MEETING

Details of the Annual General Meeting are given in the Notice of Meeting.

27. ACKNOWLEDGEMENT OF THE CONTENTS OF THE REPORT

As required by Section 168 (1) (k) of the Companies Act No. 07 of 2007 the Board of Directors hereby acknowledge the contents of this Report.

For and on behalf of the Board,



A. E. Tudawe
Chairman



U. D. Tudawe
Director

09th May 2019

Statement of Directors' Responsibility

The following statement which should be read in conjunction with the Auditor's statement of responsibilities has been made with a view to distinguish between the respective responsibilities of the Directors and the Auditors in relation to the financial statements.

Section 150, 152 (1) and 153 (1) of the Companies Act No. 07 of 2007 require that the Directors prepare the financial statements and circulate it among the 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 its financial year as well as 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 its financial year.

As 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 a 'going concern' basis.

In preparing the Financial Statements as disclosed on Pages 106 to 159, the Directors consider that the Company and its subsidiaries have used appropriate accounting policies that have been applied consistently and supported by reasonable and prudent judgment and estimates, while all accounting standards considered to be applicable and relevant have been followed.

The Directors are responsible for ensuring that the Company and its subsidiaries maintain accounting records which disclose with reasonable accuracy, the financial position of the Company and its subsidiaries while complying with the provisions of the Companies Act No. 07 of 2007.

The Directors have a general responsibility to take reasonable steps in safeguarding the assets of the Company and its subsidiaries, provide proper consideration

towards the establishment of appropriate internal control systems with a view to detecting and preventing frauds and other irregularities.

COMPLIANCE REPORT

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

By Order of the Board



Nexia Corporate Consultants (Pvt) Ltd
Secretaries

09th May 2019

Report of the Related Party Transactions Review Committee (RPTRC)

OBJECTIVE

The objective of the Committee is to exercise oversight on behalf of the Board of Ceylon Hospitals PLC and its subsidiaries that all Related Party Transactions ("RPT") are in compliance with Section 9 of the listing rules of the Colombo Stock Exchange ("CSE"), the Code of Best Practices on Related Party Transactions issued by the Securities Exchange Commission of Sri Lanka.

RESPONSIBILITY

The responsibility of the Committee is to ensure that the interests of the shareholders are collectively considered by the Company when entering into an RPT and fairness and transparency is maintained at all times.

Considering the foregoing the Committee conducts its meetings in compliance with the policy guidelines developed for the Company in this respect which is in line with Section 9 of the listing rules of the CSE. The RPTRC policy guideline is in consistent to the operating model and the delegated decision-making rights of the Ceylon Hospitals Group.

As per the policy the RPTRC has identified the RPTs' in terms of institutions as well as individuals. Under individuals, in addition to Directors, all Senior Management personnel of the Company have been identified as Key Management Personnel ("KMP") to increase transparency and enhance good governance.

MEMBERSHIP

The Committee comprise of four Non-Executive Directors as given below

- Mr. A. S. Abeyewardene
Chairman, Non-Executive Independent Director
- Mr. Su-ayid M. Ismail
Non-Executive Independent Director
- Mr. Y. N. R. Piyasena
Non-Executive Director

- Mr. A. D. B. Talwatte
Non-Executive Independent Director

CONDUCT OF MEETINGS

The Committee meets at least once every quarter.

During the financial year ended 31st March 2019 the Committee held five meetings. The meeting attendance was as follows

Name of the Director	Attendance
Mr. A. S. Abeyewardene	5/5
Mr. Su-ayid M. Ismail	4/5
Mr. Y. N. R. Piyasena	5/5
Mr. A. D. B. Talwatte	5/5

At the quarterly RPTRC meeting, all recurrent transactions carried out with subsidiaries, associates and affiliates are reported. As per the set Terms of Reference, the Committee also reviewed and pre-approved all proposed non-recurrent RPTs of the Company where such transactions were to be executed or was already executed and required evaluation by the Committee. Mechanisms are in place for the KMP to declare RPTs if any that they are connected with as per the Company RPT policy guidelines.

DURING THE YEAR ACTIVITIES

The activities and the views of the committee has been communicated to the Board on a quarterly basis through verbal briefings and by tabling minutes of the Committee's meetings along with the detail reports of RPTs carried out with subsidiaries, associates and affiliates of the Company.

There were no RPTs where KMPs were involved requiring declaration to the RPTRC during the year under concern.

During the year, RPTRC disclosed such matters requiring immediate disclosure to CSE no sooner such transaction was

approved by the Board on the identification and recommendation of such transactions by the RPTRC.

The RPTRC was satisfied that there were no other transactions to be reported in the Annual Report for the year ended 31st March 2019 other than those disclosed in the report under the Financial Statements Note 31. RPT disclosures are made in the Financial Statements as required by the Sri Lanka Accounting Standard (LKAS 24) on Related Party Disclosures.



A. S. Abeyewardene

Chairman - Related Party Transactions Review Committee

07th May 2019

Report of the Remuneration Committee

SCOPE OF THE COMMITTEE

Scope of the Committee is to review and recommend overall remuneration policy and performance-based pay plans for the Company and agree with the Board a framework to remunerate the Chairman-CEO and Executive Director/s based on performance targets, benchmark principles, performance-related pay schemes, industry trends and past remuneration and succession planning of Key Management Personnel.

Determining compensation of Non-Executive Directors is not under the scope of this Committee.

REMUNERATION POLICY

The remuneration policy is designed to reward, motivate and retain the Company's executive team with market competitive remuneration and benefits to support the creation of shareholder value. Accordingly, salaries and other benefits are reviewed periodically taking into account the performance of the individuals and industry standards.

The responsibilities of the Remuneration Committee are;

- to make recommendations to the Board on the Company's policy and structure for all directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy.
- to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives.
- to make recommendations to the Board on the remuneration packages of all executive directors and senior management, including benefits in kind and compensation payments, including any compensation payable for loss or termination of their office or appointment.
- to review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company.
- to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate.
- to ensure that no director or any of his associates is involved in deciding his own remuneration.
- to consult the Chairman-CEO about remuneration proposals for other executive directors.

The Remuneration Committee will access independent professionals for advice if necessary, to consider salaries paid by comparable companies, time commitment, responsibilities and employment conditions in the Group (which comprises the Company and its subsidiaries).

COMPOSITION OF THE COMMITTEE AND MEETINGS

The Remuneration Committee comprise of the following Directors:

- Mr. A. S. Abeyewardene
Chairman (Non-Executive/ Independent Director)
- Mr. Su-ayid M. Ismail
Member (Non-Executive/ Independent Director)
- Mr. A. D. B. Talwatte
Member (Non-Executive/ Independent Director)
- Mr. A. E. Tudawe
Member (Chairman-CEO)

The quorum of the committee shall be at least two members.

The Committee held two meetings during the financial year ended 31st March 2019. The Chairman of the Committee reports on the developments which have taken place since the last Board meeting, if any, and updates the Board on various matters, as relevant and requested.

The Aggregate remuneration paid to Executive and Non-Executive Directors as required by the Section 7.10.5 (c) to the Listing Rules of the Colombo Stock Exchange is given in Note 31.5.1 to the Financial Statements.

The Committee wishes to report that the Company has complied with the provisions of the Companies Act No. 07 of 2007 in relation to remuneration of Directors. The annual management performance appraisal scheme, the calculation of short-term incentives was executed in accordance with the approvals given by the Board, based on discussions conducted by the Committee.



A. S. Abeyewardene
Chairman - Remuneration Committee

07th May 2019

Report of the Nominations Committee

TERMS OF REFERENCE

The Terms of Reference clearly states the purpose of establishing the Committee, its composition, authority and conduct and scheduling of meetings.

The Board Nomination Committee was established by the Board to ensure Board's oversight and control over "Selection of Directors and Key Management Personnel".

AUTHORITY OF THE COMMITTEE

The Committee has the authority to discuss issues under its purview and report back to the Board with recommendations, enabling the Board to take a final decision on the matter. The Members of the Committee have the authority to express their independent views when making decisions. The Committee regularly reviews the structure, size, composition and competencies of the Board and makes recommendations to the Board with regard to any changes. If a need arises, professionals from outside may be invited for advice on specific issues.

DUTIES OF THE COMMITTEE

The duties of the Committee include inter-alia the following:

- To implement a procedure to select/appoint new Directors including Chairman-Chief Executive Officer.
- Evaluate the independence of the Non-Executive Directors and effectiveness of the Board of Directors.
- Review the process for succession planning to ensure that the Board has the correct balance of individuals to discharge its duties effectively.
- To consider and recommend from time to time, the requirements of additional/new expertise and the succession arrangements for retiring Directors.

- To make recommendations on any other matters referred to the Committee by the Board of Directors.

The Committee has acted within the parameters set by its terms of reference. The Committee continued to work closely with the Board of Directors on matters assigned to the Committee and reported back to the Board of Directors with its recommendations.

COMPOSITION OF THE COMMITTEE

The Nomination Committee consists of following members whose profiles are given on Page 16 to this Annual Report.

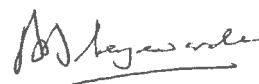
- Mr. A. S. Abeyewardene
Chairman (Non-Executive, Independent Director)
- Mr. A. D. B. Talwatte
Member (Non-Executive, Independent Director)
- Mr. Su-ayid M. Ismail
Member (Non-Executive, Independent Director)
- Mr. A. E. Tudawe
Member (Chairman-CEO)
- Mr. U. D. Tudawe
Member (Executive Vice President, Director)

The Committee is chaired by an Independent Director who has experience in the relevant subject and constitutes Executive and Non-Executive, Independent Directors from the Board to ensure that the responsibilities of the Committee are discharged effectively.

To hold a meeting there shall be a quorum of three members of the Committee who are Non-Executive Directors of whom at least one should be independent.

MEETINGS AND ATTENDANCE

During the year the Committee met once and all members were present for same. All proceedings of the Committee meetings are reported to the Board of Directors.



A. S. Abeyewardene

Chairman - Nominations Committee

07th May 2019

Audit Committee Report

ROLE OF THE COMMITTEE

The Audit Committee assists the Board in fulfilling its responsibilities in relation to the integrity of the financial statements of the Company and the Group, the internal control and risk management systems of the Group and its compliance with legal and regulatory requirements, the External Auditors' performance, qualifications and independence, and the adequacy and performance of the Internal Audit function.

The scope and responsibilities of the Committee are adequately set out in the terms of reference of the Committee, which is approved by the Board and reviewed annually. The Committee's responsibilities relate to the Group as a whole, and in discharging its responsibilities the Committee places reliance on the work carried out by internal and external auditors to the Company and its subsidiaries. An interactive forum with the participation of members of the Audit Committee and the Senior Management team is also held to discuss ways and means of improvement, and exchange information on best practices in effective internal controls.

COMPOSITION OF THE COMMITTEE AND MEETINGS

The Committee comprises the following Non-Executive Directors;

Mr. A. S. Abeyewardene
Chairman (Non-Executive/ Independent)
Mr. Y. N. R. Piyasena
Member (Non-Executive)
Mr. Su-ayid M. Ismail
Member (Non-Executive/ Independent)
Mr. A. D. B. Talwatte
Member (Non-Executive/ Independent)

Profiles of the Committee Chairman and the Members are given on Page 16 to this Annual Report.

The Committee held five meetings during the financial year ended 31st March 2019.

Attendance of the Committee members is given below;

Name of the Director	Attendance
Mr. A. S. Abeyewardene	5/5
Mr. Y. N. R. Piyasena	5/5
Mr. Su-ayid M. Ismail	5/5
Mr. A. D. B. Talwatte	5/5

The Chairman-CEO, the Chief Financial Officer and the External Auditors and Internal Auditors attended a majority of these meetings by invitation. Other Senior Management team members of the Company also attended these meetings on a need-only basis.

The activities and views of the Committee was communicated to the Board of Directors quarterly through verbal briefings.

FINANCIAL REPORTING

The Audit Committee has reviewed and discussed the Group's quarterly and annual financial statements prior to publication, with the support of the management and External Auditors. The review included ascertaining compliance of same with the Sri Lanka Accounting Standards, the appropriateness and changes in accounting policies and material judgemental matters.

The Committee also discussed with the External Auditors and management any matters communicated to the Committee by the External Auditors in their reports to the Committee on the audit for the year. The External Auditors were also engaged to conduct a limited review of the Group's interim financial statements for the nine months ended 31st December 2018. The Committee obtained independent input from the External Auditors on the impact of several new Sri Lanka Accounting Standards that would come into effect in the current financial year and in the future and satisfied themselves that the necessary preparatory

work was being undertaken to enable the Company and the Group to adopt them.

Internal Audit, Risks and Controls

The Committee reviewed the adequacy of the Internal Audit coverage for the Group and the Internal Audit Plans for the Group with the Chairman-CEO and the Senior Management team. The Internal Auditors regularly reported to the Committee on the adequacy and effectiveness of internal controls in the Group, and compliance with laws and regulations and established policies and procedures of the Group. Reports from the Internal Auditors on the operations of the Company and its subsidiaries were also reviewed by the Committee. Follow-up action taken on the recommendations of the Internal Auditors and any other significant follow-up matters are documented and presented to the Committee as an update to the matters arising from previous meeting minutes every quarter.

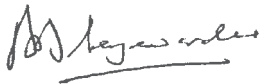
External Audit

The External Auditors' Letter of Engagement, including the scope of the audit, was reviewed and discussed by the Committee with the External Auditors and the management prior to the commencement of the audit. The External Auditors kept the Committee advised regarding matters of significance that were pending resolution. Before the conclusion of the Audit, the Committee met with the External Auditors and management to discuss all audit issues and to agree on their treatment. This included the discussion of formal reports from the External Auditors to the Committee. The Committee also met the External Auditors prior to the finalisation of the financial statements in order to obtain their input on specific issues and to ascertain whether they had any areas of concern relating to their work. The External Auditors' final management reports on the audit of the Company and Group financial statements for the year 2018/19 were discussed with the management and the auditors.

Audit Committee Report

The Committee was satisfied that the independence of the External Auditors has not been impaired by any event or service that gives rise to a conflict of interest. Due consideration was given to the nature of the services provided by the Auditors and the level of audit and non-audit fees received by the Auditors from the Group. The Committee also reviewed the arrangements made by the Auditors to maintain their independence and confirmation was obtained from the Auditors on their compliance with the independence guidance given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

The performance of the External Auditors has been evaluated and discussed with the Senior Management of the Company and the Committee has recommended to the Board that Messrs. B. R. De Silva & Co. Chartered Accountants be re-appointed as the Auditors of the Company for the financial year ending 31st March 2020, subject to approval by the shareholders at the Annual General Meeting.



A. S. Abeyewardene
Chairman - Audit Committee

07th May 2019

Independent Auditor's Report



Private & Confidential

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CEYLON HOSPITALS PLC

Opinion

We have audited the consolidated Financial Statements of Ceylon Hospitals PLC and its subsidiaries (the Group), which comprise the Consolidated Statement of Financial Position as at 31st March 2019, and the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying Financial Statements of the Company and the Group give a True and Fair view of, the Financial Position of the Company and the Group as at 31st March 2019, and of its Financial Performance and its Cash Flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis of Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are Independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of Sri Lanka, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of Sri Lanka. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current year. These matters were addressed in the context of our audit of the Consolidated

and Separate Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Partners - N.S.C.De Silva FCA, FCMA (UK),CGMA, 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 LL.B., Attorney-at-Law
ACA, ACMA (UK),CGMA
Partner (Kandy) W.L.L. Perera FCA.

22 / 4,
Vijaya Kumaranatunga Maw.,
Colombo 05,
Sri Lanka.
Telephone : +94 112 513 420 - 22
+94 114 510 268
Fax : +94 114 512 404
E-mail : brds@eureka.lk
Web : www.brdesilva.com

Independent Auditor's Report

Key Audit Matter	How the matter was Addressed
<p>1. RECOGNITION OF REVENUE</p> <p>Revenue of the group for the year ended 31st March 2019 was Rs. 5,806,352,697.</p> <p>Revenue of the group is disclosed in note no. (3) and related accounting policies are disclosed in note no. (2.5.1) to the financial statements.</p> <p>Revenue of the Group is sourced through provision of medical services. It is important to ensure that all the services provided have been captured for invoicing & taken to revenue.</p>	<ul style="list-style-type: none"> Our audit procedures in relation to revenue recognition included both tests of controls as well as substantive procedures. Our testing of the company's manual and automated controls focused on controls around the timely & accurate recording of sales transactions. We reviewed the group's accounting policies in respect of revenue recognition and found them to be in compliance with Sri Lanka Accounting Standards. We performed analytical review procedures to assess whether the recognized revenue was in line with the expected level. Checked a sample of invoices raised to patients, to ensure revenue is recognized and measured in accordance with the contractual terms of the contracts and the Group's accounting policies. Discussed with management regarding the contractual arrangements where consultant medical personnel are involved, and tested the appropriateness of the recognition of revenue on a gross or net basis. Carried out substantive test in respect of cut off at the end of the year. Assessed the adequacy of the disclosures in the financial statements. Evaluated the process established by the management in identifying and reporting related party transactions. Reviewed the reports of the related party transactions review committee.
<p>2. TRANSACTIONS WITH RELATED PARTIES</p> <p>Related party balances and disclosure of the group are disclosed in Notes (14) and (31) to the financial statements.</p> <p>The group is engaged in related party transactions during the ordinary course of business. A considerable part of revenue, recurring expenditure and capital expenditure of the company are channeled through related companies.</p>	<ul style="list-style-type: none"> Reviewed a sample of transactions and ensured that transactions are taken place on arm's length basis. Critically examined the accuracy of intercompany reconciliations carried out by the management on a quarterly basis. Checked the adequacy of disclosures made in the financial statements in accordance with Sri Lanka Accounting Standards.

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error. In preparing the

Consolidated Financial Statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to Going Concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our Objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether

due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial

statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those Charged With Governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current year and are therefore the Key Audit Matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences

of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we state the following:

- a) The basis of opinion and scope and limitations of the audit are as stated above.
- b) In our opinion:
 - We have obtained all the information and explanations that were required for the audit and as far as appears from our examination, proper accounting records have been kept by the Company.
 - The Financial Statements of the Company give a true and fair view of its Financial Position as at 31st March, 2019, and its Financial Performance and Cash Flows for the year then ended in accordance with Sri Lanka Accounting Standards.
 - The Financial Statements of the Company, and the Group comply with the requirements of section 151 and 153 of the Companies Act.

CA Sri Lanka membership number of the engagement partner responsible for signing the independent auditor's report is FCA 2972.



B. R. DE SILVA & CO.
CHARTERED ACCOUNTANTS
 Colombo 05.

09th May 2019
 SB/RT/sg

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31st March,	Note	Group		Company	
		2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Revenue	3	5,806,352,697	5,733,404,060	3,449,632,770	3,408,056,199
Cost of Sales		(2,181,038,705)	(2,316,047,566)	(1,319,388,028)	(1,390,716,914)
Gross Profit		3,625,313,992	3,417,356,494	2,130,244,742	2,017,339,285
Other Operating Income	4	56,051,511	35,482,582	32,544,275	18,463,209
Overheads					
Administration Expenses		(2,514,002,329)	(2,360,967,154)	(1,579,467,015)	(1,584,836,025)
Other Operating Expenses		(544,450,263)	(432,415,030)	(358,914,472)	(292,318,968)
Finance Cost	5	(135,809,798)	(121,724,428)	(120,630,554)	(113,510,850)
Finance Income	5.1	61,461,043	64,451,359	209,977,733	208,833,346
		(3,132,801,347)	(2,850,655,253)	(1,849,034,308)	(1,781,832,497)
Share of Profit of an Equity Accounted Investee	6	697,090	817,639	-	-
Profit Before Taxation	7	549,261,246	603,001,462	313,754,708	253,969,997
Taxation	8	(172,942,515)	(115,128,176)	(102,114,756)	(92,599,030)
Net Profit after Taxation		376,318,731	487,873,286	211,639,953	161,370,967
Other Comprehensive Income					
Items that are or may be reclassified subsequently to profit or loss					
Net Gain/ (Loss) on Available-for-Sale Financial Assets		-	255,687	-	44,000
		-	255,687	-	44,000
Items that will not be reclassified to Profit or Loss					
Net Gain/ (Loss) on Gratuity valuation		(21,494,084)	120,487	(17,285,774)	1,846,914
Deferred Tax Charge on Revaluation Gain		-	(459,488,102)	-	(397,192,127)
Net Gain/ (Loss) on Equity Investments at Fair Value through Other Comprehensive Income		(2,061,613)	-	(508,000)	-
		(23,555,697)	(459,367,614)	(17,793,774)	(395,345,212)
Other Comprehensive Income for the Year		(23,555,697)	(459,111,928)	(17,793,774)	(395,301,212)
Total Comprehensive Income for the Year		352,763,034	28,761,359	193,846,179	(233,930,245)
Profit Attributable to:					
Equity Holders of the Parent		321,768,112	401,949,561	211,639,953	161,370,967
Non-Controlling Interest		54,550,619	85,923,724	-	-
		376,318,731	487,873,285	211,639,953	161,370,967
Total Comprehensive Income Attributable to:					
Equity Holders of the Parent		299,247,164	(47,034,794)	193,846,179	(233,930,245)
Non-Controlling Interest		53,515,870	75,796,152	-	-
		352,763,034	28,761,357	193,846,179	(233,930,245)
Earnings Per Share - Basic	9	9.50	11.87	6.25	4.76

The Significant Accounting Policies and the Notes from Pages 111 to 159 form an integral part of these Financial Statements.

Consolidated Statement of Financial Position


As at 31st March,	Note	Group		Company	
		2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	10	6,958,737,731	6,538,857,919	4,324,720,466	3,947,784,527
Investments in Subsidiaries	11	-	-	1,457,591,424	1,457,591,424
Investment in an Equity Accounted Investee	6	5,497,425	4,800,335	229,960	229,960
Other Financial Assets	20.2.5	75,424,577	47,730,448	57,837,505	33,700,971
Prepaid Rent		1,189,952	1,365,000	-	-
		7,040,849,685	6,592,753,702	5,840,379,355	5,439,306,881
Current Assets					
Inventories	12	309,297,748	304,509,727	228,713,011	226,240,442
Trade and Other Receivables	13	215,382,981	217,175,109	132,129,362	144,557,750
Prepayments	13.1	122,513,617	135,896,520	94,235,915	98,169,160
Amounts due from Related Parties	14.1	25,906,346	3,866,151	165,382,821	241,610,879
Other Financial Assets	20.2.5	659,001,992	617,899,735	77,428,088	70,826,354
Tax Refund Due	25	20,772,401	17,417,650	-	13,794,764
Cash and Cash Equivalents	15	403,497,054	203,386,744	62,263,772	58,573,161
		1,756,372,139	1,500,151,636	760,152,969	853,772,509
Total Assets		8,797,221,824	8,092,905,337	6,600,532,324	6,293,079,389
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	1,986,852,512	1,986,852,512	1,564,589,060	1,564,589,060
Available-for-Sale Reserve		2,088,876	3,854,701	56,000	564,000
Revenue Reserves	18	2,237,754,267	2,102,179,475	1,502,005,103	1,429,592,738
		5,143,061,759	5,009,252,792	3,983,016,267	3,911,111,901
Non-Controlling Interests	19	564,743,689	561,186,237	-	-
		5,707,805,448	5,570,439,029	3,983,016,267	3,911,111,901
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	20.3	592,577,563	284,060,128	521,002,563	279,893,472
Deferred Revenue	21	-	-	36,841,314	38,631,600
Retirement Benefit Obligations	22	228,444,975	182,422,394	202,506,305	160,235,950
Deferred Tax Liabilities	23	735,932,264	701,191,908	550,280,213	513,601,220
		1,556,954,802	1,167,674,431	1,310,630,395	992,362,243
Current Liabilities					
Bank Overdraft		755,244,128	439,745,762	693,019,494	397,360,201
Interest Bearing Loans and Borrowings	20.3	222,367,951	424,164,360	201,776,300	388,053,250
Trade and Other Payables	24	550,641,293	489,117,061	301,282,135	274,443,882
Taxation Payable	25	-	-	3,105,671	-
Amounts Due to Related Parties	14.2	4,208,202	1,764,696	107,702,062	329,747,910
		1,532,461,574	1,354,791,879	1,306,885,662	1,389,605,244
Total Equity and Liabilities		8,797,221,824	8,092,905,337	6,600,532,324	6,293,079,389

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



Anagi Karunasena
Chief Financial Officer

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



A. E. Tudawe
Chairman



U. D. Tudawe
Director

09th May 2019

Statement of Changes in Equity

Group	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.
Balance as at 01st April 2017	916,366,104	2,436,472,139	4,822,163	3,637,773	1,836,790,476	5,198,088,655	529,100,567	5,727,189,222
Net Profit for the Year	-	-	-	-	401,949,561	401,949,561	85,923,724	487,873,285
Other Comprehensive Income								
Deferred Tax Effect on Revaluation Gain	-	(449,619,627)	-	-	-	(449,619,627)	(9,868,474)	(459,488,102)
Net Gain/ (Loss) on Gratuity Valuation	-	-	-	-	418,345	418,345	(297,858)	120,487
Net Gain/ (Loss) on Available- for-Sale Financial Assets	-	-	-	216,928	-	216,928	38,759	255,687
Total Comprehensive Income for the Year	-	(449,619,627)	-	216,928	402,367,906	(47,034,794)	75,796,152	28,761,357
Transactions with Owners in their capacity as Owners								
Share Buy-back	-	-	-	-	(19,859,256)	(19,859,256)	(3,738,125)	(23,597,381)
Dividend Paid - Ordinary Shares	-	-	-	-	(121,941,814)	(121,941,814)	(39,972,357)	(161,914,170)
	-	-	-	-	(141,801,069)	(141,801,069)	(43,710,482)	(185,511,551)
Balance as at 31st March 2018	916,366,104	1,986,852,512	4,822,163	3,854,701	2,097,357,312	5,009,252,792	561,186,237	5,570,439,029
Net Profit for the Year	-	-	-	-	321,768,112	321,768,112	54,550,619	376,318,731
Other Comprehensive Income								
Net Gain/ (Loss) on Gratuity Valuation	-	-	-	-	(20,755,123)	(20,755,123)	(738,961)	(21,494,084)
Net Gain/ (Loss) on Available- for-Sale Financial Assets	-	-	-	(1,765,825)	-	(1,765,825)	(295,788)	(2,061,613)
Total Comprehensive Income for the Year	-	-	-	(1,765,825)	301,102,989	299,247,164	53,515,870	352,763,034
Transactions with Owners in their Capacity as Owners								
Share Buy-back	-	-	-	-	(43,496,384)	(43,496,384)	(7,442,392)	(50,938,776)
Non-Controlling Interest on Acquisition of Subsidiary	-	-	-	-	-	-	1,086,000	1,086,000
Dividend Paid - Ordinary Shares	-	-	-	-	(121,941,814)	(121,941,814)	(43,602,025)	(165,543,839)
	-	-	-	-	(165,438,198)	(165,438,198)	(49,958,417)	(215,396,615)
Balance as at 31st March 2019	916,366,104	1,986,852,512	4,822,163	2,088,876	2,232,932,104	5,143,061,758	564,743,689	5,707,805,448

Company	Stated Capital Rs.	Revaluation Reserve Rs.	General Reserve Rs.	Available-for- Sale Reserve Rs.	Accumulated Profits Rs.	Total Rs.
Balance as at 01st April 2017	916,366,104	1,961,781,186	4,822,163	520,000	1,383,494,507	4,266,983,960
Net Profit for the Year	-	-	-	-	161,370,967	161,370,967
Other Comprehensive Income						
Deferred Tax Effect on Revaluation Gain	-	(397,192,127)	-	-	-	(397,192,127)
Net Gain/ (Loss) on Gratuity valuation	-	-	-	-	1,846,914	1,846,914
Net Gain/ (Loss) on Available-for-Sale Financial Assets	-	-	-	44,000	-	44,000
Total Comprehensive Income for the Year	-	(397,192,127)	-	44,000	163,217,881	(233,930,245)
Transactions with Owners in their capacity as Owners						
Dividend Paid - Ordinary Shares	-	-	-	-	(121,941,814)	(121,941,814)
	-	-	-	-	(121,941,814)	(121,941,814)
Balance as at 31st March 2018	916,366,104	1,564,589,060	4,822,163	564,000	1,424,770,575	3,911,111,901
Net Profit for the Year	-	-	-	-	211,639,953	211,639,953
Other Comprehensive Income						
Deferred Tax Effect on Revaluation Gain	-	-	-	-	-	-
Net Gain/ (Loss) on Gratuity valuation	-	-	-	-	(17,285,774)	(17,285,774)
Net Gain/ (Loss) on Available-for-Sale Financial Assets	-	-	-	(508,000)	-	(508,000)
Total Comprehensive Income for the Year	-	-	-	(508,000)	194,354,179	193,846,179
Transactions with Owners in their capacity as Owners						
Dividend Paid - Ordinary Shares	-	-	-	-	(121,941,814)	(121,941,814)
	-	-	-	-	(121,941,814)	(121,941,814)
Balance as at 31st March 2019	916,366,104	1,564,589,060	4,822,163	56,000	1,497,182,940	3,983,016,266

Statement of Cash Flows

As at 31st March,	Group		Company	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Cash Flows from/ (used in) Operating Activities				
Net Profit before Income Tax Expenses	549,261,247	603,001,462	313,754,708	253,969,997
Adjustments for				
Inventory Write-off/ (Write-in)	(211,584)	(3,226,915)	(213,159)	329,306
Bad Debts Write-off	4,970,833	1,098,375	2,391,022	802,703
Depreciation Charge for the Year	425,281,296	368,002,488	231,412,384	184,660,036
Finance Income	(61,461,043)	(64,451,359)	(209,977,733)	(208,833,346)
Finance Costs	135,809,798	121,724,428	120,630,554	113,510,850
Amortisation of Deferred Rent	175,048	435,000	(1,790,286)	(1,455,286)
Profit/ (Loss) on Disposal of Property, Plant and Equipment	(9,804,509)	(1,866,398)	(6,023,138)	(2,115,300)
(Increase)/ Decrease in Financial Instruments	(337,914)	(834,328)	(237,241)	(849,236)
Share of Profit of an Equity Accounted Investee	(697,090)	(817,639)	-	-
Provision for Defined Benefit Plans	41,804,280	39,664,088	35,763,580	33,919,200
Operating Profit before Working Capital Changes	1,084,790,362	1,062,729,203	485,710,692	373,938,924
(Increase)/ Decrease in Inventories	(4,788,021)	14,582,367	(4,272,569)	22,993,511
(Increase)/ Decrease in Trade and Other Receivables	10,302,963	105,974,031	15,720,101	41,847,541
(Increase)/ Decrease in Trade and Other Payables	61,524,232	(89,125,304)	26,838,252	(41,596,208)
Increase/ (Decrease) in Related Party Dues	(19,596,689)	994,688	(145,817,790)	61,421,470
Cash Generated from Operations	1,132,232,820	1,095,154,985	378,178,687	458,605,238
Finance Costs Paid	(135,809,798)	(121,724,428)	(120,630,554)	(113,510,850)
Defined Benefit Plan Costs Paid	(25,363,585)	(22,317,314)	(17,501,245)	(18,714,167)
Tax Paid	(117,441,130)	(40,243,316)	(16,674,052)	(19,196,771)
Net Cash from/ (used in) Operating Activities	853,618,306	910,869,927	223,372,836	307,183,450
Cash Flows from/ (used in) Investing Activities				
Acquisition of Property, Plant and Equipment	(863,480,007)	(479,531,065)	(610,049,851)	(399,471,336)
Proceeds from sale of Property Plant and Equipment	11,606,561	2,447,826	7,721,561	692,500
(Acquisition)/ Disposal of other Investments	(119,735,161)	(190,135,353)	(30,706,269)	6,380,701
Income from Investments	61,461,043	44,326,897	184,838,703	188,708,884
Net Cash Flows from/ (used in) Investing Activities	(910,147,563)	(622,891,696)	(448,195,855)	(203,689,250)
Cash Flows from/ (used in) Financing Activities				
Receipts from Interest bearing Loans and Borrowings	642,571,439	322,358,226	546,571,439	322,358,226
Re-payments to Interest bearing Loans and Borrowing	(535,886,399)	(452,939,959)	(491,775,284)	(416,828,844)
Dividends Paid	(165,543,839)	(161,914,170)	(121,941,814)	(121,941,814)
Net Cash Flows from/ (used in) Financing Activities	(58,858,799)	(292,495,904)	(67,145,659)	(216,412,431)
Net Increase/ (Decrease) in Cash and Cash Equivalents	(115,388,056)	(4,517,673)	(291,968,678)	(112,918,231)
Cash and Cash Equivalents at the beginning of the Year	(236,359,018)	(231,841,345)	(338,787,041)	(225,868,808)
Cash and Cash Equivalents at the end of the Year	(351,747,074)	(236,359,018)	(630,755,719)	(338,787,041)
Analysis of Cash and Cash Equivalents				
Bank Overdraft	(755,244,128)	(439,745,762)	(693,019,494)	(397,360,201)
Cash in Hand and at Bank	403,497,054	203,386,744	62,263,772	58,573,161
	(351,747,074)	(236,359,018)	(630,755,719)	(338,787,041)

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 General

Ceylon Hospitals PLC ("Company") is a Public 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. 03, Alfred Place, Colombo 03.

1.2 Parent Enterprise and Ultimate Parent Enterprise

The consolidated financial statements of the Company for the year ended 31st March 2019 comprise the Company and its subsidiaries. (together referred to as the 'Group'). The Company's parent undertaking is Durdans Management Services Ltd which is incorporated and domiciled in Sri Lanka.

1.3 Principal Activities and Nature of Operations

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

Name of the Company	Nature of the Business
Ceylon Hospitals PLC	Providing Healthcare Services
Durdans Heart Centre (Pvt) Ltd	Providing preventive Cardiac Care Services and Cardiac Surgical Care
Durdans Medical and Surgical Hospital (Pvt) Ltd	Providing Healthcare Services
Amrak Institute of Medical Sciences (Pvt) Ltd	Providing allied medical science courses
Ceygen Biotech (Pvt) Ltd	Supplying of Molecular Biological, Biochemical, Biotechnological Reagents, Kits, Equipment & Accessories for Molecular diagnostics and research

1.4 Date of Authorisation for Issue

The financial statements for the year ended 31st March 2019 were authorised for issue in accordance with a resolution of the Board of Directors on 09th May 2019.

1.5 Companies in the Group

Subsidiaries and Equity Accounted Investee

The Group Financial Statements include the results of the Durdans Heart Centre (Pvt) Ltd, Durdans Medical and Surgical Hospital (Pvt) Ltd and Amrak Institute of Medical Sciences (Pvt) Ltd which are subsidiaries of the Company and the share of profit from the Equity Accounted Investee, Ceygen Biotech (Pvt) Ltd. The details of subsidiaries and Equity Accounted Investee are as follows:

Company Name	Year of Incorporation	Ownership
Subsidiary Companies		
Durdans Heart Centre (Pvt) Ltd	1999/00	81.16%
Durdans Medical and Surgical Hospital (Pvt) Ltd	2007/08	85.31%
Amrak Institute of Medical Sciences (Pvt) Ltd	2017/18	45.70%
Equity Accounted Investee		
Ceygen Biotech (Pvt) Ltd	2009/10	46.00%

2.1 Basis of Preparation of Financial Statements

2.1.1 Basis of Preparation

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

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, financial instruments at fair value and derivative financial instruments that have been measured at fair value. The retirement benefit obligations are measured at the present value of the defined benefit obligation. All these measures are explained in the respective notes to the financial statements.

2.1.2 Statement of Compliance

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

2.1.3 Going Concern

The Directors have made an assessment 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. The Group had positive net asset and cash flow positions as at the reporting date. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, these financial statements are prepared on going concern basis.

Notes to the Financial Statements

2.1.4 Functional Currency and Presentation Currency

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

2.1.5 Use of Estimates and Judgments

The preparation of the financial statements in conformity with LKAS/ 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 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 judgemental 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 10 - Revaluation of Land and Building

Note 22 - Retirement Benefit Obligations

Note 23 - Deferred Tax Asset/ Liability

Note 27 - Contingent Liabilities

2.1.6 Comparative Information

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

2.1.7 Measurement of Fair Value

A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities. The Group regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, the Group assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SLFRS, including the level in the fair value hierarchy in which such valuations should be classified. When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1:

Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2:

Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3:

Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

2.2 Significant Accounting Policies

2.2.1 Basis of Consolidation

(a) Business Combination

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

Acquisition-related costs are expensed as incurred and included in administrative expenses.

(b) Subsidiaries

Subsidiaries are those enterprises controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which the control commences until the date that on which control ceases.

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

(c) Non-Controlling Interests

The interest of the outside shareholders of the Group is disclosed separately under the heading of Non-Controlling Interest ("NCI"). NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

(d) Investment in Equity Accounted Investee

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

Under the equity method, the investment in the equity accounted investee is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the equity

accounted investee. Goodwill relating to the equity accounted investee 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 equity accounted investee. Where there has been a change recognised directly in the equity of the equity accounted investee, 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 equity accounted investee.

The share of profit of an equity accounted investee 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 equity accounted investee. The Group determines at each reporting date whether there is any objective evidence that the investment in the equity accounted investee is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the equity accounted investee and its carrying value and recognises the amount in the 'share of profit from equity accounted investee' in the income statement.

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

(e) Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(f) 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.

(g) Financial Year

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

2.2.2 Foreign Currency Transactions

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

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

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

2.3 Valuation of Assets and their Measurement Bases

2.3.1 Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. The cost of inventories is based on Weighted Average Cost. The cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Notes to the Financial Statements

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.

2.3.2 Property, Plant and Equipment

Property, plant and equipment are tangible items that are held for servicing, or for administrative purposes and are expected to be used more than one period.

(a) Recognition

Property, plant and equipment are recognised if it is probable that future economic benefits associated with the assets will flow to the Group and cost of the asset can be reliably measured.

(b) Measurement

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other cost directly attributable to bringing the asset to a working condition for its intended use and the cost of dismantling and removing the items and restoring the site on which they are located.

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.

(c) Subsequent Expenditure

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. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised.

(d) Revaluation of Land and Buildings

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.

(e) 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:

Ceylon Hospitals PLC

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

Durdans Heart Centre (Pvt) Ltd

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

Durdans Medical and Surgical Hospital (Pvt) Ltd

Buildings	@	2.5%
Computer Equipment	@	10%
Medical Equipment	@	10%
Furniture and 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.

(f) Borrowing Cost

Borrowing cost directly attributable to the acquisition, construction or production of an qualifying 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, until such time the assets are substantially ready for their intended use.

(g) Restoration Cost

Expenditure incurred on repairs and maintenance of property, plant and 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.

(h) Capital Work-in-Progress

The cost of self-constructed assets includes the cost of materials, direct labour, and direct overheads including any other costs directly attributable to bring the assets to a workable condition of their intended use and capitalised borrowing cost. Capital Work-In-Progress is transferred to the respective asset accounts when the asset is available for use and all work connected to construction is completed.

(i) Impairment of Property, Plant and Equipment

The carrying value of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceed the estimated recoverable amount the assets are written down to their recoverable amount. Impairment losses are recognised in the profit or loss unless it reverses a previous revaluation surplus for the same asset.

(j) De-recognition

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset calculated as the difference between the net disposal

proceeds and the carrying amount. Gains or losses on de-recognition are recognised in profit or loss and gains are not classified as revenue.

2.3.3 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.

The estimated useful life for intangible assets with finite useful life is as follows;

- Software Licenses - Over four years

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the Cash Generating Unit level ("CGU").

An intangible asset is de-recognised on disposal or when no future economic benefits are expected from it. The gain or loss arising from de-recognition of such intangible assets is included in the Profit or Loss when the item is de-recognised.

2.3.4 Leases

(a) 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 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.

(b) Operating Leases

Leases where the lessor effectively retains substantially all the risks and rewards of ownership over the assets are classified as operating leases. Operating lease payments are recognised as an operating expense in the Income Statement on a straight line basis over the lease term.

2.3.5 Financial Instruments - Recognition and Measurement

Recognition and Initial Measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Notes to the Financial Statements

Transaction cost in relation to financial assets and financial liabilities at fair value through profit or loss are dealt with through the Income Statement.

2.3.5.1 Classification and Subsequent Measurement of Financial Assets

From 01st April 2018 as per Sri Lanka Accounting Standard (SLFRS 9) on Financial Instruments, the Group classifies all of its financial assets based on the business model for managing the assets and the assets' contractual terms measured at either;

- Amortised cost
- Fair value through other comprehensive income ("FVOCI")
- Fair value through profit or loss ("FVTPL")

Financial assets are not re-classified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are re-classified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in Other Comprehensive Income ("OCI"). This election is made on an investment by investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business Model Assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;

- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated : e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered as sales for this purpose, consistent with the Group's continuing recognition of the assets.

Assessment of whether Contractual Cash Flows are Solely Payments of Principal and Interest (SPPI test)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable rate features;
- Prepayment and extension features; and

- Terms that limits the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial Assets - Subsequent Measurement and Gains and Losses

Financial Assets at Fair Value through Profit or Loss

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial Assets at Amortised Cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt Investments at Fair Value through

Other Comprehensive Income

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in Other Comprehensive Income ("OCI"). On de-

recognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity Investments at Fair Value through Other Comprehensive Income

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Classification and Subsequent Measurement

Financial Assets – Policy Applicable before 1st April 2018

The Group classified its financial assets into one of the following categories:

- Loans and receivables;
- Held to maturity;
- Available-for-sale; and
- at FVTPL, and within this category as:
 - Held for trading;
 - Derivative hedging instruments; or
 - designated as at FVTPL.

Financial Assets – Subsequent Measurement and Gains and Losses: Policy Applicable before 1st April 2018

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 Sri Lanka Accounting Standard (LKAS 39) on Financial Instruments: Recognition and Measurement. 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 ("EIR") 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

Notes to the Financial Statements

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.

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.

De-recognition of Financial Assets

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

- a) 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

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

- b) 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.

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.

2.3.5.2 Classification and Subsequent

Measurement of Financial Liabilities

As per SLFRS 9, the Group classifies financial liabilities, other than financial guarantees and loan commitments into one of the following categories:

- Financial liabilities at fair value through profit or loss, and within this category as –
 - Held-for-trading; or
 - Designated at fair value through profit or loss;
- Financial liabilities measured at amortised cost

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 at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Financial Liabilities Designated at Fair Value through Profit or Loss

Financial liabilities designated at fair value through profit or loss are recorded in the SOFP at fair value when

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis, or
- A group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy and information about the group is provided on that basis to entity's key management personnel, or

- The liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

Financial Liabilities Measured at Amortised Cost

After initial recognition, such financial liabilities are subsequently measured at amortised cost using the EIR method. 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.

De-recognition - Financial Liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

2.3.5.3 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.3.5.4 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 20.2.4.

Impairment of Non-derivative Financial Assets

The Group recognises loss allowances for Expected Credit Losses ("ECL") on:

- Financial assets measured at amortised cost;
- Debt investments measured at FVOCI; and
- Contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12 month ECLs:

Debt securities that are determined to have low credit risk at the reporting date; and other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12 month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-Impaired Financial Assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

Presentation of Allowance for ECL in the Statement of Financial Position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the

Notes to the Financial Statements

assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Impairment of Non-Financial Assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

2.4 Liabilities and Provisions

Liabilities classified as current liabilities on the reporting date are those, which fall due for payment on demand or within one year from the reporting date. Non-current liabilities are those balances that fall due for payment after one year from the reporting date.

Provisions are recognised when the Group has a present 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.

2.4.1 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 Sri Lanka Accounting Standard (LKAS 19) on Employees Benefits. The defined benefit liability is recognised in the reporting date.

The actuarial gains and losses are charged or credited to Other 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 2019 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.

- Average Rate of Interest – 11% (Per annum)
- Average Rate of Salary Increase - 8%
- Average Retirement Age - 55 years
- 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.

2.4.2 Capital Commitments and Contingencies

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured. Capital commitment and contingent liabilities of the Group are disclosed in the respective notes to the Financial Statements.

2.4.3 Events Subsequent to the Reporting Period

The materiality of the events after the reporting period has been considered and appropriate adjustments and provisions have been made in the financial statements wherever necessary.

2.5 Statement of Profit or Loss and other Comprehensive Income

2.5.1 Revenue from Contracts with Customer

Revenue is recognised when the obligation to provide goods and services is satisfied in accordance with Sri Lanka Accounting Standards (SLFRS 15) on Revenue from Contracts with Customers. The consideration is determined with reference to the amount the group expects to be entitled in exchange for transferring the promised goods or services to the customer.

(a) Rendering of Services

Revenue from rendering of healthcare services is recognised over a period of time.

Group has recognised only the share of hospital charge related to consultancy fee. The fee collected on behalf of in-house and visiting consultants do not form a part of revenue of Group.

(b) Sale of Medicine and Related products

Revenue from the sales of medicine and related products is recognised at the point of sale.

(c) Interest

Interest Income is recognised on an accrual basis. Interest on financial instruments measured at amortised cost is recognised using effective interest rate.

(d) Dividends

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

(f) Rental Income

Rental income is recognised on an accrual basis.

(g) Other Income

Other Income is recognised on an accrual basis.

(h) Gains or Losses on the Disposal of Property, Plant and Equipment

Net gains and losses on the disposal of Property, Plant and 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.

2.5.2 Expenditure Recognition

Expenses are recognised in the Statement of Comprehensive Income on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

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.

2.5.3 Taxation

a) Current Taxes

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

b) 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 reporting 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.

2.5.4 Earnings per Share

The Financial Statements present basic Earnings per Share ("EPS") data for its ordinary shareholders. The EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the number of ordinary shares in issue.

2.5.5 Dividend on Ordinary Shares

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

2.6 The Cash Flow Statements

2.6.1 Cash and Cash Equivalents

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

For the purpose of cash flow statement, cash and cash equivalent consists of cash in hand and deposits in banks net

Notes to the Financial Statements

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 are prepared using the "Indirect Method" in accordance with the Sri Lanka Accounting Standard (LKAS 7) on Statement of Cash Flows, whereby gross cash receipts and gross cash payments on operating activities, investing activities and financial activities are recognised.

2.7 New and Amended Standards and Interpretations

The Group has adopted SLFRS 15 – Revenue from Contracts with Customers and SLFRS 9 – Financial Instruments from 1st April 2018.

SLFRS 15 – Revenue from Contracts with Customers

SLFRS 15 replaced Sri Lanka Accounting Standards (LKAS 18) on Revenue and related interpretations. SLFRS 15 established a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. SLFRS 15 required the Group to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Group carried out an impact analysis of the possible impact from adoption of the SLFRS 15 as follows.

- Identified all the goods or services, or contract deliverables, which have been promised within usual course of carrying out the business in each sector. In determining this, the

management looked at implicitly or explicitly promised services including customary business practices or policies of each industry. Having considered the same, each business then determined the distinct performance obligation associated with the contracts they entered into.

- The group evaluated its contract with patients, corporate arrangements and the payment made to the doctors for the provisioning of medical services. Under this evaluation, the Group revisited its accounting treatment on discounts, offers given to the customers, consultations, and services provided under packages. After a detailed impact analysis, the Group concluded that the adoption of SLFRS 15 did not have a significant financial impact on its existing accounting policy on revenue recognition.

SLFRS 9 – Financial Instruments

Assessment of Group's business model was performed for classification of financial assets from 1st April 2018 and retrospective application made for financial assets that were not derecognized at the beginning of the financial year. Assessment of whether contractual cash flows on debt instruments are solely comprise of principal plus interest was made based on facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of SLFRS 9 did not have a material impact on the Group's results and financial position, therefore the Group has not restated comparative information for prior periods.

2.8 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.

SLFRS 16 – Leases

SLFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under LKAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets and short term. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

SLFRS 16 is effective for annual periods beginning on or after 1st January 2019. Early application is permitted, but not before an entity applies SLFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

This accounting standard is not expected to have a material effect on the Financial Statements of the Group. Pending the detailed review of such standards and interpretations, the extent of the impact has not been determined by the management.

For the Year ended 31st March,	Group		Company	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.

3 REVENUE

Healthcare Services	5,806,352,697	5,733,404,060	3,449,632,770	3,408,056,199
---------------------	---------------	---------------	---------------	---------------

4 OTHER OPERATING INCOME

Deferred Income of Residential Fees	-	-	1,790,286	1,455,286
Sundry Income	46,247,002	33,616,184	24,730,851	14,892,623
Profit/ (Loss) on Disposal of Property, Plant and Equipment	9,804,509	1,866,398	6,023,138	2,115,300
	56,051,511	35,482,582	32,544,275	18,463,209

5 FINANCE COST

Loan Interest	93,083,942	90,483,791	78,724,904	82,804,105
Debenture Interest	-	5,599,950	-	5,599,950
Interest Expenses on Overdrafts	39,917,112	23,971,737	39,673,536	23,850,166
Other Interest	76,791	129,511	76,792	129,512
Bank Charges	2,103,703	1,282,270	1,587,072	869,949
Loan Processing Expenses	628,250	257,167	568,250	257,167
	135,809,798	121,724,428	120,630,554	113,510,850

5.1 FINANCE INCOME

Interest Income	61,031,907	63,877,920	9,600,073	12,158,220
Dividend Income	429,136	573,439	200,377,660	196,675,126
	61,461,043	64,451,359	209,977,733	208,833,346

Notes to the Financial Statements

6 INVESTMENT IN EQUITY ACCOUNTED INVESTEE

The Company has a 46% interest in Ceygen Biotech (Pvt) Ltd, which is engaged 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:

For the Year ended 31st March,	Note	Group		Company	
		2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Current Assets		8,530,862	7,240,099	-	-
Non-Current Assets		4,786,445	4,974,541	-	-
Current Liabilities		1,768,768	2,181,474	-	-
Equity		11,548,538	10,033,165	-	-
Profit for the Year		1,515,374	2,002,423	-	-
Share of the Profit from Equity Accounted Investee		697,090	817,639	-	-
Carrying Amount of the Investment		5,497,425	4,800,335	-	-

6.1 Carrying amount of Equity Accounted Investee as at the end of Year is made up as follows;

Balance at the beginning of the Year	4,800,335	3,982,696	-	-
Share of Profit from Equity Accounted Investee	697,090	921,139	-	-
Dividend Income	-	(103,500)	-	-
Balance at the end of the Year	5,497,425	4,800,335	-	-

7 PROFIT/ (LOSS) FROM ORDINARY ACTIVITIES BEFORE TAXATION

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

For the Year ended 31st March,	Group		Company	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Directors' Fees and Remuneration	46,921,792	39,520,948	43,881,792	36,281,104
Auditors Remuneration - Internal	2,744,133	1,866,853	1,645,022	801,640
- External	1,891,759	1,660,058	1,102,475	900,000
Depreciation	425,281,296	368,322,864	231,412,384	184,980,411
Defined Benefit Plan Costs - Gratuity	41,804,280	39,664,088	35,763,580	33,919,200
Legal Fees	8,181,527	2,986,106	4,691,639	2,340,106
Salaries	1,160,982,649	1,040,880,838	700,276,056	669,130,279
Employee's Provident Fund	90,017,239	84,182,142	72,447,688	68,036,753
Employee's Trust Fund	23,521,792	22,021,710	18,091,076	16,985,801

8 INCOME TAX EXPENSES

For the Year ended 31st March,	Group		Company	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Income Tax (Note 8.1)	139,225,406	109,375,176	58,713,517	33,873,034
Deferred Income Tax				
Decrease/ (Increase) in Deferred Tax Assets	(12,333,459)	(27,154,537)	(11,835,699)	(27,154,537)
(Decrease)/ Increase in Deferred Tax Liabilities	46,050,568	35,226,137	55,236,938	85,880,533
Deferred Taxation Charge/ (Reversal)	33,717,109	5,753,000	43,401,239	58,725,996
Income Tax Expense	172,942,515	115,128,176	102,114,756	92,599,030

8.1 Reconciliation between Current Tax expense and the Accounting profit

Accounting Profit before Taxation	549,261,247	603,001,462	313,754,708	253,969,997
Consolidation Adjustments	205,590,971	199,736,945	-	-
Income not Subject to Taxation	(258,321,964)	(243,608,188)	(200,377,660)	(196,675,126)
Aggregated Disallowed Expenses	538,209,269	478,723,153	304,441,263	272,624,494
Aggregated Allowed Expenses	(516,259,352)	(487,646,322)	(297,909,430)	(258,203,151)
Taxable Profit	518,480,171	550,207,050	119,908,881	71,716,214
Statutory Tax - Business Income	100,217,217	69,978,102	30,886,466	8,605,946
Statutory Tax - Other Income	13,869,158	19,272,613	2,688,020	5,142,627
Dividend Tax	25,139,031	20,124,461	25,139,031	20,124,461
Income Tax Provision	139,225,406	109,375,176	58,713,517	33,873,034

Parent Company - Ceylon Hospitals PLC

The Company is liable for Income Tax for the year of assessment 2018/19 at the rate of 28%.

Durdans Heart Centre (Pvt) Ltd.

The Company is liable for Income Tax for the year of assessment 2018/19 at the rate of 28%.

Durdans Medical and Surgical Hospitals (Pvt) Ltd

The Company is liable for Income Tax for the year of assessment 2018/19 at the rate of 15%.

Notes to the Financial Statements

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.

For the Year ended 31st March,	Group		Company	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Profit Attributable to Equity Holders of the Parent (Rs.)	321,768,112	401,949,561	211,639,953	161,370,967
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.)	9.50	11.87	6.25	4.76

10 PROPERTY, PLANT AND EQUIPMENT

10.1 Group

	Freehold Land & Buildings Rs.	Medical & Other Equipment Rs.	Furniture & Fittings Rs.	Computer Equipment Rs.	Motor Vehicles Rs.	Motor Vehicles on Finance Lease Rs.	Capital WIP Rs.	Total Rs.
Cost/ Valuation								
Balance as at 01st April 2017	4,804,518,145	2,606,805,826	222,410,267	170,967,142	104,712,819	7,050,000	377,846,384	8,294,310,583
Additions	9,002,112	177,502,336	8,014,388	21,010,664	24,427,425	-	230,094,449	470,051,374
Transfer from Capital Work in Progress	547,884,874	20,991,939	42,930	-	-	-	(568,919,743)	-
Disposals/ Transfers	-	(111,993,837)	-	-	(19,162,466)	-	-	(131,156,303)
Balance as at 31st March 2018	5,361,405,132	2,693,306,264	230,467,584	191,977,806	109,977,778	7,050,000	39,021,090	8,633,205,654
Additions	3,843,035	484,769,190	14,818,242	26,155,932	18,050,000	-	315,843,608	863,480,007
Transfer from Capital Work in Progress	78,345,697	28,500	-	-	-	-	(78,374,197)	-
Disposals/ Transfers	-	(19,299,024)	(4,388,133)	(1,889,396)	(5,459,283)	(7,050,000)	-	(38,085,836)
Balance as at 31st March 2019	5,443,593,864	3,158,804,930	240,897,692	216,244,342	122,568,495	-	276,490,501	9,458,599,825
Accumulated Depreciation								
Balance as at 01st April 2017	13,107,520	1,583,088,977	117,365,678	97,508,195	30,953,095	6,809,027	-	1,848,832,491
Depreciation Charge for the Year	60,153,560	257,023,459	18,585,070	18,644,173	13,675,628	240,973	-	368,322,864
Disposals/ Transfers	-	(110,056,349)	-	-	(12,751,272)	-	-	(122,807,620)
Balance as at 31st March 2018	73,261,080	1,730,056,088	135,950,748	116,152,367	31,877,451	7,050,000	-	2,094,347,735
Depreciation Charge for the Year	81,140,449	282,030,323	19,385,437	20,955,249	21,533,588	236,250	-	425,281,296
Disposals/ Transfers	-	(7,021,404)	-	-	(5,459,283)	(7,286,250)	-	(19,766,937)
Balance as at 31st March 2019	154,401,529	2,005,065,007	155,336,185	137,107,617	47,951,756	-	-	2,499,862,094
Net Book Value								
At 31st March 2019	5,289,192,334	1,153,739,923	85,561,507	79,136,726	74,616,739	-	276,490,501	6,958,737,731
At 31st March 2018	5,288,144,051	963,250,176	94,516,836	75,825,439	78,100,327	-	39,021,090	6,538,857,919

10.2 Company

	Freehold Land & Buildings Rs.	Medical & Other Equipment Rs.	Furniture & Fittings Rs.	Computer Equipment Rs.	Motor Vehicles Rs.	Motor Vehicles on Finance Lease Rs.	Capital WIP Rs.	Total Rs.
Cost/ Valuation								
Balance as at 01st April 2017	2,753,077,974	1,297,570,684	139,632,006	159,786,825	48,149,451	3,150,000	377,846,384	4,779,213,324
Additions	8,713,232	110,766,657	6,837,585	18,631,988	24,427,425	-	230,094,449	399,471,336
Transfer from Capital Work in Progress	547,884,874	20,991,939	42,930				(568,919,743)	-
Disposals/ Transfers	-	(107,591,003)	-	-	(18,997,476)	-	-	(126,588,479)
Balance as at 31st March 2018	3,309,676,081	1,321,738,277	146,512,520	178,418,812	53,579,400	3,150,000	39,021,090	5,052,096,181
Additions	3,843,035	249,716,931	13,601,949	24,532,997	3,150,000	-	315,204,938	610,049,850
Transfer from Capital Work in Progress	78,345,697	28,500	-				(78,374,197)	-
Disposals/ Transfers	-	(7,021,404)	-	-	-	(3,150,000)	-	(10,171,404)
Balance as at 31st March 2019	3,391,864,812	1,564,462,304	160,114,469	202,951,810	56,729,400	-	275,851,831	5,651,974,627
Accumulated Depreciation								
Balance as at 01st April 2017	10,983,311	841,391,989	87,481,667	85,145,537	13,633,769	971,250	-	1,039,607,522
Depreciation Charge for the Year	22,024,696	126,325,328	14,347,113	16,905,925	5,136,375	240,973	-	184,980,411
Disposals/ Transfers	-	(107,591,003)	-	-	(12,685,276)	-	-	(120,276,279)
Balance as at 31st March 2018	33,008,007	860,126,314	101,828,780	102,051,461	6,084,868	1,212,223	-	1,104,311,654
Depreciation Charge for the Year	43,008,533	144,868,344	16,715,675	19,698,420	6,885,163	236,250	-	231,412,384
Disposals/ Transfers	-	(7,021,404)	-	-	-	(1,448,473)	-	(8,469,877)
Balance as at 31st March 2019	76,016,540	997,973,253	118,544,455	121,749,881	12,970,031	-	-	1,327,254,161
Net Book Value								
At 31st March 2019	3,315,848,273	566,489,051	41,570,014	81,201,929	43,759,369	-	275,851,831	4,324,720,466
At 31st March 2018	3,276,668,074	461,611,963	44,683,740	76,367,351	47,494,532	1,937,777	39,021,090	3,947,784,527

10.3 Revaluation of Land and Buildings

The Company uses the revaluation model of measurement to account for land and buildings. In this regard the Company engaged Mr. P. B. Kalugalgedera an independent, Chartered Valuer and Surveyor to determine the fair value of its land and buildings.

Valuation is as defined in the Sri Lanka Accounting Standards (SLFRS 13) on Fair Value Measurement. The valuation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market or in the most advantageous market under the current market conditions.

The Carrying Value of the Assets if revaluation has not been carried out would be as follows.

As at 31st March,	Group		Company	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Description				
Land	1,029,843,737	1,029,843,737	613,150,237	613,150,237
Building	1,873,082,675	2,174,063,344	931,816,681	1,079,335,842
Total	2,902,926,412	3,203,907,081	1,544,966,918	1,692,486,079

Notes to the Financial Statements

10 PROPERTY, PLANT AND EQUIPMENT CONTD.

10.4 The following properties are fair valued and recorded under freehold land and buildings. Fair Value measurement disclosure for revalued land and buildings based on unobservable inputs are as follows

Company	Property	Location	Number of Buildings per Land	Extent	Independent Valuer	Valuation Input	Significant unobservable Input	Effective date of Revaluation	Range	Fair Value
									Rs.	Rs.
Ceylon Hospitals PLC	Land	No 03, Alfred Place, Colombo 03	01	0A-3R-30.24P	Mr. P. B. Kalugalgedera	Open market based evidence	Land value per perch	31st March 2017	12,000,000 -15,000,000	1,888,120,000
		No 05, Alfred Place, Colombo 03	01	0A-0R-32.68P	Mr. P. B. Kalugalgedera	Open market based evidence	Land value per perch	31st March 2017	12,000,000 -15,000,000	424,840,000
	Building	No 03, Alfred Place, Colombo 03		93,954 sq. ft.	Mr. P. B. Kalugalgedera	Direct Capital Comparison method adopting the depreciated value of building	Rate per sq. ft.	31st March 2017	2,500 - 6,000	389,285,000
Durdans Medical and Surgical Hospital (Pvt) Ltd	Land	No 03, Alfred Place, Colombo 03	01	0A-1R-26.54 - No 04, 6th Lane	Mr. P. B. Kalugalgedera	Open market based evidence	Land value per perch	31st March 2017	12,000,000 -15,000,000	831,750,000
	Building	No 03, Alfred Place, Colombo 03		211,552 sq. ft.	Mr. P. B. Kalugalgedera	Direct Capital Comparison method adopting the depreciated value of building	Rate per sq. ft.	31st March 2017	2,500 - 6,000	1,269,312,000

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

11 INVESTMENTS IN SUBSIDIARIES

11.1 Company

As at 31st March,	2019				2018			
	Number of Shares	Holding %	Carrying Value Rs.	Directors Valuation Rs.	Number of Shares	Holding %	Carrying Value Rs.	Directors Valuation Rs.
Durdans Heart Centre (Pvt) Ltd	11,362,035	81.16	130,091,410	130,091,410	11,362,035	81.16	130,091,410	130,091,410
Durdans Medical and Surgical Hospital (Pvt) Ltd	120,896,033	83.30	1,327,500,014	1,327,500,014	120,896,033	82.10	1,327,500,014	1,327,500,014
	132,258,068		1,457,591,424	1,457,591,424	132,258,068		1,457,591,424	1,457,591,424

Directors' valuation of investment in un-quoted shares have been determined based on the cost of the investments.

For the Year ended 31st March,	Group		Company	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.

12 INVENTORIES

Drugs and Dressings	119,677,707	116,212,773	40,762,624	41,755,582
Lab Reagents and Consumables	169,106,857	170,302,411	169,106,857	166,508,981
Pantry Stocks	3,145,853	1,557,710	1,476,198	1,539,045
General Stocks	19,167,331	16,436,833	19,167,332	16,436,833
Less: Provision for slow moving and obsolete stock	(1,800,000)	-	(1,800,000)	-
	309,297,748	304,509,727	228,713,011	226,240,442

13 TRADE AND OTHER RECEIVABLES

Trade Debtors	196,034,886	203,942,887	110,281,868	130,270,409
Other Receivables	26,717,244	21,368,709	25,547,555	19,975,574
Less : Impairment Allowance for Bad Debts	(7,369,149)	(8,136,487)	(3,700,061)	(5,688,234)
	215,382,981	217,175,109	132,129,362	144,557,750

13.1 ADVANCES AND PREPAYMENTS

Advances	74,520,355	76,680,483	63,260,822	58,938,978
Prepayments	47,993,262	59,216,037	30,975,093	39,230,182
	122,513,617	135,896,520	94,235,915	98,169,160

Classification of Trade and Other Receivables

Trade receivables are amounts due from customers for services rendered in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the group's impairment policies and the calculation of the loss allowance are provided in Note 33.3.

Fair Value of Trade and Other Receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

Impairment and Risk Exposure

Information about the impairment of trade receivables and the group's exposure to credit risk can be found in Note 33.3

Notes to the Financial Statements

As at 31st March,	Group		Company	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.

14 RELATED PARTY TRANSACTIONS

14.1 AMOUNTS DUE FROM RELATED PARTIES

Durdans Management Services Ltd	24,530,446	2,315,388	2,255,726	2,315,388
Durdans Heart Centre (Pvt) Ltd	-	-	69,812,035	46,542,314
Durdans Medical and Surgical Hospital (Pvt) Ltd	-	-	91,774,160	191,202,415
Amrak Institute of Medical Sciences (Pvt) Ltd	-	-	165,000	-
Ceygen Biotech (Pvt) Ltd	1,375,900	1,550,762	1,375,900	1,550,762
	25,906,346	3,866,151	165,382,821	241,610,879

14.2 AMOUNTS DUE TO RELATED PARTIES

Durdans Management Services Ltd	4,208,202	1,764,696	594,288	-
Durdans Heart Centre (Pvt) Ltd	-	-	7,512,227	27,442,228
Durdans Medical and Surgical Hospital (Pvt) Ltd	-	-	99,595,547	302,305,682
	4,208,202	1,764,696	107,702,062	329,747,910

15 CASH AND CASH EQUIVALENTS

Favorable Cash and Cash Equivalent Balances	403,497,054	203,386,744	62,263,772	58,573,161
---	-------------	-------------	------------	------------

16 STATED CAPITAL

33,872,726 Shares (2017/18 - 33,872,726)	916,366,104	916,366,104	916,366,104	916,366,104
--	-------------	-------------	-------------	-------------

17 REVALUATION RESERVE

Revaluation Reserve	1,986,852,512	1,986,852,512	1,564,589,060	1,564,589,060
	1,986,852,512	1,986,852,512	1,564,589,060	1,564,589,060

As at 31st March,	Group		Company	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.

18 REVENUE RESERVES

18.1 General Reserve	4,822,163	4,822,163	4,822,163	4,822,163
	4,822,163	4,822,163	4,822,163	4,822,163

18.2 Accumulated Profits

Balance at the beginning of the Year	2,097,357,312	1,836,790,476	1,424,770,575	1,383,494,507
Profit for the Year	321,768,112	401,949,561	211,639,953	161,370,967
Share Buy-back	(43,496,384)	(19,859,256)	-	-
Dividend Paid				
- Ordinary Shares	(121,941,814)	(121,941,814)	(121,941,814)	(121,941,814)
Other Comprehensive Income				
- Net Gain/ (Loss) from Gratuity Valuation	(20,755,123)	418,345	(17,285,774)	1,846,914
Balance at the end of the Year	2,232,932,104	2,097,357,312	1,497,182,940	1,424,770,575
Total Revenue Reserves	2,237,754,267	2,102,179,475	1,502,005,103	1,429,592,738

19 NON-CONTROLLING INTEREST

19.1 Proportion of Equity Interest held by Non-Controlling Interest

As at 31st March,	2019 Rs.	2018 Rs.
Company Name		
Durdans Heart Centre (Pvt) Ltd	18.84%	18.84%
Durdans Medical and Surgical Hospital (Pvt) Ltd	16.70%	17.90%
Amrak Institute of Medical Sciences (Pvt) Ltd	54.30%	-

19.2 Accumulated Balances of Material Non-Controlling Interest

As at 31st March,	2019 Rs.	2018 Rs.
Balance at the beginning of the Year	561,186,237	529,100,567
Profit for the year	54,550,619	85,923,724
Increase/ (Decrease) in the Share of Minority Interest	(6,356,392)	(3,738,125)
Other Comprehensive Income		
- Deferred Tax Effect on Revaluation Gain	-	(9,868,474)
- Net Gain/ (Loss) from Gratuity valuation	(738,961)	(297,858)
- Net Gain/ (Loss) on Available for Sale Financial Assets	(295,788)	38,759
Dividend Paid	(43,602,025)	(39,972,357)
Balance at the end of the Year	564,743,689	561,186,237

Notes to the Financial Statements

19 NON-CONTROLLING INTEREST CONTD.

19.3 Financial Information of Subsidiaries that have Material Non-Controlling Interests

As at 31st March,	Durdans Medical and Surgical Hospitals (Pvt) Ltd	Durdans Heart Center (Pvt) Ltd
-------------------	--	--------------------------------

Summarised Statement of Total Comprehensive Income for year ended 31st March 2019

Total Comprehensive Income Attributable to Non-Controlling Interest	60,521,825	6,262,357
---	------------	-----------

Summarised Statement of Financial Position as at 31st March 2019

Non-Current Assets	2,491,038,696	367,955,083
Current Assets	994,608,339	302,059,421
Non-Current Liabilities	211,719,640	63,226,682
Current Liabilities	275,138,388	255,953,467
Equity	2,998,789,007	350,834,356
Net Assets attributable to Non-Controlling Interest	500,681,409	66,106,339

20 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

20.1 Summary of Financial Assets and Liabilities

As at 31st March,	Notes	Group		Company	
		2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.

Financial Assets

Financial Assets at Amortised Cost

Trade and Other Receivables	13	215,382,981	217,175,109	132,129,362	144,557,750
Other Financial Assets at Amortised Cost	20.2.1	709,802,945	-	121,033,618	-
Loans and Receivables	20.2.2	-	657,805,380	-	103,323,325
Cash and Cash Equivalents	15	403,497,054	203,386,744	62,263,772	58,573,161
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)	20.2.3	24,623,624	-	14,231,976	-
Available-for-Sale Investments	20.2.4	-	7,824,804	-	1,204,000
		1,353,306,604	1,086,192,037	329,658,727	307,658,235

Financial Liabilities

Financial Liabilities at Amortised Cost

Interest Bearing Loans and Borrowings	20.3	814,945,514	708,224,489	722,778,863	667,946,723
Trade Payables	24	282,832,723	234,377,850	145,843,450	122,635,600
Other Payables	24	267,808,570	254,739,211	155,438,685	151,808,283
		550,641,293	489,117,061	301,282,135	274,443,882

The Group's exposure to various risks associated with the financial instruments is discussed in Note 33. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

20.2 Financial Assets

20.2.1 Financial Assets at Amortised Cost

Classification of Financial Assets at Amortised Cost

The Group classifies its Financial Assets at amortised cost only if both of the following criteria are met:

- 1 The asset is held within a business model whose objective is to collect the contractual cash flows, and
- 2 The contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, these are subsequently measured at amortised cost (gross carrying amount using the Effective Interest Rate, less provision for impairment). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the Effective Interest Rate ("EIR"). The amortisation is included in "Interest Income" while the losses arising from impairment are recognised in "impairment charges for loans and other losses" in the Income Statement.

This comprises Financial Investments – Loans and receivables and held to maturity investments that were previously classified under Sri Lanka Accounting Standards (LKAS 39) on Financial Instruments: Recognition and Measurement.

As at 31st March,	Group		Company	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Financial Assets at Amortised Cost				
Refundable Deposits	50,800,953	-	43,605,529	-
Deposits in Financial Institutions	659,001,992	-	77,428,088	-
Total Financial Assets at Amortised Cost	709,802,945	-	121,033,617	-

20.2.2 Loans and Receivables

Classification of Loans and Receivables Financial Assets

Financial Assets classified as loans and receivables included refundable deposits and deposits in Financial Institutions. After initial measurement, these are subsequently measured at gross carrying amount using the EIR, less provision for impairment. EIR was calculated by taking into account any discount or premium on acquisition and fees and costs. The amortisation is included in "Interest Income" while the losses arising from impairment are recognised in "Impairment charges and other losses" in the Income Statement.

As at 31st March,	Group		Company	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Loans and Receivables Financial Assets				
Refundable Deposits	-	39,905,645	-	32,496,971
Deposits in Financial Institutions	-	617,899,735	-	70,826,354
Total Loans and Receivable Financial Assets	-	657,805,380	-	103,323,325

Notes to the Financial Statements

20 FINANCIAL ASSETS AND FINANCIAL LIABILITIES CONTD.

20.2.3 Financial Assets at Fair Value through Other Comprehensive Income

Classification of Financial Assets at Fair Value through Other Comprehensive Income

Upon initial recognition, the Group elects to classify irrevocably some of its equity investments held for strategic purpose, as equity instruments at FVOCI when they meet the definition of Equity under Sri Lanka Accounting Standard (LKAS 32) on Financial Instruments: Presentation and are not held for trading. These are strategic investments and the group considers this classification to be more relevant.

Gains and losses on these equity instruments are never recycled to profit or loss instead directly transferred to retained earnings at the time of derecognition. Dividends are recognised in profit or loss as Finance income when the right of the payment has been established. Equity instruments at FVOCI are not subject to an impairment assessment.

These instruments comprise quoted and unquoted shares that had been previously classified as available-for-sale under LKAS 39.

As at 31st March,	Group		Company	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Financial Assets at FVOCI				
Equity Shares in Listed Companies	10,404,864	-	696,000	-
Equity Shares in Non-Listed Companies	13,500,000	-	13,500,000	-
Investment in Unit Trust	718,760	-	35,976	-
Total Financial Assets at FVOCI	24,623,624	-	14,231,976	-

20.2.4 Available-for-Sale Investments

As per LKAS 39, Available-for-sale financial investments included equity share investments. Equity investments classified as available for sale were those which were neither classified as held for trading nor designated at fair value through profit or loss.

The Group had not designated any loans or receivables as available-for-sale. After initial measurement, available-for-sale financial investments are subsequently measured at fair value.

As at 31st March,	Group		Company	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Equity Shares in Listed Companies	-	7,824,804	-	1,204,000
Total Available-for-Sale Investments	-	7,824,804	-	1,204,000

20.2.5 Financial Assets Age Analysis

As at 31st March,	Group		Company	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Current Financial Assets				
Deposits in Financial Institutions	659,001,992	617,899,735	77,428,088	70,826,354
Total Current Financial Assets	659,001,992	617,899,735	77,428,088	70,826,354
Non-Current Financial Assets				
Refundable Deposits	50,800,953	39,905,645	43,605,529	32,496,971
Equity Shares in Listed Companies	10,404,864	7,824,804	696,000	1,204,000
Equity Shares in Non-Listed Companies	13,500,000	-	13,500,000	-
Investment in Unit Trust	718,760	-	35,976	-
Total Non-Current Financial Assets	75,424,577	47,730,448	57,837,505	33,700,971
Total Other Financial Assets	734,426,568	665,630,183	135,265,593	104,527,325

Risk exposure and fair value measurements

Information about the Group's exposure to price risk is provided in Note 33.5.3.

20.3 (a) Interest Bearing Loans and Borrowings Group

	Note	2019			2018		
		Repayable within One Year Rs.	Repayable after One Year Rs.	Total Rs.	Repayable within One Year Rs.	Repayable after One Year Rs.	Total Rs.
Bank Loans	20.3.1	222,367,951	592,577,563	814,945,514	423,572,303	284,060,128	707,632,433
Finance Lease	20.3.2	-	-	-	592,057	-	592,057
		222,367,951	592,577,563	814,945,514	424,164,360	284,060,128	708,224,490

Notes to the Financial Statements

20 FINANCIAL ASSETS AND FINANCIAL LIABILITIES CONTD.

20.3.1 Bank Loans - Group

	Balance at the beginning of the Year Rs.	Loans Obtained Rs.	Repayment Rs.	Balance at the end of the Year Rs.
DFCC Bank	252,627,754	336,786,394	(140,181,349)	449,232,800
Nations Trust Bank	3,650,009	-	(3,650,009)	-
National Development Bank - Revolving Loan	30,000,000	120,000,000	(120,000,000)	30,000,000
Union Bank - Revolving Loan	15,000,000	15,000,000	(15,000,000)	15,000,000
Hatton National Bank	-	26,611,631	-	26,611,631
Seylan Bank	387,054,669	53,265,150	(248,456,699)	191,863,120
People's Bank	19,300,000	90,908,264	(7,970,299)	102,237,964
	707,632,433	642,571,439	(535,258,356)	814,345,515

20.3.2 Finance Lease - Group

	Balance at the beginning of the Year Rs.	Loans Obtained Rs.	Repayment Rs.	Balance at the end of the Year Rs.
National Development Bank	628,043	-	(628,043)	-
Gross Liability	628,043	-	(628,043)	-
Finance Charges Allocated to Future Years				
National Development Bank	(35,985)	-	35,985	-
	(35,985)	-	35,985	-
Present Value of Lease Creditors	592,058	-	(592,058)	-

Bank Loans - Group

Lender	Total Outstanding Rs.	Interest Rate %	Date Obtained	Repayment Terms	Security
DFCC Bank					
- 36 Mn	33,000,000	AWDR + 5.5%	09th April 2018	In 60 equal monthly capital installments of Rs. 600,000 commencing after a grace period of 6 months	Mortgage over Equipment financed by the Loan
- 50 Mn	4,166,652	AWDR + 5.5%	16th January 2015	In 48 equal monthly installments of Rs. 1,041,667 commencing after a grace period of 12 months	Mortgage over Equipment financed by the Loan
- 60 Mn	55,000,000	AWPLR + 1.5%	09th April 2018	In 60 equal monthly capital installments of Rs. 1,000,000 commencing after a grace period of 6 months	Loan Agreement for Rs. 60 Mn
- 75 Mn	8,495,664	AWPLR + 1.4%	19th July 2018	In 48 equal monthly installments of Rs. 1,563,000 from the date of first disbursement	Loan Agreement for Rs. 75 Mn
- 125 Mn	61,495,172	AWPLR + 1.6%	01st September 2016	In 36 equal monthly installments of Rs. 3,472,222 commencing after a grace period of 12 months from the date of first disbursement	Loan Agreement for Rs. 125 Mn
- 150 Mn	2,500,000	4-week AWPLR + 2%	24th October 2013	In 60 equal monthly installments of Rs. 2,500,000 with a grace period of 10 months	Primary mortgage over movable machinery financed by the loan belonging to Ceylon Hospitals PLC
- 150 Mn	102,976,090	AWPLR + 1.6%	01st September 2016	In 48 equal monthly installments of Rs. 3,125,000 commencing after a grace period of 12 months from the date of first disbursement	Corporate Guarantee from Durdans Medical and Surgical Hospital (Pvt) Ltd for Rs. 150 Mn
- 750 Mn	181,599,222	AWPLR + 1.4%	10th April 2018	In 72 equal monthly installments of Rs. 5,555,556 commencing after a grace period of 24 months from the date of first disbursement	Corporate Guarantee from Durdans Medical and Surgical Hospital (Pvt) Ltd for Rs. 750 Mn
National Development Bank					
- 30 Mn	30,000,000	Money Market Loan Rate	05th April 2013	Repayable on demand	Revolving Loan Facility
Hatton National Bank					
- 92 Mn	26,611,631	AWPLR + 1.25%	15th May 2019	In 59 equal monthly installments of Rs. 1,533,350 and final installments of Rs. 1,532,350 with a grace period of 6 months	Loan Agreement for Rs. 92 Mn

Notes to the Financial Statements

20 FINANCIAL ASSETS AND FINANCIAL LIABILITIES CONTD.

Bank Loans - Group Contd.

Lender	Total Outstanding Rs.	Interest Rate %	Date Obtained	Repayment Terms	Security
Union Bank					
- 15 Mn	15,000,000	Money Market Interest Rate	05th December 2014	In 1-30 days with the option to rollover up to a maximum of 90 days	Primary floating Mortgage Bond over stock comprising of medicine drugs and assignment over book debts
Seylan Bank					
- 475 Mn	191,863,120	AWDR + 3%	05th October 2015	Rs. 125 Mn Bullet payment within 24 months In 24 equal monthly installments of Rs. 2,500,000 and 24 equal monthly installments of Rs. 3,750,000 after a grace period of 12 months In 24 equal monthly installments of Rs. 3,500,000, 12 equal monthly installments of Rs. 4,750,000, 12 equal monthly installments of Rs. 4,800,000 and one installment of Rs. 6,200,000 after a grace period of 12 months	(i) Corporate Guarantee from Durdans Heart Centre (Pvt) Ltd for Rs. 125 Mn (ii) Loan Agreement form for Rs. 125 Mn (iii) Corporate Guarantee from Durdans Medical and Surgical Hospital (Pvt) Ltd for Rs. 350 Mn (iv) Loan Agreement for Rs. 150 Mn (v) Loan Agreement for Rs. 200 Mn
People's Bank					
- 50 Mn	42,029,701	AWPLR + 1.5%	20th December 2017	In 53 equal monthly installments of Rs. 925,000 and final installments of Rs. 975,000 with a grace period of 6 months	Loan Agreement for Rs. 50 Mn
- 100 Mn	60,208,263	AWPLR + 1.25%	22nd May 2018	In 53 equal monthly installments of Rs. 1,850,000 and final installment of Rs. 1,950,000 with a grace period of 6 months	Loan Agreement for Rs. 100 Mn
Total	814,945,514				

20.3 (b) Interest Bearing Loans and Borrowings
Company

	Note	2019			2018		
		Repayable within One Year Rs.	Repayable after One Year Rs.	Total Rs.	Repayable within One Year Rs.	Repayable after One Year Rs.	Total Rs.
Bank Loans	20.3.3	201,776,300	521,002,563	722,778,863	387,461,193	279,893,472	667,354,665
Finance Lease	20.3.4	-	-	-	592,057	-	592,057
		201,776,300	521,002,563	722,778,863	388,053,250	279,893,472	667,946,723

20.3.3 Bank Loans - Company

	Balance at the beginning of the Year Rs.	Loans Obtained Rs.	Repayment Rs.	Balance at the end of the Year Rs.
DFCC Bank	235,961,098	240,786,394	(119,681,345)	357,066,148
Nations Trust Bank	3,650,009	-	(3,650,009)	-
National Development Bank - Revolving Loan	30,000,000	120,000,000	(120,000,000)	30,000,000
Union Bank - Revolving Loan	15,000,000	15,000,000	(15,000,000)	15,000,000
Hatton National Bank	-	26,611,631	-	26,611,631
Seylan Bank	363,443,558	53,265,150	(224,845,588)	191,863,120
People's Bank	19,300,000	90,908,264	(7,970,299)	102,237,964
	667,354,665	546,571,439	(491,147,241)	722,778,863

Notes to the Financial Statements

20 FINANCIAL ASSETS AND FINANCIAL LIABILITIES CONTD.

20.3.4 Finance Lease - Company

	Balance at the beginning of the Year Rs.	Loans Obtained Rs.	Repayment Rs.	Balance at the end of the Year Rs.
National Development Bank	628,043	-	(628,043)	-
Gross Liability	628,043	-	(628,043)	-
Finance Charges Allocated to Future Years				
National Development Bank	(35,985)	-	35,985	-
	(35,985)	-	35,985	-
Present Value of Lease Creditors	592,058	-	(592,058)	-

Bank Loans - Company

Lender	Total Outstanding Rs.	Interest Rate %	Date Obtained	Repayment Terms	Security
DFCC Bank					
- 75 Mn	8,495,664	AWPLR + 1.4%	19th July 2018	In 48 equal monthly installments of Rs. 1,563,000 from the date of first disbursement	Loan Agreement for Rs. 75 Mn
- 125 Mn	61,495,172	AWPLR + 1.6%	01st September 2016	In 36 equal monthly installments of Rs. 3,472,222 commencing after a grace period of 12 months from the date of first disbursement	Loan Agreement for Rs. 125 Mn
- 150 Mn	2,500,000	4-week AWPLR + 2%	24th October 2013	In 60 equal monthly installments of Rs. 2,500,000 with a grace period of 10 months	Primary mortgage over movable machinery financed by the loan belonging to Ceylon Hospitals PLC
- 150 Mn	102,976,090	AWPLR + 1.6%	01st September 2016	In 48 equal monthly installments of Rs. 3,125,000 commencing after a grace period of 12 months from the date of first disbursement	Corporate Guarantee from Durdans Medical and Surgical Hospital (Pvt) Ltd for Rs. 150 Mn
- 750 Mn	181,599,222	AWPLR + 1.4%	10th April 2018	In 72 equal monthly installments of Rs. 5,555,556 commencing after a grace period of 24 months from the date of first disbursement	Corporate Guarantee from Durdans Medical and Surgical Hospital (Pvt) Ltd for Rs. 750 Mn

Lender	Total Outstanding Rs.	Interest Rate %	Date Obtained	Repayment Terms	Security
National Development Bank					
- 30 Mn	30,000,000	Money Market Loan Rate	05th April 2013	In 1-30 days with the option to rollover up to a maximum of 90 days	Revolving Loan Facility
Hatton National Bank					
- 92 Mn	26,611,631	AWPLR + 1.25%	15th May 2019	In 59 equal monthly installments of Rs. 1,533,350 and final installments of Rs. 1,532,350 with a grace period of 6 months	Loan Agreement for Rs. 92 Mn
Union Bank					
- 15 Mn	15,000,000	Money Market Interest Rate	05th December 2014	In 1-30 days with the option to rollover up to a maximum of 90 days	Primary floating Mortgage Bond over stock comprising of medicine drugs and assignment over book debts
Seylan Bank					
- 475 Mn	191,863,120	AWDR + 3%	05th October 2015	Rs. 125 Mn Bullet payment within 24 months In 24 equal monthly installments of Rs. 2,500,000 and 24 equal monthly installments of Rs. 3,750,000 after a grace period of 12 months In 24 equal monthly installments of Rs. 3,500,000, 12 equal monthly installments of Rs. 4,750,000, 12 equal monthly installments of Rs. 4,800,000 and one installment of Rs. 6,200,000 after a grace period of 12 months	(i) Corporate Guarantee from Durdans Heart Centre (Pvt) Ltd for Rs. 125 Mn (ii) Loan Agreement form for Rs. 125 Mn (iii) Corporate Guarantee from Durdans Medical and Surgical Hospital (Pvt) Ltd for Rs. 350 Mn (iv) Loan Agreement for Rs. 150 Mn (v) Loan Agreement for Rs. 200 Mn
People's Bank					
- 50 Mn	42,029,701	AWPLR + 1.5%	20th December 2017	In 53 equal monthly installments of Rs. 925,000 and final installments of Rs. 975,000 with a grace period of 6 months	Loan Agreement for Rs. 50 Mn
- 100 Mn	60,208,263	AWPLR + 1.25%	22nd May 2018	In 53 equal monthly installments of Rs. 1,850,000 and final installment of Rs. 1,950,000 with a grace period of 6 months	Loan Agreement for Rs. 100 Mn
Total	722,778,863				

Notes to the Financial Statements

20 FINANCIAL ASSETS AND FINANCIAL LIABILITIES CONTD.

20.4 Fair Value - 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.

	Notes	Carrying Amount				Fair Value
		Amortised Cost	Fair Value through Other Comprehensive Income	Fair Value through Profit or Loss	Total	
		Rs.	Rs.	Rs.	Rs.	Rs.

As at 31st March 2019

Financial Assets

Trade and Other Receivables	13	215,382,981	-	-	215,382,982	215,382,982
Prepayments	13.1	122,513,617	-	-	122,513,617	122,513,617
Other Financial Assets	20.2	709,802,945	24,623,624	-	734,426,568	734,426,568
Cash and Cash Equivalents	15	403,497,054	-	-	403,497,054	403,497,054
		1,451,196,597	24,623,624	-	1,475,820,221	1,475,820,221

Financial Liabilities

Interest Bearing Loans and Borrowings	20.3.1	814,945,515	-	-	814,945,515	814,945,515
Trade and Other Payables	24	550,641,293	-	-	550,641,293	550,641,293
Bank Overdraft		755,244,128	-	-	755,244,128	755,244,128
		2,120,830,936	-	-	2,120,830,936	2,120,830,936

	Notes	Carrying Amount				Fair Value
		Loans and Receivables	Available for sale	Other Financial Liabilities	Total	
		Rs.	Rs.	Rs.	Rs.	Rs.

As at 31st March 2018

Financial Assets

Trade and Other Receivables	13	217,175,109	-	-	217,175,109	217,175,109
Prepayments	13.1	135,896,520	-	-	135,896,520	135,896,520
Other Financial Assets	20.2	657,805,380	7,824,804	-	665,630,183	665,630,183
Cash and Cash Equivalents	15	203,386,744	-	-	203,386,744	203,386,744
		1,214,263,753	7,824,804	-	1,222,088,557	1,222,088,557

Financial Liabilities

Interest Bearing Loans and Borrowings	20.3.1	-	-	707,632,433	707,632,433	707,632,433
Finance Lease Liabilities	20.3.2	-	-	592,058	592,058	592,058
Trade and Other Payables	24	-	-	489,117,061	489,117,061	489,117,061
Bank Overdraft		-	-	439,745,762	439,745,762	439,745,762
		-	-	1,637,087,313	1,637,087,313	1,637,087,313

20.4 Fair Value - Company

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.

	Notes	Carrying Amount				Fair Value
		Amortised Cost	Fair Value through Other Comprehensive Income	Fair Value through Profit or Loss	Total	
		Rs.	Rs.	Rs.	Rs.	Rs.

As at 31st March 2019

Financial Assets

Trade and Other Receivables	13	132,129,362	-	-	132,129,362	132,129,362
Prepayments	13.1	94,235,915	-	-	94,235,915	94,235,915
Other Financial Assets	20.2	121,033,618	14,231,976	-	135,265,593	135,265,593
Cash and Cash Equivalents	15	62,263,772	-	-	62,263,772	62,263,772
		409,662,666	14,231,976	-	423,894,642	423,894,642

Financial Liabilities

Interest Bearing Loans and Borrowings	20.3.3	722,778,863	-	-	722,778,863	722,778,863
Trade and Other Payables	24	301,282,135	-	-	301,282,135	301,282,135
Bank Overdraft		693,019,494	-	-	693,019,494	693,019,494
		1,717,080,492	-	-	1,717,080,492	1,717,080,492

	Notes	Carrying Amount				Fair Value
		Loans and Receivables	Available for sale	Other Financial Liabilities	Total	
		Rs.	Rs.	Rs.	Rs.	Rs.

As at 31st March 2018

Financial Assets

Trade and Other Receivables	13	144,557,750	-	-	144,557,750	144,557,750
Prepayments	13.1	98,169,160	-	-	98,169,160	98,169,160
Other Financial Assets	20.2	103,323,325	1,204,000	-	104,527,325	104,527,325
Cash and Cash Equivalents	15	58,573,161	-	-	58,573,161	58,573,161
		404,623,395	1,204,000	-	405,827,395	405,827,395

Financial Liabilities

Interest Bearing Loans and Borrowings	20.3.3	-	-	667,354,665	667,354,665	667,354,665
Finance Lease Liabilities	20.3.4	-	-	592,057	592,057	592,057
Trade and Other Payables	24	-	-	274,443,882	274,443,882	274,443,882
Bank Overdraft		-	-	397,360,201	397,360,201	397,360,201
		-	-	1,339,750,806	1,339,750,806	1,339,750,806

Notes to the Financial Statements

20 FINANCIAL ASSETS AND FINANCIAL LIABILITIES CONTD

Fair Value of Financial Assets and Liabilities

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 liquidated sale. The following methods and assumptions were used to estimate the fair values:

- Due to short-term nature carrying amount of cash and cash equivalents, trade receivables and payables and other current liabilities approximate as their fair value amount.
- 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

The judgments and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements are explained below. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

Recurring Fair Value Measurement As at 31st March 2019	Group				Company			
	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.

Fair Value through Other Comprehensive Income

Equity Shares in Listed Companies	10,404,864	-	-	10,404,864	696,000	-	-	696,000
Equity Shares in Non-Listed Companies	-	-	13,500,000	13,500,000	-	-	13,500,000	13,500,000
	10,404,864	-	13,500,000	23,904,864	696,000	-	13,500,000	14,196,000

Recurring Fair Value Measurement As at 31st March 2018	Group				Company			
	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.

Fair Value through Other Comprehensive Income

Equity Shares in Listed Companies	7,824,804	-	-	7,824,804	1,204,000	-	-	1,204,000
	7,824,804	-	-	7,824,804	1,204,000	-	-	1,204,000

20.6 Recognised Fair Value Measurement

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

Level 1 : The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2 : The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 : If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

*The Group has not disclosed the fair values for financial instruments such as cash and short-term deposits, trade receivables, trade payables because their carrying amounts are a reasonable approximation of fair value.

20.7 Transfers between Levels of Fair Value Hierarchy

There were no transfers between Level 1, Level 2 and Level 3 during the Year.

20.8 Valuation Techniques used to Determine Fair Values

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments
- For other financial instruments - Discounted cash flow analysis

All of the resulting fair value estimates are included in Level 1 except for unlisted equity securities, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

20.9 Fair Value Measurement using Significant Unobservable Input

As at 31st March,	Group		Company	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Balance at the Beginning of the Year	-	-	-	-
Acquisitions	13,500,000	-	13,500,000	-
Gains/ (Losses) recognised in Other Comprehensive Income	-	-	-	-
Balance at the End of the Year	13,500,000	-	13,500,000	-

20.10 Valuation Inputs and Relationships to Fair Value

The following table summarises the quantitative information about the Significant Unobservable Inputs used in Level 3 Fair Value measurements

Description	Fair Value		Un-Observable Input	Relationship of Un-observable Input to Fair Value
	2019 Rs.	2018 Rs.		
Unlisted Equity Security	13,500,000	-	<ul style="list-style-type: none">• Earning Growth Rate• Risk adjusted Discount Factor	Estimated Fair value would increase/ (decrease) if net cash inflow and discount rate increase/ (decrease)

Notes to the Financial Statements

21 DEFERRED REVENUE

As at 31st March,	Group		Company	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Balance at the beginning of the Year	-	-	38,631,600	40,086,886
Less: Amortised during the Year	-	-	(1,790,286)	(1,455,286)
Balance at the end of the Year	-	-	36,841,314	38,631,600

22 RETIREMENT BENEFIT OBLIGATIONS

22.1 Retirement Benefit Obligations - Provision for the Year

As at 31st March,	Group		Company	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Balance at the beginning of the Year	182,422,394	166,564,931	160,235,950	147,596,076
Provision for the Year	71,386,166	39,302,495	59,771,600	31,354,042
	253,808,560	205,867,426	220,007,550	178,950,117
Payments made during the Year	(25,363,585)	(23,445,032)	(17,501,245)	(18,714,167)
Balance at the end of the Year	228,444,975	182,422,394	202,506,305	160,235,950

22.2 Movement in Net Defined Benefit Obligation

The following table shows a reconciliation from the balance at the beginning of the Year to at the end of the Year for Net Defined Benefit Obligation and its components.

As at 31st March,	Group		Company	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Balance at the beginning of the Year	182,422,394	166,564,931	160,235,950	147,596,076
Expenses Recognised in Profit or Loss				
Current Service Cost	22,649,930	18,709,049	18,938,806	16,207,671
Interest Cost	19,154,351	20,955,039	16,824,775	17,711,529
	41,804,281	39,664,088	35,763,581	33,919,200
Expenses Recognised in Other Comprehensive Income				
Actuarial (Gain)/ Loss	29,581,885	(361,594)	24,008,019	(2,565,159)
Other				
Benefits paid during the Year	(25,363,585)	(23,445,032)	(17,501,245)	(18,714,167)
Balance at the end of the Year	228,444,975	182,422,394	202,506,305	160,235,950

Messers Actuarial and Management Consultant (Pvt) Ltd, Actuary, carried out an actuarial valuation of defined benefit obligation for Ceylon Hospitals PLC, Durdans Medical and Surgical Hospital (Pvt) Ltd and Durdans Heart Center (Pvt) Ltd as at 31st March 2019. The Liability is not externally funded. The Actuarial valuation is performed annually.

22.3 Actuarial Assumptions

The following were the principal actuarial assumptions at the reporting date.

	Group		Company	
	2019	2018	2019	2018
Discount Rate	11%	10.5%	11%	10.5%
Salary Increase Rate	8%	8%	8%	8%
Staff Turnover Rate - Upto 49 Years	20%-27%	20%-24%	27%	24%
Disability Rate	10%	10%	10%	10%
Retirement Age	55years	55years	55years	55years

22.4 Sensitivity Analysis

The following table demonstrates the sensitivity to reasonably possible changes at the reporting date in the key assumptions employed with all other variables held constant in the employment benefit liability measurement.

The sensitivity of the statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the employment benefit obligation for the year.

	Group		Company	
	Increase	Decrease	Increase	Decrease
Discount Rate (1% movement)	(5,295,404)	5,683,861	(4,556,110)	4,893,595
Salary Increments (1% movement)	6,828,074	(6,539,752)	5,914,416	(5,671,397)

23 DEFERRED TAXATION

23.1 Deferred Tax Provision

As at 31st March,	Group		Company	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Balance at the beginning of the Year	701,191,908	200,535,263	513,601,220	56,964,854
Provision for the Year	34,740,356	500,656,645	36,678,993	456,636,367
Balance at the end of the Year	735,932,264	701,191,908	550,280,213	513,601,221

Deferred Tax Provision as at the end of Year is made up as follows;

Deferred Tax Provision from:

Temporary Difference of Property, Plant and Equipment	345,354,694	290,410,327	215,865,513	160,556,916
Temporary Difference of Retirement Benefit Obligation	(68,910,532)	(48,706,522)	(62,777,427)	(44,147,822)
Temporary Difference of Revaluation of Property, Plant and Equipment	459,488,102	459,488,103	397,192,127	397,192,127
	735,932,264	701,191,908	550,280,213	513,601,221

Notes to the Financial Statements

23 DEFERRED TAX PROVISION CONTD.

23.2 Movement in Tax Effect of Temporary Differences - Group

	Balance at the Beginning of the Year	Recognised in Profit or Loss	Recognised in Other Comprehensive Income	Balance at the End of the Year
Deferred Tax Assets				
Defined Benefit Obligations	(48,867,898)	(12,333,459)	(8,087,802)	(69,289,160)
	(48,867,898)	(12,333,459)	(8,087,802)	(69,289,160)
Deferred Tax Liability				
Property, Plant and Equipment	299,682,755	46,050,568	-	345,733,323
Revaluation Gain on Land and Building	459,488,102	-	-	459,488,102
	759,170,857	46,050,568	-	805,221,425
Net Deferred Tax Liability	710,302,959	33,717,109	(8,087,802)	735,932,264

23.3 Movement in Tax Effect of Temporary Differences - Company

	Balance at the Beginning of the Year	Recognised in Profit or Loss	Recognised in Other Comprehensive Income	Balance at the End of the Year
Deferred Tax Assets				
Defined Benefit Obligations	(44,147,822)	(11,835,699)	(6,722,245)	(62,705,766)
	(44,147,822)	(11,835,699)	(6,722,245)	(62,705,766)
Deferred Tax Liability				
Property, Plant and Equipment	160,556,915	55,236,938	-	215,793,853
Revaluation Gain on Land and Building	397,192,126	-	-	397,192,126
	557,749,042	55,236,938	-	612,985,979
Net Deferred Tax Liability	513,601,221	43,401,238	(6,722,245)	550,280,213

24 TRADE AND OTHER PAYABLES

As at 31st March,	Group		Company	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Trade Creditors	282,832,723	234,377,850	145,843,450	122,635,600
Accrued Expenses and Sundry Payables	267,808,570	254,739,211	155,438,685	151,808,282
	550,641,293	489,117,061	301,282,135	274,443,882

25 TAXATION PAYABLE

As at 31st March,	Group		Company	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Balance at the beginning of the Year	(17,417,650)	32,446,428	(13,794,764)	(8,346,565)
Provision for the Year	114,086,375	89,250,715	33,574,487	13,748,573
Payments during the Year	(93,217,230)	(113,465,359)	-	(1,493,809)
Tax credits for				
- ESC Paid	(22,248,514)	(19,317,228)	(16,145,428)	(16,486,890)
- WHT Deducted	(1,975,386)	(6,332,204)	(528,622)	(1,216,072)
Balance at the end of the Year	(20,772,401)	(17,417,650)	3,105,671	(13,794,764)

26 CAPITAL COMMITMENTS

The Company entered into a construction contract with Tudawe Brothers (Pvt) Ltd for a total value of Rs. 1,144,950,469 (excluding VAT) in respect of the Durdans 2022 remodelling and reconstruction project.

Payments are done to the contractor on a progressive basis based on a certificate of work done collectively issued by the designated Chartered Architect and Chief Quantity Surveyor to the project.

27 CONTINGENT LIABILITIES

There were no contingent liabilities as at 31st March 2019 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 EMPLOYEE AND INDUSTRIAL RELATIONS

There were no material issues pertaining to employee and industrial relations that require disclosure in Financial Statements.

30 DIVIDENDS

This represents an interim dividend paid at the rate of Rs. 2.74 per share for the Year 2017/18 and first interim dividend of Rs. 0.86 per share paid for the Year 2018/19.

Notes to the Financial Statements

31 RELATED PARTY DISCLOSURE

A Related Party Transaction is transfer of resources, services or obligations between Related Parties, regardless of whether a price is charged.

The Company carries out transactions in the ordinary course of its business on an arm's length basis with parties who are defined as Related Parties in Sri Lanka Accounting Standard (LKAS 24) on Related Party Transaction.

31.1 Substantial Shareholding, Immediate and Ultimate Parent Company

The Company's immediate parent company is Durdans Management Services Ltd, which holds 67.06% of the issued Ordinary Shares (Voting) of the Company as at reporting date.

31.2 Recurrent Related Party Transactions

There were no recurrent related party transactions which in aggregate value exceed 10% of gross revenue of the Company as per 31st March 2019 audited Financial Statements, which required additional disclosures in 2018/19 Annual Report under Colombo Stock Exchange ("CSE") rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission directive issued Section 13 (C) of Securities and Exchange Commission Act.

31.3 Non-Recurrent Related Party Transactions

During the Year the Company entered into a construction contract with Tudawe Brothers (Pvt) Ltd for a total value of Rs. 1,144,950,469 (excluding VAT) in respect of the Durdans 2022 remodeling and reconstruction project. Based on the advice obtained from independent project consultants and available market information, the Related Party Transaction Review Committee established that the contract value was in line with competitive market prices and on arms length basis. This transaction has been disclosed to the CSE on 7th December 2018.

The Company and its subsidiaries collectively entered into a shareholders' agreement in August 2018 to invest 66.5% of the capital of Messers Amrak Institute of Medical Sciences (Pvt) Ltd a company established to provide medical science courses for prospective students in collaboration with Astron Institute of International Studies Private Limited, India.

31.4 Key Management Personnel Information

According to Sri Lanka Accounting Standard (LKAS 24) on 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.

31.5 Transactions held with Key Management Personnel (KMP)

31.5.1 Compensation for Key Management Personnel

As at 31st March,	Group		Company	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Short-term Employee Benefits	46,921,792	39,520,948	43,881,792	36,281,104
Post Employment Benefits	-	-	-	-
Other Long-term Benefits	-	-	-	-
Terminal Benefits	-	-	-	-
Share Based Payments	-	-	-	-
	46,921,792	39,520,948	43,881,792	36,281,104

The short term employee benefits include emoluments paid to the Executive Directors and director fee paid for Board attendance to all Directors.

Emoluments to the Directors' of the Company and Group are disclosed in Note 7 to the Financial Statements.

31.5.2 Loans to Directors

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

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

31.6 Transactions with Related Entities

The Directors/ Key Management Personnel of the Company as at 31st March 2019 were Directors of following Companies as set out below and transactions included in Note 31.7 carried out with such companies during the Year.

Name of the Director	Durdans Management Services Ltd	Commercial Marketing and Distributors (Pvt) Ltd	Tudawe Brothers (Pvt) Ltd	Tudawe Engineering Services (Pvt) Ltd	Durdans Medical and Surgical Hospital (Pvt) Ltd	Durdans Heart Centre (Pvt) Ltd	Amrak Institute of Medical Sciences (Pvt) Ltd	Ceygen Biotech (Pvt) Ltd
Mr. A. E. Tudawe	✓		✓	✓	✓	✓		
Mr. S. P. Tudawe	✓		✓	✓	✓	✓		
Mr. U. D. Tudawe	✓	✓	✓	✓	✓	✓		✓
Dr. A. D. P. A. Wijegoonewardene	✓				✓	✓		
Mr. Y. N. R. Piyasena	✓				✓	✓		
Dr. A. N. Dharmawansa	✓							
Mr. A. S. Abeyewardene					✓			
Mr. Su-ayid M. Ismail					✓			
Mr. A. D. B. Talwatte								
Mr. A. R. Fernando					✓			
Mr. A. S. Tudawe	✓				✓	✓	✓	
Mr. R. N. Tudawe							✓	

Name of the Company	Relationship
Ceylon Hospitals PLC	Company
Durdans Management Services Ltd	Immediate/ Ultimate Parent Company
Durdans Medical and Surgical Hospital (Pvt) Ltd	Subsidiary
Durdans Heart Centre (Pvt) Ltd	Subsidiary
Amrak Institute of Medical Sciences (Pvt) Ltd	Subsidiary
Ceygen Biotech (Pvt) Ltd	Equity Accounted Investee
Tudawe Brothers (Pvt) Ltd	Affiliate
Tudawe Engineering Services (Pvt) Ltd	Affiliate
Commercial Marketing and Distributors (Pvt) Ltd	Affiliate

Notes to the Financial Statements

31 RELATED PARTY DISCLOSURE CONTD.

31.7 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.

31.7.1 Transactions held between Ceylon Hospitals PLC and Related Companies

Name of the Company	Nature of Transaction	2019 Rs.	2018 Rs.
Transactions held with Immediate Parent Company			
Durdans Management Services Ltd	Management fee	(35,316,902)	(38,327,000)
Transactions held with Subsidiary Companies			
Durdans Heart Centre (Pvt) Ltd	Sale of drugs and consumables	2,704,789	7,533,983
	Rendering of medical services	205,842,392	190,919,864
	Sharing utilities and other cost	84,511,662	59,070,294
	Cathlab hiring charges	219,000	670,000
Durdans Medical and Surgical Hospital (Pvt) Ltd	Sale of drugs and consumables	14,905,579	36,079,828
	Rendering of medical services	217,262,392	170,188,016
	Sharing utilities and other cost	468,719,505	317,130,739
Amrak Institute of Medical Sciences (Pvt) Ltd	Sharing utilities and other cost	299,425	-
Transactions with Equity Accounted Investee			
Ceygen Biotech (Pvt) Ltd	General services	51,446	59,080
Transactions with Other related Companies			
Commercial Marketing and Distributors (Pvt) Ltd	Supply of drugs	(64,873,769)	(86,623,480)
Tudawe Brothers (Pvt) Ltd	Diagnostic service	1,178,645	1,001,740
	Car Park construction cost	(49,865,458)	(437,788,134)
	Project 2022 construction cost	(188,986,756)	-

31.7.2 Group

Transactions held between Durdans Medical and Surgical Hospital (Pvt) Ltd with other Related Parties

Name of the Company	Nature of Transaction	2019 Rs.	2018 Rs.
Ceylon Hospitals PLC	Sale of drugs and consumables	8,363,945	6,181,780
	Rendering of medical services	416,050,453	642,445,281
	Sharing utilities and other cost	591,941,958	120,719,236
Durdans Heart Centre (Pvt) Ltd	Sale of drugs and consumables	2,248,746	1,090,819
	Rendering of medical services	48,119,650	60,074,593
	Sharing utilities and other cost	11,428,375	3,011,358
Durdans Management Services (Pvt) Ltd	Management fee	(20,881,953)	-

Transactions held between Durdans Heart Centre (Pvt) Ltd with other Related Parties

Name of the Company	Nature of Transaction	2019 Rs.	2018 Rs.
Ceylon Hospitals PLC	Sale of drugs and consumables	677,971	585,935
	Rendering of medical services	79,423,509	79,899,294
	Sharing utilities and other cost	3,024,194	3,306,024
Durdans Medical and Surgical Hospital (Pvt) Ltd	Sale of drugs and consumables	3,182,254	1,642,284
	Rendering of medical services	16,858,484	13,873,962
	Sharing utilities and other cost	6,890,187	8,175,118

* Figures shown in brackets indicate paid or payable for goods/ services received from related companies.

- 31.8** 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.

Notes to the Financial Statements

32 ASSETS PLEDGED AS COLLATERALS

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.

Name of Financial Institution	Nature of Facility	Facility Granted Rs.	Securities Pledged
Ceylon Hospitals PLC			
Union Bank	Revolving Loan	15 Mn	Over the company inventories and trade debtors balance
Commercial Bank	Bank Overdrafts	76 Mn	Mortgage of fixed deposits amount of Rs. 76 Mn in the name of the Company together with duly executed letter of authority and letter of set off.
Durdans Heart Centre (Pvt) Ltd			
DFCC Bank	Term Loan	50 Mn	Mortgage over equipment financed
	Term Loan	36 Mn	Mortgage over equipment financed
Commercial Bank	Bank Overdrafts	10 Mn	Over the Company inventories and trade debtors balance

33 FINANCIAL RISK MANAGEMENT

33.1 Overview

This note explains the group's exposure to financial risks and how these risks could affect the group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

The Group has exposure mainly to following risks from its use of Financial Instruments

- Credit Risk
- Liquidity Risk
- Market Risk

33.2 Risk Management framework

The Board of Directors have the overall responsibility for establishment and oversight of the Group Risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

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.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and group activities. The Group through its training and management standards and procedures, aim to develop a discipline and constructive environment in which all employee understand their roles and obligations.

33.3 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.

33.3.1 Credit Risk Exposure

The Group's maximum exposure to credit risk as at the end of the year based on the the carrying value of financial assts in the statement of financial position is given below. There were no off balance sheet exposure as the the year end.

As at 31st March,	Group		Company	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Financial Assets at Amortised Cost				
Trade and Other Receivables	215,382,982	217,175,109	132,129,362	144,557,750
Other Financial Assets at Amortised Cost	709,802,945	-	121,033,618	-
Loans and Receivables	-	657,805,380	-	103,323,325
Cash and Cash Equivalents	403,497,054	203,386,744	62,263,772	58,573,161
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)	24,623,624	-	14,231,976	-
Available-for-Sale Investments	-	7,824,804	-	1,204,000
	1,353,306,604	1,086,192,037	329,658,727	307,658,235

33.3.2 Credit Risk Exposure on Trade Receivables

The Group's maximum exposure to credit risk on trade receivables as at the end of year based on the carrying value in the Statement of Financial Position.

As at 31st March,	Note	Group		Company	
		2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Trade Receivables	13	196,034,886	203,942,887	110,281,868	130,270,409

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers various statistics of the Group's customer base including default risk, business relationship giving due attention to past performances, stability of industry and credit worthiness.

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.

Notes to the Financial Statements

33 FINANCIAL RISK MANAGEMENT CONTD.

Impairment Losses

The requirement for an impairment is analysed at each reporting date on an individual basis for major clients. The group applies the SLFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31st March 2019 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the inflation rate of healthcare sector to be the most relevant factors and accordingly adjusts the historical loss rates based on expected changes in this factor.

On that basis, the loss allowance as at 31st March 2019 (on adoption of SLFRS 9) was determined as follows for trade receivables.

Company	31 - 60	61 - 90	91 - 120	121 - 180	Over 180
Expected Loss Rate	3%	5%	11%	18%	30%
Loss Allowance	572,062	339,128	386,842	1,238,341	1,163,688

Group	31 - 60	61 - 90	91 - 120	121 - 180	Over 180
Expected Loss Rate	1% - 2%	2% - 5%	6% - 11%	12% - 18%	19% - 35%
Loss Allowance	816,185	674,543	1,594,481	2,115,890	1,247,054

Trade receivables are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to make repayment after long due period.

Impairment losses on trade receivables is presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

33.4 Liquidity Risk

Liquidity risk is the risk that the group will encounter difficulty in meeting its obligations with its liabilities that are settled by delivering cash or another financial asset. The group's approach to managing liquidity is to ensure that, it will have sufficient liquid assets to settle liabilities when it is due, without breaching any loan covenant and incurring undesirable losses.

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.

The following table 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.	More than 05 Years Rs.	Total Rs.
Year ended 31st March 2019						
Interest Bearing Loans and Borrowings	-	105,333,792	172,813,546	515,025,025	21,773,152	814,945,515
Trade and Other Payables	-	282,832,723	267,808,570	-	-	550,641,293
Amounts Due to Related Parties	-	4,208,202	-	-	-	4,208,202
Bank Overdrafts	755,244,128	-	-	-	-	755,244,128
	755,244,128	392,374,718	440,622,116	515,025,025	21,773,152	2,125,039,138
Year ended 31st March 2018						
Interest Bearing Loans and Borrowings	-	241,443,243	173,804,053	292,384,562	-	707,631,858
Trade and Other Payables	-	403,526,425	85,590,636	-	-	489,117,061
Amounts Due to Related Parties	-	1,764,696	-	-	-	1,764,696
Bank Overdrafts	439,745,762	-	-	-	-	439,745,762
	439,745,762	646,734,364	259,394,689	292,384,562	-	1,638,259,377

Notes to the Financial Statements

33 FINANCIAL RISK MANAGEMENT CONTD.

33.5 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument which will 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, Other Financial Assets measure at fair value in Profit or Loss or Other Comprehensive Income and derivative financial instruments.

33.5.1 Foreign Exchange Risk

The Group being provider of healthcare services to international patients exposed to foreign exchange risk, which primarily to United State Dollar. However, having a lower value of outstanding debtor balances impacts the financials minimally.

33.5.2 Interest Rate Risk

Interest rate risk is the risk that the fluctuation of 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 such as AWDR, AWPLR.

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.

	Increase/ Decrease in Basis Points	Effect on Profit before Tax Rs.
2019		
Interest Bearing Loans and Borrowings	+ 100 bp	(13,590,799)
	- 100 bp	13,590,799
2018		
Interest Bearing Loans and Borrowings	+ 100 bp	(11,933,024)
	- 100 bp	11,933,024

33.5.3 Price Risk

The group's exposure to equity securities price risk arises from investments held by the group and classified in the balance sheet either as at Fair Value through Other Comprehensive Income (FVOCI) or at fair value through profit or loss.

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.

The table below summarises the impact of increases/decreases of these two indexes on the group's equity and post tax profit for the period. The analysis is based on the assumption that the equity indexes had changed by 1% with all other variables held constant, and that all the group's equity instruments moved in line with the indexes.

	Increase/ Decrease in Basis Points	Effect on Equity
Equity Investment at Fair Value through Other Comprehensive Income	+ 100 bp	104,049
	- 100 bp	(104,049)

34 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 2019 and 31st March 2018.

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, trade and other payables less cash and cash equivalents.

As at 31st March,	Group		Company	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Interest Bearing Loans and Borrowings	814,945,514	708,224,489	722,778,863	667,946,723
Trade and Other Payables	550,641,293	489,117,061	301,282,135	274,443,882
Bank Overdrafts	755,244,128	439,745,762	693,019,494	397,360,201
Less: Cash and Cash Equivalents	(403,497,054)	(203,386,744)	(62,263,772)	(58,573,161)
	1,717,333,882	1,433,700,567	1,654,816,719	1,281,177,646
Equity	5,143,061,759	5,009,252,792	3,983,016,266	3,911,111,901
Capital and Net Debt	6,860,395,641	6,442,953,359	5,637,832,986	5,192,289,547
Gearing Ratio	25%	22%	29%	25%

Value Added Statement

Value Added	Group		Company	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Turnover	5,806,352,697	5,733,404,060	3,449,632,770	3,408,056,199
Cost of Material and Services	(3,052,463,084)	(3,087,346,975)	(1,758,992,832)	(1,850,994,998)
Other Income	56,051,511	35,482,582	32,544,275	18,463,209
	2,809,941,124	2,681,539,667	1,723,184,213	1,575,524,411

Distribution of Value Added

To Employees

Salaries and Others	1,736,114,637	1,595,783,351	1,103,019,919	1,082,916,267
---------------------	---------------	---------------	---------------	---------------

To Government

Income Tax	139,225,506	109,375,176	58,713,517	33,873,034
------------	-------------	-------------	------------	------------

To Capital Providers

Interest on Loans	133,001,054	120,184,991	118,398,441	112,383,733
-------------------	-------------	-------------	-------------	-------------

To Shareholders

Dividend	165,543,839	161,914,170	121,941,814	121,941,814
----------	-------------	-------------	-------------	-------------

To Expansion and Growth

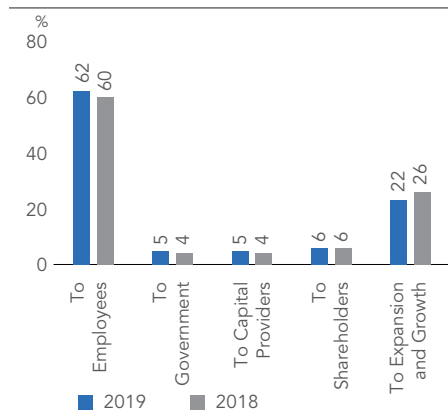
Depreciation	425,281,296	368,322,864	231,412,384	184,980,411
--------------	-------------	-------------	-------------	-------------

Retained Profit	210,774,792	325,959,115	89,698,139	39,429,153
-----------------	-------------	-------------	------------	------------

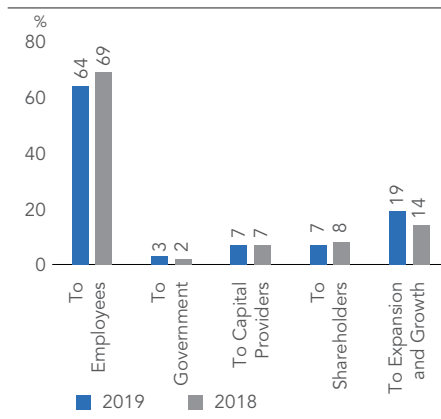
	2,809,941,124	2,681,539,667	1,723,184,212	1,575,524,411
--	---------------	---------------	---------------	---------------

To Employees	62%	60%	64%	69%
To Government	5%	4%	3%	2%
To Capital Providers	5%	4%	7%	7%
To Shareholders	6%	6%	7%	8%
To Expansion and Growth	22%	26%	19%	14%

GROUP



COMPANY



Ten Year Summary

	Group									
	2018/19 Rs. '000	2017/18 Rs. '000	2016/17 Rs. '000	2015/16 Rs. '000	2014/15 Rs. '000	2013/14 Rs. '000	2012/13 Rs. '000	2011/12 Rs. '000	2010/11 Rs. '000	2009/10 Rs. '000

Operating Results

Total Income	5,806,353	5,733,404	5,289,462	4,728,335	4,083,367	3,961,268	3,830,369	3,546,523	3,054,399	2,451,031
Other Income	56,052	35,483	33,787	38,060	51,247	53,492	34,335	22,155	23,728	21,354
Finance Cost	135,810	121,724	98,420	86,492	125,005	186,728	182,428	164,558	151,094	121,781
Profit Before Tax	549,261	603,001	525,223	556,741	266,100	261,167	308,040	347,462	240,042	164,894
Income Tax	172,943	115,128	136,251	56,695	42,312	32,093	30,334	61,210	81,659	54,893
Profit After Tax	376,319	487,873	388,972	500,046	223,788	229,074	277,706	288,231	158,383	110,001
Dividend (Company)	121,942	121,942	121,942	91,456	67,745	-	135,491	50,809	42,341	38,812

Balance Sheet

Assets

Property Plant and Equipment	6,682,247	6,499,837	6,077,397	4,127,603	4,107,470	4,158,468	4,239,622	4,310,489	4,000,023	2,331,038
WIP - Building in Construction	276,491	39,021	368,081	158,282	-	-	-	6,543	8,498	1,170,783
Other Financial Assets	734,427	665,630	572,356	379,505	266,353	241,568	169,884	193,682	95,102	102,541
Investment in an Equity Accounted Investee	5,497	4,800	3,753	3,030	2,679	2,038	877	-	-	-
Inventories	309,298	304,510	319,092	256,094	229,775	254,095	214,699	215,965	166,722	146,229
Receivables	363,803	356,938	458,273	275,154	244,212	193,696	185,481	185,481	178,959	169,632
Tax refund Due	20,772	17,418	-	-	-	-	-	-	-	-
Deffered Revenue	1,190	1,365	1,800	460	600	660	760	860	2,400	2,500
Goodwill	-	-	-	-	-	-	-	-	-	1,341
Cash and Cash Equivalents	403,497	203,387	138,134	165,675	80,807	48,456	96,959	21,279	71,062	66,370
	8,797,222	8,092,905	7,938,886	5,365,804	4,931,896	4,898,979	4,908,282	4,934,299	4,522,766	3,990,434

Equity and Liabilities

Stated Capital	916,366	916,366	916,366	916,366	916,366	916,366	916,366	916,366	916,366	513,821
Reserves	4,226,696	4,092,887	4,281,723	2,171,026	1,861,307	1,737,356	1,617,374	1,512,620	1,125,265	1,447,696
Non Controlling Interest	564,744	561,186	529,101	408,109	361,829	348,633	494,335	488,029	400,145	393,603
Interest-Bearing Borrowings	814,946	708,224	855,369	877,561	907,846	1,072,360	1,086,439	1,352,120	1,359,039	1,051,634
Provisions and Other Liabilities	1,519,226	1,374,496	986,352	706,982	569,110	489,453	544,009	518,301	504,601	361,051
Overdrafts	755,244	439,746	369,976	285,760	315,438	334,811	249,759	146,862	217,350	222,629
	8,797,222	8,092,905	7,938,886	5,365,804	4,931,896	4,898,979	4,908,282	4,934,298	4,522,766	3,990,434

Shareholder Information	Company									
	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10
Earnings Per Share (Rs.)	6.25	4.76	6.25	6.41	4.52	5.49	6.23	6.20	3.12	3.87
Dividend Per Share (Rs.)	3.60	3.60	3.60	3.60	2.70	2.00	-	2.00	1.50	1.50
Dividend Payout Ratio (%)	57.62	75.57	57.60	56.16	59.73	36.43	-	32.26	48.08	38.76
Net Asset Per Share (Rs.)	117.59	115.46	125.97	81.16	78.24	75.92	71.49	69.26	59.01	72.75
Retrun On Equity (%)	7.32	9.74	7.48	16.20	8.06	8.63	10.96	11.87	7.76	5.61
Return On Assets (%)	4.30	6.03	4.90	9.32	4.54	4.68	5.66	5.84	3.50	2.76

Share Information

VOTING SHARES

Distribution of Shareholders

Shareholding	Resident			Non Resident		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1 - 1,000	1,900	451,456	1.77	15	3,985	0.02
1,001 - 10,000	292	817,091	3.20	12	45,230	0.18
10,001 - 100,000	49	1,458,009	5.70	3	104,043	0.41
100,001 - 1,000,000	15	4,163,087	16.31	1	289,288	1.13
Over 1,000,000	2	18,195,083	71.28	-	-	-
Total	2,258	25,084,726	98.26	31	442,546	1.74

CATEGORIES OF SHAREHOLDERS

	No. of Shareholders	No. of Shares
Individual	2,190	5,351,030
Institutional	99	20,176,242
	2,289	25,527,272

NON-VOTING SHARES

Distribution of Shareholders

Shareholding	Resident			Non Resident		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1 - 1,000	879	227,653	2.73	4	640	0.01
1,001 - 10,000	366	1,084,161	12.99	10	56,160	0.67
10,001 - 100,000	70	2,013,812	24.12	3	162,723	1.95
100,001 - 1,000,000	5	1,345,885	16.13	1	755,000	9.05
Over 1,000,000	2	2,699,420	32.35	-	-	-
Total	1,322	7,370,931	88.32	18	974,523	11.68

CATEGORIES OF SHAREHOLDERS

	No. of Shareholders	No. of Shares
Individual	1,266	3,139,466
Institutional	74	5,205,988
	1,340	8,345,454

PUBLIC SHAREHOLDING

	2018/19		2017/18	
	Voting	Non-Voting	Voting	Non-Voting
Number of Shareholders	2,263	1,326	2,286	1,392
Holding Percentage (%)	23.29	78.60	22.39	86.06
Market Capitalisation (Rs. Mn)	1,846	564	2,022	605
Float Adjusted Market Capitalisation (Rs. Mn)	430	443	453	521
Float Adjusted Market Capitalisation Option	Less than Rs. 2.5 Bn (Option 5)		Less than Rs. 2.5 Bn (Option 5)	

INVESTOR RATIOS

	2018/19	2017/18
Earnings per Share (Rs.)	6.25	4.76
Dividend per Share (Rs.)	3.60	3.60
Net Asset Value per Share (Rs.)	117.59	115.46
Dividend Payout Ratio (%)	58.00	76.00

MARKET ACTIVITIES

Market Value per Share

	2018/19			2017/18		
	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	87.00 12th June 2018	68.50 31st December 2018	72.30 29th March 2019	103.00 28th June 2017	75.10 09th February 2018	79.20 29th March 2018
Non-Voting	76.00 26th April 2018	54.20 21st September 2018	67.60 29th March 2019	85.00 19th May 2017	65.30 26th December 2017	72.50 29th March 2018

Share Information

SHARE TRADING INFORMATION

	2018/19		2017/18	
	Shares Traded Number	Turnover Rs.	Shares Traded Number	Turnover Rs.
Voting	594,280	45,240,924	1,363,951	133,369,757
Non-Voting	778,920	52,995,054	1,848,488	129,216,269

TOP 20 SHAREHOLDERS LISTED AS AT 31ST MARCH 2019 - VOTING SHAREHOLDERS

Name of the Shareholder	Country of Residence	As at 31st March 2019		As at 31st March 2018	
		Number of Shares	Holding %	Number of Shares	Holding %
Durdans Management Services Ltd	Sri Lanka	17,118,098	67.06	17,047,632	66.78
Employee Provident Fund - Citi Bank	do	1,076,985	4.22	1,076,985	4.22
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
Renuka Capital PLC	do	402,823	1.58	402,823	1.58
Mr. W. N. Tudawe	do	-	-	350,000	1.37
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
Bnysanv Re-steyn Capital Frontier Fund	Cayman Islands	289,288	1.13	-	-
MJF Holdings Ltd	Sri Lanka	270,981	1.06	270,981	1.06
Mr. Merrill J. Fernando	do	261,787	1.03	260,000	1.02
Mr. A. E. Tudawe	do	205,052	0.80	205,052	0.80
Mrs. L. I. Weerasinghe	do	200,000	0.78	200,000	0.78
Mrs. T. T. Weerasinghe	do	200,000	0.78	200,000	0.78
Mrs. H. K. Weerasinghe	do	200,000	0.78	200,000	0.78
Mr. A. D. P. A. Wijegoonewardene	do	199,462	0.78	199,462	0.78
Mr. U. D. Tudawe	do	170,616	0.67	170,616	0.67
Mr. A. D. Tudawe	do	161,984	0.63	161,984	0.63
Mr. P. K. C. P. Samarasinghe	do	124,845	0.49	-	-
DFCC Bank PLC - A/C 01	do	-	-	100,000	0.39
Mr. R. R. Tudawe	do	100,000	0.39	100,000	0.39
Commercial Bank of Ceylon PLC - A/C 04	do	83,000	0.33	83,000	0.33
Total		22,830,458	89.44	22,794,072	89.29

TOP 20 SHAREHOLDERS LISTED AS AT 31ST MARCH 2019 - NON-VOTING SHAREHOLDERS

Name of the Shareholder	Country of Residence	As at 31st March 2019		As at 31st March 2018	
		Number of Shares	Holding %	Number of Shares	Holding %
Durdans Management Services Ltd	Sri Lanka	1,545,049	18.51	922,327	11.05
Employee Provident Fund	do	1,154,371	13.83	1,154,371	13.83
Bnysanv Re-Steyn Capital Frontier Fund	Cayman Islands	755,000	9.05	755,000	9.05
MJF Holdings Ltd	Sri Lanka	598,646	7.17	598,646	7.17
E. W. Balasuriya & Co. (Pvt) Ltd	do	330,619	3.96	330,619	3.96
DFCC Bank - A/C 01	do	-	-	240,000	2.88
Mr. D. Ratnayake	do	146,866	1.76	146,866	1.76
Mr. A. H. Munasinghe	do	142,314	1.71	142,314	1.71
Mr. A. N. Esufally	do	127,440	1.53	127,440	1.53
Tudawe Engineering Services (Pvt) Ltd	do	91,986	1.10	91,986	1.10
Mr. D. A. Cabraal	do	82,500	0.99	82,500	0.99
Mr. S. S. Sithambaranathan	do	74,963	0.90	73,906	0.89
Mr. P. S. De Mel	do	70,822	0.85	70,822	0.85
Mr. A. D. Tudawe	do	70,151	0.84	70,151	0.84
Mr. U. D. Wickremesooriya Jt. Mrs. S. F. Wickremesooriya	do	69,272	0.83	69,272	0.83
Citizens Development Business Finance PLC	do	-	-	68,670	0.82
Ms. T. T. Weerasinghe	do	68,485	0.82	-	-
Peoples Leasing & Finance PLC/ Mr. P. A. I. S. Perera	do	65,454	0.78	65,454	0.78
Motor Service Station (Pvt) Ltd	do	65,427	0.78	70,428	0.84
Mr. M. A. Ismail	do	63,600	0.76	63,600	0.76
Commercial Bank of Ceylon PLC - A/C 04	do	61,100	0.73	61,100	0.73
Mr. D.P. R. De Mel	do	58,908	0.71	-	-
Total		5,642,973	67.61	5,205,472	62.37

Notice of Meeting

Notice is hereby given that the 73rd Annual General Meeting of the Shareholders of Ceylon Hospitals PLC will be held on 27th June 2019 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 2019 with the Report of the Auditors thereon. (Resolution 1)

2. To re-elect Mr. A. D. B. Talwatte who retires by rotation in terms of Article No. 58 of the Articles of Association and being eligible offers himself for re-election. (Resolution 2)

3. To re-appoint Mr. A. S. Abeyewardene, 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 is more than 70 years, and that he be appointed a Director of the Board in terms of Section 211 of the Companies Act No. 07 of 2007." (Resolution 3)

4. To re-appoint Dr. A. D. P. A. Wijegoonewardene, 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. A. D. P. A. Wijegoonewardene who is more than 70 years, 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. Y. N. R. Piyasena, 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. Y. N. R. Piyasena who is more than 70 years, 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 two interim dividends amounting to Rs. 4.46 (Rs. 0.86 + Rs. 3.60) per share to all its shareholders for the year under review. No further dividends have been recommended by the Board.

7. To re-appoint Messrs. B. R. De Silva & Co. 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 2020 and to authorise the Board of Directors to determine their remuneration. (Resolution 6)
8. To authorise the Directors to determine donations for the year 2019/20. (Resolution 7)

By Order of the Board

Nexia Corporate Consultants (Pvt) Ltd
Secretaries

10th May 2019

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 73rd Annual General Meeting of Ceylon Hospitals PLC, held on 27th June 2019 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 Card
number of shareholder :

Address of shareholder :

Name of Proxy holder
(If applicable) :

National Identity Card
number of Proxy holder :

Address of Proxy holder :

No of shares held :

Share certificate number :

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 of 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 their National Identity Card or Passport with them.

Form of Proxy Voting Shareholders

I/ We, Mr./ Mrs./ Missof
.....(address)

being a member of Ceylon Hospitals PLC, hereby appoint

Mr. A. E. Tudawe	or failing him
Mr. S. P. Tudawe	or failing him
Dr. A. D. P. A. Wijegoonewardene	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
Mr. Su-ayid M. Ismail	or failing him
Mr. A. D. B. Talwatte	or failing him

Mr./ Mrs./ Miss of
..... (address)

as my/ our proxy to attend (and vote for me/ us) on my/ our behalf at the 73rd Annual General Meeting of the Company to be held on 27th June 2019 and at any adjournment thereof.

NOTE

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

RESOLUTIONS	FOR	AGAINST
1. To adopt the Statement of Accounts for the year ended 31st March 2019		
2. To re-elect Mr. A. D. B. Talwatte		
3. To re-appoint Mr. A. S. Abeyewardene		
4. To re-appoint Dr. A. D. P. A. Wijegoonewardene		
5. To re-appoint Mr. Y. N. R. Piyasena		
6. To re-appoint Auditors		
7. To authorise the Board of Directors to determine donations		

Mark your preference with "✓"

Signed on this day of 2019

.....
Signature

INSTRUCTIONS TO COMPLETE THE FORM OF PROXY

1. Kindly perfect the Form of Proxy after filling legibly your full name and address, by signing in the space provided and dating same.
2. 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.
3. The completed Form of Proxy should be deposited at the Registered Office of the Company at No. 03, Alfred Place, Colombo 03. (not less than 48 hours before the time appointed for the holding of the meeting).
4. A member is entitled to appoint a proxy to attend instead of himself and a proxy need not be a member of the Company.

Form of Proxy

Non-Voting Shareholders

I/ We, Mr./ Mrs./ Missof

.....(address)

being a member of Ceylon Hospitals PLC, hereby appoint

Mr. A. E. Tudawe	or failing him
Mr. S. P. Tudawe	or failing him
Dr. A. D. P. A. Wijegoonewardene	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
Mr. Su-ayid M. Ismail	or failing him
Mr. A. D. B. Talwatte	or failing him

Mr./ Mrs./ Miss of

..... (address)

as my/ our proxy to attend on my/ our behalf at the 73rd Annual General Meeting of the Company to be held on 27th June 2019 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 2019

.....
Signature

INSTRUCTIONS TO COMPLETE THE FORM OF PROXY

1. Kindly perfect the Form of Proxy after filling legibly your full name and address, by signing in the space provided and dating same.
2. 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.
3. The completed Form of Proxy should be deposited at the Registered Office of the Company at No. 03, Alfred Place, Colombo 03. (not less than 48 hours before the time appointed for the holding of the meeting).
4. A member is entitled to appoint a proxy to attend instead of himself and a proxy need not be a member of the Company.

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

STOCK 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 PLC
Union Bank PLC
National Development Bank PLC
Nations Trust Bank PLC
Seylan Bank PLC
Sampath Bank PLC
Hatton National Bank PLC
People's Bank

AUDITORS

B. R. De Silva & Co. Chartered Accountants
No. 22/4, Vijaya Kumaranatunga Mawatha
Colombo 05

LAWYERS

Mr. D. F. R. Jayamaha
Hector Jayamaha Law Office
No. 228, Thimbirigasyaya Road
Colombo 05

SECRETARIES

Nexia Corporate Consultants (Pvt) Ltd
No. 181, Nawala Road
Narahrenpita

REGISTRARS

SSP Corporate Services (Pvt) Ltd
No. 546, Galle Road
Colombo 03



DURDANS
HOSPITAL

Durdans Hospital
No. 03, Alfred Place
Colombo 03
Sri Lanka
Tel : +94 (0) 11 214 0000
Fax : +94 (0) 11 257 5302
+94 (0) 11 237 2632
Email : contactus@durdans.com