



Asiri
Surgical
HOSPITAL PLC

Annual Report 2008/09

**OUR VISION : TO BE A COMPASSIONATE,
EFFICIENT AND DYNAMIC PRIVATE
HEALTH SERVICE PROVIDER THEREBY
ACHIEVING THE HIGHEST STANDARDS
OF CUSTOMER SATISFACTION**

**OUR MISSION : TO PROVIDE
A COMPREHENSIVE, ETHICAL AND HIGH
QUALITY HEALTH CARE SERVICE AT
A REASONABLE COST**

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CORPORATE INFORMATION

NAME OF THE COMPANY

Asiri Surgical Hospital PLC

REGISTERED OFFICE

No. 21, Kirimandala Mawatha,
Colombo 05, Sri Lanka.
Telephone : 4524400
Email : info@asiri.lk
Web : www.asiri.lk

LEGAL FORM

A Quoted Public Company incorporated in Sri Lanka, under the Companies Act No. 17 of 1982 with limited liability. The Company has re-registered under the Companies Act:17 of 2007. An undertaking approved by the Board of Investment of Sri Lanka (BOI) under the Board of Investment of Sri Lanka Law No. 4 of 1978.

STOCK EXCHANGE LISTING

The Ordinary Shares of the Company are listed with the Colombo Stock Exchange on the secondary board.

COMPANY REGISTRATION NUMBER

PQ (208)

DATE OF INCORPORATION

2nd March 2000

DIRECTORS

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

AUDITORS

Messrs Ernst & Young
(Chartered Accountants)
No. 201, De Saram Place,
Colombo 10

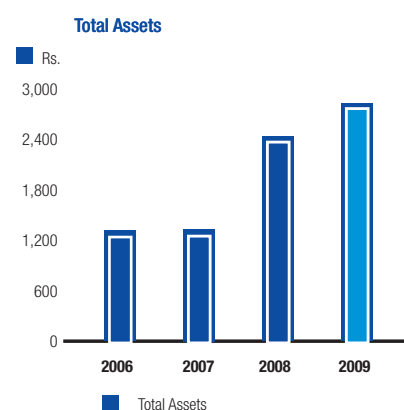
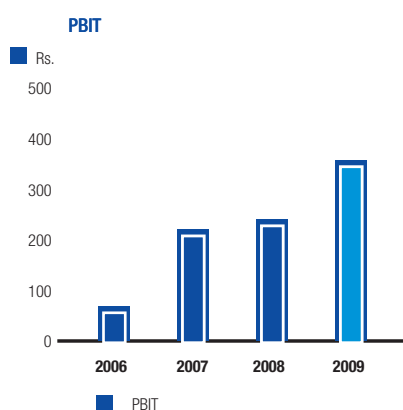
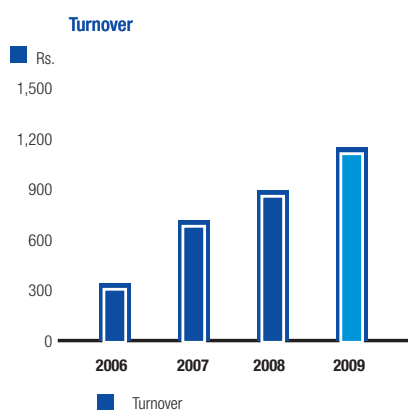
SECRETARIES

Messrs Secretaries & Registrars (Pvt) Limited
No. 32 A, 1st Floor,
Sir Mohamed Macan Markar Mawatha,
Colombo 03



FINANCIAL HIGHLIGHTS

		2009	2008	Change %
OPERATING RESULTS				
Operative Results				
Revenue	Rs	1,149,832	896,373	28%
Profit before Interest and Tax	Rs	358,626	241,365	49%
Profit after Tax	Rs	171,212	110,283	55%
Dividends paid	Rs	110,769	84,967	30%
Balance Sheet Highlights				
Total Assets	Rs	2,794,354	2,426,474	15%
Total Shareholders' Funds	Rs	1,675,977	1,204,511	37%
Gearing	%	35%	48%	27%
Shareholder Information				
Return on Total Equity	%	10%	9%	11%
Earnings per Share	Rs	0.26	0.18	44%
Net Assets per Ordinary Share	Rs	2.77	2.12	31%
Market Price of a share as at 31st March	Rs	6.75	7.50	-10%
Market Capitalisation as at 31st March	Rs. 000	3,567,088	3,523,050	1%



CHAIRMAN'S MESSAGE

I have great pleasure in presenting to you, the Annual Report and Audited Accounts of Asiri Surgical Hospital PLC (ASH) for the financial year 2008/09. This has been a year of great challenge during which ASH has performed exceedingly well compared with the industry and the market as a whole. I am extremely happy to note that ASH has recorded the highest ever turnover and profits during the year under review, as it has outperformed all other comparable healthcare companies within Sri Lanka during the last few years.

To note that this performance has been in a climate of challenge and great adversity is most fulfilling and gives me a lot of pride. This confirms our collective belief that your company is well positioned to explore opportunities available to it regardless of the external circumstances of great adversity. Whilst our performance confirms this, we are striving to continue the growth and momentum in coming years through innovation, investment in profitable areas of our business and great commitment to fulfilling customer needs.

I am happy to write this message with a renewed sense of optimism resulting from the end of terrorism, which we experienced during the last three decades. This augurs well for most of the initiatives that we have taken and we intend taking in the future as a Company and as a Group.

We have further strengthened the operating model during the year by adopting best practices across the Group. Being part of the largest healthcare Group within the country has certainly helped. We have introduced fresh talent into the management team during the year with a view to build on our strengths and past successes. We have also not shied away from investment opportunities available to the company even during this period of great uncertainties. The investment of over Rs. 500 Million during the year in expanding our services, and a further investment of Rs. 73 Million in our associate company, Central Hospital (Pvt.) Limited demonstrate our commitment to continuous growth. These investments are expected to bring in long term growth to our shareholders.

Within the year under review our main focus was on getting the new cardio-surgical unit operational and increasing our bed capacity. I am happy to note that these initiatives have been successfully completed now and we possess the best facilities within Sri Lanka for cardiac surgeries now, apart from being the only specialized private surgical hospital within the country. The facilities have been supplemented with a talented team of experienced Surgeons whom we have recruited for this purpose.

Despite the adverse economic conditions worldwide spilling over to Sri Lanka too and with the additional burden on account of the failed Ponzi schemes on the economy, your hospital has recorded an increase in turnover of 28% compared to the last financial year. This is highly commendable and confirms the resilience of our business model.

The Profit after tax has increased by 55%. Given the economic downturn and other issues facing the economy this is an excellent result. This has enabled us to increase our dividend payout by 30% compared to the last year. Also it should be noted that the dividends paid were tax free in the hands of our valued shareholders.

We have also exercised prudence in our retention of shareholder funds which has resulted in a 15% increase of the same compared to last year.

This has enabled the expansion of our business and investments in associates as outlined before. We expect these to give medium to long term benefits to our shareholders.

Once our associate, Central Hospital that is being built in Norris Canal Road is operational, we expect the company to yield further benefits through the returns on investment and Group synergies. The new hospital is expected to take Sri Lanka's healthcare into a new realm. The 264 bed hospital, with by far the best facilities in the country, is in its last few months of construction and the fit out is expected to be completed before end of 2009. This hospital would have the best in terms of technology and facilities on par with the developed world and would be complementary to the business of ASH.

The new hospital is built to international standard so that it could undertake health tourism from markets such as Europe, and ASH would also benefit as a result. We are of the firm belief that this is a market segment that has immense potential and deserves being exploited for the benefit of our Group and resultantly the country.

It is with great excitement that I am looking forward to the launch of the new hospital and with the advent of that I am sure we have taken yet another giant step in the history of Asiri Group where our philosophy is to bring the best in medical care to Sri Lanka at an affordable cost.

To this end I have benefited by the guidance of my Board over the last year as before and a word of thanks is due to them. For the Asiri Family employees, it has been a yet another successful and fulfilling year where they have put in their best to care for our valued patients. Your unwavering drive and passion would take us to even higher planes in customer service in the healthcare sector of the country, being the standard bearer of the private healthcare industry.

None of this would have been possible if not for our shareholders. Shareholders are the essence of the companies. It is their money that fuels the Company and provides growth and services to the larger society. Our shareholders have nurtured us towards making Asiri an extremely successful institution. They've put their faith in the Company, invested in it, followed its progress and supported it through the years. In reciprocation we have a duty to enhance shareholder value. But it is not mere shareholder value at any cost, but value with responsibility and profits with sustainability.

In order to serve our stakeholders in an ethical and social manner, also we have fulfilled our social responsibility known as responsible business or simply corporate social responsibility. Ideally, CSR policy would function as a built-in, selfregulating mechanism whereby business would monitor and ensure their adherence to law, ethical standards, and international norms. Furthermore, business should proactively promote public interest by encouraging community growth and development. In this regard Asiri is proud of having fully refurbished a 50 bed ward at Anuradhapura General Hospital. The group also carries out high value investigations and scans free of charge to patients at the National Cancer Institute as well as the Lady Ridgeway Hospital on a regular basis. In addition a free chemotherapy clinic is conducted at Asiri Surgical daily to poor patients referred to us from the National Cancer Institute.

The Asiri Group has also donated a sum of Rs. 10 Mn. for the purpose of constructing a "Transit Home" for the needy at the National Cancer Institute, Maharagama. Asiri Hospitals PLC is a member of Lanka Business Coalition on HIV and AIDS since August 02, 2008. As a value and corporate leader in Sri Lanka, we have acknowledged the unique role we can play in bringing together with the Government, the business community and civil society in a national response to HIV/AIDS epidemic. As a member of this Coalition we are firmly committed to harness the power of the business community through the Lanka Business Coalition and use our unique skills, expertise and resources to combat this crippling epidemic.

Every organization must assume our responsibility for its impact on employees, the environment, customers, and whom ever and whatever it touches. That is Social Responsibility. We at Asiri are proud to say that this responsibility is at the foremost in whatever we do. Asiri trains both girls and boys, fresh out of school from rural areas to be qualified nurses, at no cost to the students. These students are provided hostel facilities together with subsidized meals and transport during their training period. Following their graduation these students are assured of a well placed job.

The story of our ever increasing growth rate, need for expansion, rapid development, trust and confidence from our patients all stand testimony to confirm this. We have full confidence that we will be able to sustain this throughout the coming year and years to come.

(Sgd.)

A. K. Pathirage

Chairman/Managing Director

7th July 2009

**“We have also exercised prudence
in our retention of shareholder
funds which has resulted in a 37%
increase of the same compared
to last year”**



BOARD OF DIRECTORS



- | | | | |
|----|-------------------------|---|--|
| 01 | Mr. A. K. Pathirage | - | Chairman/Managing Director |
| 02 | Dr. S. Selliah | - | Deputy Chairman |
| 03 | Dr. D. S. Rajapaksa | - | Director |
| 04 | Dr. K. M. Karunaratne | - | Director (Medical)/Chief Operating Officer |
| 05 | Mrs. D. Wimalasundera | - | Director Administration |
| 06 | Mrs. S. D. Nimalasuria | - | Director Finance |
| 07 | Mr. H. N. Jayasinghe | - | Director |
| 08 | Mr. C. D. Weerasinghe | - | Director |
| 09 | Mr. G. L. H. Premaratne | - | Director |
| 10 | Mr. S. A. B. Rajapaksa | - | Director |

Mr. Ashok Pathirage

Chairman/Managing Director

Was appointed Managing Director on 1st July 2006 and Chairman in March 2008. Mr. Pathirage, is the Chairman of the Softlogic Group which is a leading diversified corporate entity in the country and is also the Chairman of Uniwalkers and its subsidiaries. He is also the Chairman/Managing Director of Asiri Central Hospitals PLC and Managing Director of Asiri Hospitals PLC and Asiri Diagnostic Services (Pvt) Ltd.

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

Deputy Chairman

Appointed to the Board in 2005 and appointed as the Deputy Chairman in 2007. He also serves on the Boards of Asiri Hospitals PLC and Asiri Central Hospitals PLC. He functions as a member of the Audit and Remuneration Committees of all three hospitals. Dr. Selliah is the Deputy Chairman of Lanka Walltile PLC and Lanka Tiles PLC. He is also a Director of Parquet (Ceylon) Ltd and Dutch Lanka Trailer Manufacturers Ltd.

Dr. Manjula Karunaratne MBBS, M.Sc (Dublin), MSOrthMed (UK)

Director (Medical) /Chief Operating Officer

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

Mrs. D. Wimalasundera

Director - Administration

Mrs. Wimalasundera a senior board member, has been functioning as an Executive Director for over 15 years. She is also a Director of Asiri Hospitals PLC, Asiri Central Hospitals PLC, and Asiri Diagnostic Services (Pvt) Ltd.

Mrs. Sharmini D. Nimalasuria FCMA

Group Finance Director

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

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

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

Dr. Rajapaksha has over 16 years experience as a Company Director and is also the Chairman of DSI Samson Group of Companies. He serves on the Remuneration Committees of all three companies.

Mr. H. N. Jayasinghe

Mr. Jayasinghe is a senior board member with well over 46 years experience as a businessman. He was the former Chairman of Ruhunu Cables Ltd. He is also a Director of Asiri Hospitals PLC and Asiri Diagnostic Services (Pvt) Ltd.

Mr. C. D. Weerasinghe

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

Mr. G. L. H. Premaratne

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

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

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

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

CORPORATE GOVERNANCE

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

The primary responsibility of the Board of Directors' is to foster the Company's long-term success, consistent with the Board's fiduciary duty to shareholders. In keeping with current concepts of corporate governance, the Board believes that the Company has designed effective corporate governance principles and practices to provide a strong framework to assist its stakeholders and on creating long term shareholder value. This statement sets out the Corporate Governance policies and practices adopted by the Board.

Board of Directors

The Board establishes broad corporate policies, sets strategic direction and oversees management, which is responsible for Company's day-to-day operations. The Board comprises of four executive Directors and six non-executive Directors. Their profiles appear on page 07 of the Annual Report.

Board Meetings and Attendance

The Board generally meets twelve times a year. Special Board Meetings are also held as and when needed. To facilitate active and informed discussion at Board and committee meetings, directors receive background materials in advance and are expected to prepare themselves for and to attend all Board meetings, shareholders' meetings and all meetings of the committees on which they serve, unless there are exceptional circumstances that prevent them from doing so.

Over the past year the Board held 12 meetings and the attendance is given below.

Mr. A. K. Pathirage	ED	(Chairman / Managing Director)	12/12
Dr. S. Selliah	I	(Deputy Chairman)	12/12
Dr. K. M. P. Karunaratne	ED		12/12
Mrs. D. Wimalasundera	ED		12/12
Mrs. S. D. Nimalasuria	ED		12/12
Dr. D. S. Rajapaksa	I		11/12
Mr. H. N. Jayasinghe	I		12/12
Mr. C. D. Weerasinghe	NED		9/12
Mr. G. L. H. Premaratne	NED		8/12
Mr. S. A. B. Rajapaksa	NED		11/12

Key

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

The Chairman of the Board

The Board generally believes that the Managing Director should also serve as the Chairman of the Board. The Chairman's main responsibility is to lead and manage the work of the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities.

Appraisal of the Managing Director

The performance of the Managing Director is reviewed every year by the Board. The Managing Director is accountable to the Board and is responsible for the day-to-day operations of the Company while ensuring

that corporate goals are achieved making the optimum use of resources available.

Time commitment

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

Appointment to the Board

New appointments to the Board are based on collective decisions of the Board. In making new appointments, the Board considers the composition of the Board in order to assess whether they have the right mix of skills and experience to be better prepared for the managing of the Company.

Re-election of Directors

As per the Articles of Association of the Company one third of the directors shall retire from office at each Annual General Meeting (AGM) and offer themselves for re-election. The Board may select directors to fill vacancies in existing or new director positions. Such directors serve until the next AGM and seek re-election. The Managing Director is not subject to retirement by rotation. Mr. H. N. Jayasinghe who has reached the age of 70 seeks re-election annually in terms of Section 210 of the Companies Act No. 7 of 2007.

Independence of the Directors

Dr. D. S. Rajapaksa, Dr. S. Selliah and Mr. H. N. Jayasinghe function as independent directors of the Company.

As per the Rules issued by the Colombo Stock Exchange, Dr. S. Selliah meets all the criteria of independence except one. Dr. D. S. Rajapaksa and Mr. H. N. Jayasinghe meet all the criteria of independence except two.

Dr. D. S. Rajapaksa and Dr. S. Selliah are also Directors of Asiri Hospitals PLC and Asiri Central Hospitals PLC and Mr. H. N. Jayasinghe is a Director of Asiri Hospitals PLC, in which majority of other Directors of Asiri Surgical Hospital PLC are employed and are directors.

Dr. D. S. Rajapaksa and Mr. H. N. Jayasinghe who were appointed to the Board on 3rd March 2000 and therefore have been serving on the Board for more than 9 years.

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

Access to independent professional advice

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

Remuneration of the Directors

The remuneration of the Directors is determined by the Board and disclosed on page 32, Note 16 of the Annual Report.

Company Secretary

Messrs Secretaries & Registrars (Private) Limited, act as the Company Secretaries. The role of the secretary is dealing with directors at board meetings and with shareholders. The Company Secretary attends Board Meetings and ensures that minutes are kept of all proceedings at the Board Meetings. The Company Secretary advises the Board and ensures that proper procedures and applicable rules and regulations are followed by the Board.

Board Committees

The Board may establish committees from time to time to discharge their duties effectively. There are currently two Board committees.

The Audit and the Remuneration Committee of the parent company (i.e. Asiri Hospitals PLC) act as the Audit and the Remuneration Committee of the Company.

Audit Committee

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

The Audit Committee meets at least four times a year with the Finance Director and the external/internal auditors to monitor the Company's financial reporting processes and systems of internal accounting control, the independence and the performance of the independent auditors and the performance of the internal auditors. Periodically, it also approves and reviews the appointment and retirement of external Auditors, as well as their relationship with the Company.

Remuneration Committee

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

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

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

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

Responsibilities

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

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

Investor relations

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

Compliance with the Corporate Governance Rules of the Colombo Stock Exchange

Section	Criteria	Has the Company met the Criteria
6.1a	Number of non-executive directors should be 1/3 of the total number of directors or two whichever is higher	Complied. Out of 10 directors 6 are non-executive directors
6.1b	Total number of directors is to be calculated based on the number as at the conclusion of the immediately preceding the AGM	Complied
6.1c	Any change occurring to this ratio shall be rectified within 90 days from the date of change	Complied
6.2a	Number of independent directors should be 1/3 of the total number of directors or two whichever is higher	Complied. Out of 6 non-executive directors 3 are independent.
6.2b	Each non-executive director to submit signed and dated declaration annually	Complied
6.3a	Board shall make a determination annually as to the independence or non-independence of each non-executive director based on such declaration and	Board determined the following Directors as independent. Dr. S. Selliah

Corporate Governance

	other information available to the Board and shall set out in the annual report the name of directors determined to be 'independent'	Dr. D. S. Rajapaksa Mr. H. N. Jayasinghe		
6.3c	The Board shall publish in its annual report a brief resume of each director on its board, which includes information on the nature of his/her expertise in relevant functional areas in addition to disclosures relating to the independence of a director.	Complied		
6.3d	Upon appointment of a new director to its board, the company shall forthwith provide to the Exchange a brief resume of such director.	Complied		
6.4	Criteria for independence	Rule No. 6.4 was taken as the criteria for independence.		
6.5a	The remuneration committee shall comprise a minimum of; <ul style="list-style-type: none"> Two independent non-executive directors (in instances where a company has only two directors on its board); or Non-executive directors a majority of whom shall be independent One non-executive director shall be appointed as the chairman of the committee by the Board of Directors 	The remuneration committee comprises two independent directors and one non-executive director. The remuneration committee of Asiri Hospitals PLC (parent company) acts as the remuneration committee of Asiri Surgical Hospital PLC.		
		Complied		
6.5b	The remuneration committee shall recommend the remuneration payable and/or equivalent position thereof, to the board of the listed company, which will make the final determination.	Complied		
6.5c	The annual report should set out the names of directors (or persons in the parent company's committee in the case of a group company) comprising the remuneration committee, contain a statement of the remuneration policy and set out the aggregate remuneration paid to executive and non-executive directors.	Complied The names of the members of the committee are given in the Annual Report on page 9.		
6.6a	The audit committee shall comprise a minimum of; <ul style="list-style-type: none"> Two independent non-executive directors (in instances where a company has only two directors on its board); or Non-executive directors a majority of whom shall be independent One non-executive director shall be appointed as chairman of the committee by the board of directors Unless otherwise determined by the audit committee the chief executive officer and the chief financial officer of the listed company shall attend audit committee meetings. 		The audit committee comprises two independent directors and 2 non-executive directors. The audit committee of Asiri Hospitals PLC (parent company) acts as the audit committee of Asiri Surgical Hospital PLC.	Complied Complied Group Finance Director attends all the meetings.

ETHICS COMMITTEE

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

Members:

Prof. Rohan W Jayasekara (Chairperson)

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

Mr. Arittha Wickramanayake

Attorney at Law, Nithya Partners

Dr. Malik Fernando

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

Mrs. Kshenuka Senewiratne

Director General, Europe & CIS, Ministry of Foreign Affairs

Dr. Fred Perera

Consultant Neurosurgeon

Prof. Kemal I Deen

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

Dr. Siva Selliah

Deputy Chairman of Asiri Group of Hospitals. Head, Department of Physiology, Faculty of Medicine University of Kelaniya (Ragama)

Mrs. Varuni Amunugama Fernando

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

Dr. Kanishka Karunaratne

Consultant Obstetrician & Gynaecologist and Director, National Cancer Institute, Maharagama

AUDIT COMMITTEE REPORT

The Audit Committee, appointed by the Board of Directors, comprises of 2 Non-Executive Independent Directors and 2 Non-Executive Directors. The names of the Committee members are stated in the Corporate Governance Report on page 09. The Audit Committee examines any matters relating to the financial reporting system, the system of internal control over financial reporting, the audit process and the Company's process for monitoring compliance with laws and regulations. It also recommends to the Board, the appointment and fees of external auditors.

The Current Audit Committee was appointed on 1st April 2008 and met on four occasions during the year to examine the effectiveness of the Company's internal control system and the system for monitoring compliance with laws and regulations.

The Audit committee also reviewed and approved the Annual and Interim financial statements prior to the final approval by the Board and also assessed major business and control risks of the company.

The Audit Committee recommends to the Board of Directors that M/s Ernst & Young be re-appointed as the auditors of the company for the financial year ended 31st March 2010, subject to the approval of the shareholders at the Annual General Meeting.

Samantha Rajapaksa
Chairman - Audit Committee

7th July 2009

REMUNERATION COMMITTEE REPORT

The Remuneration committee is a sub-committee of the Board constituted under the Company's Corporate Governance policies for the purpose of recommending the remuneration of Senior Management. The members, of the Committee comprise of 1 Non-Executive Independent Directors and 2 Non-Executive Directors. The names of the Committee members are stated in the Corporate Governance Report on page 09.

The Directors' emoluments are disclosed on page 32.

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

G. L. H. Premaratne
Chairman - Remuneration Committee

7th July 2009

RISK MANAGEMENT

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

Service Quality and Reputation Risk

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

Though adequate insurance cover is available, losses could arise by patients who resort to legal action for professional negligence.

Operational Risk

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

Credit Risk

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

Interest Rate Risk

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

Compliance with laws and Regulations

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

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

Technological Obsolescence

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

Investment Risk

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

Information Security and Loss of Data

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

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

REPORT OF THE DIRECTORS

The Directors of Asiri Surgical Hospital PLC have pleasure in presenting to the members their report together with the audited financial statements of the Company for the year ended 31st March 2009.

Principal Activities and Nature

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

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

Review of Operations

A review of the operations of the Company and its performance during the year is contained in the Chairman's Review on pages 4 to 5 of the Annual Report. This review together with the Financial Statements reflects the state of affairs of the Company. These reports form an integral part of the Directors' Report.

Financial Statements

The financial statements of the Company are given on pages 18 to 35.

Auditor's Report

The Auditor's Report on the financial statements is given on page 17.

Accounting Policies

The accounting policies adopted in the preparation of the financial statements are given on pages 22 to 24. There was no change in the accounting policies adopted except as disclosed on page 22, Note 2.2.

Internal Control

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

Directorate

The following Directors held Office during the year under review.

Mr. A. K. Pathirage (Chairman/Managing Director)
Dr. S. Selliah (Deputy Chairman)
Dr. K. M. P. Karunaratne (Chief Operating Officer)

Mrs. D. Wimalasundera (Director- Administration)
Mrs. S. D. Nimalasuria (Director- Finance)
Dr. D. S. Rajapaksa
Mr. H. N. Jayasinghe
Mr. C. D. Weerasinghe
Mr. G. L. H. Premaratne
Mr. S. A. B. Rajapaksa

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

Mr. H. N. Jayasinghe retires in terms of Section 210 of the Companies Act No. 7 of 2007. Special Notice has been received from a shareholder pursuant to Section 211 of the Companies Act No. 7 of 2007 of his intention to propose the re-election, with the unanimous support of the Board.

Directors' Shareholding

Directors' interest in shares of the Company as at 31st March 2009 were as follows.

Name of Director	No. of shares as at 31.03.2009	No. of shares as at 31.03.2008
Mr. A. K. Pathirage	1,033,872	878,600
Dr. S. Selliah	170,000	-
Dr. K. M. P. Karunaratne	133	133
Mrs. D. Wimalasundera	1,200,013	1,066,679
Mrs. S. D. Nimalasuria	-	-
Dr. D. S. Rajapaksa	150,014	133,346
Mr. H. N. Jayasinghe	13	13
Mr. C. D. Weerasinghe	7,499,999	6,666,666
Mr. G. L. H. Premaratne	-	-
Mr. S. A. B. Rajapaksa	-	-

Interest Register

All Directors have disclosed their interests pursuant to Section 192(2) of the Companies Act No. 7 of 2007.

Directors' interests in contracts and proposed contracts with the Company

Directors's interest in contracts with the Company, both direct and indirect are given below. These interests have been declared at the Board Meetings. The Directors have no direct or indirect interest in any other contracts or proposed contracts with the Company.

Company	Particulars of Transaction	Name of Director	Nature of Interest Received	Amounts (paid)/Received
Asiri Hospital PLC	Repayment of finance Obtained	Note 01	Common Directors	(249,500,000)
	Temporary Finance Obtained			(440,000,000)
	Channeling Fees collected			(18,501,090)
	Collected Reimbursement of Expenses			2,130,583
	Sales of Goods			10,290,259
	Staff Related Income/Expenses			(3,885,739)
Asiri Matara (Pvt) Ltd	Temporary Finance Obtained	Note 02	Common Directors	(1,794,460)
	Sales of Goods			350,615
	Expenses Reimbursed to			2,130,101
	Related Party Staff Related Income/Expenses			57,705
Asiri Central Hospital PLC	Repayment of finance Obtained	Note 03	Common Directors	(40,371,076)
	Temporary Finance Obtained			89,871,514
	Sales of Goods			22,574
	Expenses Reimbursed to Related Party			6,624,721
Softlogic Holdings Ltd & Subsidiaries	Purchase of computers & Accessories Software Maintenance	Note 04	Common Directors	(3,898,667) (1,656,250)
Uniwalkers Ltd	Purchase of Electronic	Note 04	Common Directors	(3,216,446)
D Samson & Sons (Pvt) Ltd	Shoes Suppliers	Dr. D. S. Rajapaksa	Director	(672,531)
Anro Super Florist	Floral Arrangements	Mr. C. D. Weerasinghs	Director	(475,800)
Udayagiri Stores	Food supplies	Mr. H. N. Jayasinghe	Partner	(5,948,779)

Common Directors

- Note 1: Messrs. Mr. A. K. Pathirage, Dr. D. S. Rajapaksa, Mrs. S. D. Nimalasuria, Dr. S. Selliah, Dr. K. M. P. Karunaratne, Mrs. D. Wimalasundera, Mr. H. N. Jayasinghe, Mr. G. L. H. Premaratna, Mr. C. D. Weerasinghe, Mr. S. A. B. Rajapaksa,
- Note 2: Messrs. Mr. A. K. Pathirage, Dr. D. S. Rajapaksa, Dr. S. Selliah, Dr. K. M. P. Karunaratne, Mrs. D. Wimalasundera Mr. H. N. Jayasinghe.
- Note 3: Messrs. Mr. A. K. Pathirage, Dr. D. S. Rajapaksa, Mrs. S. D. Nimalasuria, Dr. S. Selliah, Dr. K. M. P. Karunaratne, Mrs. D. Wimalasundera. Mr. G. L. H. Premaratna, Mr. C. D. Weerasinghe, Mr. S. A. B. Rajapakshe,
- Note 4: Messrs. Mr. A. K. Pathirage, Mr. G. L. H. Premaratne & Mr. S. A. B. Rajapaksa are Directors of Softlogic Group of Companies.

Directors' Remuneration

Directors' remuneration in respect of the Company for the financial year 2008/2009 is given in note 16 to the Financial Statements on page 32.

Donations

The donations made by the Company during the year amounted to Rs. 367,155/- (2007/2008 Rs. 213,000/-).

Auditors

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

The following payments were made to them during the year.

Audit Fees	-	Rs. 689,550	(07/08 - Rs. 528,750)
Fees for other Services	-	Rs. NIL	(07/08 - NIL)

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

Financial Statements

The financial statements which include the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes to the financial statements are given on pages 18 to 35.

Capital Expenditure

The capital expenditure of the Company during the year amounted to Rs. 508,838,121 (2007/2008 - Rs. 282,653,598/-) details of which are given in note 3 to the financial statements.

Property, Plant & Equipment

The movement in property, plant and equipment during the year under review is set out in notes 3 and 4 to the financial statements.

Dividends

The Directors recommend to the shareholders that the Interim Dividend of Rs. 0/075 per share paid on 17th December 2008 be considered as the Final Dividend for the year ended 31st March 2009.

Stated Capital

The stated capital of the Company as at 31st March 2009 was Rs. 1,393,327,565/-. The stated capital as at 31st March 2008 has increased to Rs. 1,393,327,565/- from Rs. 982,305,030/- after the Rights Issue in April 2008. Details of the stated capital is given on note 9.

Reserves

The total reserves of the Company as at 31st March 2009 amounted to Rs. 282,649,830 (31st March 2008 - Rs. 222,206,203). The composition of reserves is shown in the Statement of Changes in Equity in the financial statements, in page 20.

Shareholders' Information

The twenty largest shareholders of the Company as at 31/03/2009 are given on page 37 together with an analysis of the shareholding. There were 2,613 (31.03.2008 - 2,353) registered shareholders as at 31st March 2009.

Share Information

Information on share trading is given on page 38 of the Annual Report.

Post Balance Sheet Events

No circumstances have arisen and no material events have occurred since the Balance Sheet date, which would require adjustments to, or disclosure in the accounts as disclosed in note 23 of the Financial Statements on page 34 in this Report.

Statutory Payments

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

Going Concern

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

Annual General Meeting

The Ninth Annual general Meeting of the Company will be held at Hotel Janaki, Fife Road, Colombo 05 on Wednesday the 9th day of September 2009 at 2.00 p.m. The Notice of the 9th Annual General Meeting is on page 40 of the Annual Report.

BY ORDER OF THE BOARD OF
ASIRI SURGICAL HOSPITAL PLC

(Sgd.)
Secretaries & Registrars (Private) Limited
Secretaries
Colombo

27th May 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The responsibilities of the Directors, in relation to the Financial Statements of the Company differ from the responsibilities of the Auditors, which are set out in the report of the Auditors on page 17.

As per the provisions of the Companies Act No. 7 of 2007, the Directors are required to prepare Financial Statements for each financial year, giving a true and fair view of the state of affairs of the Company as at the end of the financial year, and of the results of its operation for the financial year.

The Directors consider that, in preparing these Financial Statements as set out on pages 18 to 35 of the Annual Report, appropriate accounting policies have been selected and applied in a consistent manner and supported by reasonable and prudent judgments and that all applicable Accounting Standards, as relevant, have been followed.

The Directors are also confident that the Company has adequate resources to continue in operation and have applied the going concern basis in preparing these Financial Statements. Further, the Directors have a responsibility to ensure that the Company maintains sufficient accounting records to disclose with reasonable accuracy, the financial position of the Company and to ensure that the Financial Statements presented comply with the requirements of the Companies Act No. 7 of 2007.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and in this regard to give proper consideration to the establishment of appropriate internal control systems to prevent and detect fraud and other irregularities.

The Directors are confident that they have discharged their responsibilities as set out in this statement. The Directors also confirm that to the best of their knowledge, all statutory payments payable by the Company as at the Balance Sheet date have been paid or where relevant provided for.

BY ORDER OF THE BOARD OF
ASIRI SURGICAL HOSPITAL PLC

(Sgd.)

Secretaries & Registrars (Private) Limited

Secretaries

Colombo

27th May 2009

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ASIRI SURGICAL HOSPITAL PLC

Report on the Financial Statements

We have audited the accompanying Financial Statements of Asiri Surgical Hospital PLC ("Company"), which comprise the Balance Sheet as at 31 March 2009, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Scope of Audit and Basis of Opinion

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

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Financial Statement presentation.

We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31 March 2009 and the Financial Statements give a true and fair view of the Company's state of affairs as at 31 March 2009 and its profit and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

In our opinion, these financial statements also comply with the requirements of Section 151(2) of the Companies Act No. 7 of 2007.

(Sgd.)

Ernst & Young

27th May 2009

Colombo

BALANCE SHEET

As at 31 March 2009

	Note	2009 Rs.	2008 Rs.
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	3	1,724,682,056	1,321,292,627
Leasehold Property	4	93,496,843	94,533,776
Investment in Associate	5	761,302,718	643,771,929
		2,579,481,617	2,059,598,332
Current Assets			
Inventories	7	89,836,801	61,545,465
Trade and Other Receivables	8	106,057,571	291,730,481
Tax Recoverable		-	2,994,107
Short Term Deposit		5,000,000	-
Cash and Bank Balances	20.1	13,978,217	10,605,843
		214,872,589	366,875,896
Total Assets		2,794,354,206	2,426,474,228
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated Capital	9	1,393,327,565	982,305,030
Retained Earnings		282,649,830	222,206,203
Total Equity		1,675,977,395	1,204,511,233
Non-Current Liabilities			
Non Interest Bearing Loans and Borrowings	10	59,745,943	64,248,420
Interest Bearing Loans and Borrowings	11	541,512,166	398,023,946
Retirement Benefit Liability	12	3,645,310	3,782,931
		604,903,419	466,055,297
Current Liabilities			
Trade and Other Payables	13	139,734,306	57,655,623
Tax Payable		436,884	-
Non Interest Bearing Loans and Borrowings	10	5,113,277	5,316,877
Interest Bearing Loans and Borrowings	11	368,188,925	692,935,198
		513,473,392	755,907,698
Total Equity and Liabilities		2,794,354,206	2,426,474,228

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

(Sgd)
Priyal De Silva
 Group Financial Controller

The board of directors is responsible for the preparation and presentation of these Financial Statements.

Signed for and on behalf of the board by:

(Sgd)
Ashok Pathirage
 Director

(Sgd)
Sharmini Nimalasuria
 Director

The Accounting Policies and Notes on pages 22 through 35 form an integral part of these Financial Statements.

Colombo,
 27th May 2009

INCOME STATEMENT

Year ended 31 March 2009	Note	2009 Rs.	2008 Rs.
Revenue		1,149,831,857	896,373,031
Cost of Services		(519,874,932)	(440,323,355)
Gross Profit		629,956,925	456,049,676
Other Income and Gains	14	6,280,654	4,808,019
Administrative Expenses		(259,242,403)	(206,281,018)
Selling and Distribution Costs		(4,191,751)	(5,978,091)
Finance Cost	15.1	(177,129,752)	(126,776,978)
Finance Income	15.2	8,895,509	-
Share of Loss of an Associate	6	(27,639,695)	(9,838,000)
Profit Before Tax	16	176,929,487	111,982,709
Income Tax Expense	17	(5,717,228)	(1,699,635)
Profit for the Year		171,212,259	110,283,074
Earnings Per Share - Basic	18	0.26	0.18
Dividend Per Share - Ordinary Shares	19.1	0.15	0.125
- Preference Shares	19.2	0.15	0.125

The Accounting Policies and Notes on pages 22 through 35 form an integral part of these Financial Statements.

Colombo
27th May 2009

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2009

	Note	Stated Capital Rs.	Share Capital Rs.	Share Premium Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01 April 2007		-	562,305,030	420,000,000	196,890,472	1,179,195,502
Bonus Issue of Shares			117,435,010	(117,435,010)	-	-
Transferred to Stated Capital		982,305,030	(679,740,040)	(302,564,990)	-	-
Profit for the Year		-	-	-	110,283,073	110,283,073
Dividend Paid - Ordinary Shares		-	-	-	(58,717,342)	(58,717,342)
- Preference Shares		-	-	-	(26,250,000)	(26,250,000)
Balance as at 31 March 2008		982,305,030	-	-	222,206,203	1,204,511,233
Issues of shares for cash	9.1	411,022,535	-	-	-	411,022,535
Profit for the Year		-	-	-	171,212,259	171,212,259
Dividend Paid - Ordinary Shares	19.1	-	-	-	(79,268,632)	(79,268,632)
- Preference Shares	19.2	-	-	-	(31,500,000)	(31,500,000)
Balance as at 31 March 2009		1,393,327,565	-	-	282,649,830	1,675,977,395

The Accounting Policies and Notes on pages 22 through 35 form an integral part of these Financial Statements.

CASH FLOW STATEMENT

Year ended 31st March 2009

	Note	2009 Rs.	2008 Rs.
Cash Flows From Operating Activities			
Profit Before Income Tax Expense		176,929,487	111,982,709
Adjustments for			
Amortisation of Leasehold Land	4	1,036,933	1,036,933
Depreciation	3.3	107,491,741	89,403,159
Share of Loss of an Associate	6	27,639,695	9,838,900
Loss on sales of Property, Plant and Equipment		80,375	-
Finance Costs	16	177,129,752	126,776,978
Gratuity	12	(31,868)	1,829,756
Operating Profit/(Loss) Before Working Capital Changes		490,276,115	340,868,435
(Increase)/Decrease in Inventories		(28,291,336)	(4,339,430)
(Increase)/Decrease in Trade and Other Receivables		113,693,856	(249,803,013)
Increase/(Decrease) in Trade and Other Payables		82,557,585	22,836,511
Cash Generated From/(Used in) Operations		658,236,220	109,562,503
ESC/Income Tax paid		(2,286,237)	(2,313,503)
Finance Costs paid		(177,129,752)	(126,776,978)
Defined Benefit Plan Costs paid		(105,753)	-
Net Cash From/(Used in) Operating Activities		478,714,478	(19,527,978)
Cash Flows From/(Used in) Investing Activities			
Acquisition of Property, Plant & Equipment		(508,838,121)	(282,653,598)
Acquisition of Investments in Associate and other Investments		(78,191,430)	(655,584,223)
Dividend Received		-	1,973,394
Net Cash Flows Used in Investing Activities		(587,029,551)	(936,264,427)
Cash Flows from/(Used in) Financing Activities			
Proceeds From Issuance of Share Capital	9.1	411,022,535	-
Proceeds From Interest Bearing Loans & Borrowings	11.2	840,977,554	1,250,000,000
Repayment of Non-Interest Bearing Loans & Borrowings		(4,706,077)	(5,316,879)
Repayment of Interest Bearing Loans & Borrowings		(956,937,676)	(377,376,055)
Loans Received from Related Parties		-	(12,000,000)
Dividend Paid		(111,590,573)	(84,967,342)
Net Cash Flows from Financing Activities		178,765,764	770,339,724
Net Increase/(Decrease) in Cash and Cash Equivalents		70,450,691	(185,452,682)
Cash and Cash Equivalents at the beginning of the year	20	(207,729,355)	(22,276,673)
Cash and Cash Equivalents at the end of the year	20	(137,278,663)	(207,729,355)

The Accounting Policies and Notes on pages 22 through 35 form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 General

Asiri Surgical Hospital PLC ("Company") is a public limited liability Company, incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The registered office of the Company is located at No. 181, Kirula Road, Colombo 5 and the principal place of business is situated at No. 21, Kirimandala Mawatha, Colombo 5.

1.2 Principal Activities and Nature of Operations

During the year, principal activities of the Company were to operate a two tier hospital and provide healthcare services, and managing and holding of investments in the healthcare industry.

1.3 Parent Enterprise and Ultimate Parent Enterprise

The Company's parent undertaking is Asiri Hospitals PLC. In the opinion of the Directors, the Company's ultimate parent undertaking and controlling party is also Asiri Hospitals PLC, which is incorporated in Sri Lanka.

1.4 Date of Authorization for Issue

The Financial Statements of Asiri Surgical Hospital PLC for the year ended 31st March 2009 were authorized for issue in accordance with a resolution of the Board of Directors on 27th May 2009.

2.1 BASIS OF PREPARATION

The Financial Statements have been prepared on a historical cost basis. The Financial Statements are presented in Sri Lankan Rupees. The preparation and presentation of these Financial Statements is in compliance with the Companies Act. No.7 of 2007.

2.1.1 Statement of Compliance

The Financial Statements of Asiri Surgical Hospital PLC have been prepared in accordance with Sri Lanka Accounting Standards (SLAS).

2.1.2 Comparative Information

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year except where the Company has adopted the Sri Lanka Accounting Standard No 16 (Revised 2006) Employee Benefits during the year. The principal effects of the change are discussed in Note 2.2 to the Financial Statements.

Certain prior year figures and phases are rearranged whenever necessary to conform to the current year presentation.

2.2 Change in Accounting Policies

Measurement of Defined Benefits Plans

During the year ended 31st March 2009, the Company changed its accounting policy for the measurement of Retirement Gratuities. The Company now engages the service of an independent professionally qualified actuary and measures the liability actuarially, using the Projected Unit Credit Method.

Adoption of revised SLAS 16 did not have a significant impact on the preparation and presentation of the current year financial statements.

2.3 Significant Accounting Judgments, Estimates and Assumptions

Impairment of Assets

The Company assesses whether there are any indicators of impairment for its investment in associate at each reporting date. Such assessment is made as described under accounting policy No 2.4.10 to these Financial Statements. In this regard, the fair value measurement included the Company's ability to benefit from synergies and other tangible/ intangible assets that arise from its holding.

Defined Benefit Plans

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

2.4 Summary of Significant Accounting Policies

2.4.1 Foreign Currency Translation

The Financial Statements are presented in Sri Lanka Rupees, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss. 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 was determined.

2.4.2 Taxation

a) Income Tax

Pursuant to agreement dated 29th March 2000 entered into with the Board of Investment under section 17 of the Board of Investment Law, Inland Revenue Act relating to the imposition, payment and recovery of income tax shall not apply to the business of operating a two tier hospital and providing healthcare services, for a period of 10 years commencing from 31st March 2004. This exemption expires on 31st March 2014.

The Company is liable to pay tax on other income earned at the prevailing tax rate.

b) Economic Service Charge

As per the provisions of the Economic Service Charge Act No.13 of 2006 and subsequent amendments thereto, Economic Service Charge (ESC) is payable on relevant turnover. The rate of ESC relating to the revenue referred to in the BOI agreement where the corresponding profit is exempt from income tax is 0.25% and the rate relating to other income is 1%. ESC paid is deductible from the Company's income tax liability. Any unclaimed amount can be carried forward and set off against the income tax payable for a further four years.

c) Value Added Tax (VAT)

As per item XII of Part II (b) of first schedule to the Value Added Tax Act No. 14 of 2002 and subsequent amendments thereto the supply of health care services provided by the Company is exempt whilst other revenue would be liable at the prevailing rate.

d) Social Responsibility Levy (SRL)

As per the provisions of the Finance Act No. 5 of 2005 and subsequent amendments thereto, the Company is liable to pay SRL at the rate of 1.5% on all taxes and levies chargeable as specified in the first schedule of the Act.

e) Deferred Taxation

As the Inland Revenue Act does not apply as stated above, temporary differences do not exist during the tax exemption period. Therefore deferred tax does not apply.

2.4.3 Borrowing Cost

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

2.4.4 Inventories

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

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

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

2.4.5 Trade and Other Receivables

Trade receivables are stated at the amounts they are estimated to realise net of allowances for bad and doubtful receivables.

Other receivables and dues from Related Parties are recognised at cost less allowances for bad and doubtful receivables.

2.4.6 Cash and Cash Equivalents

Cash and Cash Equivalents are defined as Cash in hand, Demand Deposits and short-term highly liquid Investments, readily convertible to known amounts of Cash and subject to insignificant risk of changes in value.

For the purpose of Cash Flow Statement, Cash and Cash Equivalents consist of Cash in hand and Deposits in Banks net of outstanding Bank Overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

2.4.7 Property, Plant and Equipment

All items of property, plant and equipment is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria is met.

Depreciation is calculated on a straight line basis over the useful life of the assets.

When each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria is satisfied.

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

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

2.4.8 Leases

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. 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. Finance charges are charged and reflected in the income statement.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term. The depreciation policy for depreciable leased assets is consistent with that for depreciable asset that are owned as described in 2.4.7

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

2.4.9 Investments

a) Investment in Associates

The Company's investment in associates are accounted for using the equity method of accounting. An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the balance sheet at cost plus post acquisition changes in the Company's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. The income statement reflects the share of the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the

Notes to the Financial Statements

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

The reporting dates of the associate and the Group are identical and the associate's accounting policies confirm to those used by the Company for like transactions and events in similar circumstances.

b) Other Investments

Initial Recognition:

Cost of investment includes purchase cost and acquisition charges such as brokerages, fees, duties and bank regulatory fees. The company distinguishes and presents current and non current investment in the balance sheet.

Measurement

Current Investment:

Current investments are carried at market value.

Unrealized gains and losses on current investment carried at market value are recognised as income or expense

Long Term Investments

Long term investments are stated at cost. Carrying amounts are reduced to recognize a decline other than temporary, determined for each investment individually. These reductions for other than temporary declines in carrying amounts are charged to income statement.

2.4.10 Impairment of Assets

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

2.4.11 Provisions

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

2.4.12 Retirement Benefit Obligations

a) Defined Benefit Plan - Gratuity

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

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

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

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

2.4.13 Income Statement

Revenue Recognition

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

a) Rendering of Services

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

b) Interest

Interest income is recognized as the interest accrues unless recoverability is in doubt.

c) Others

Other income is recognized on an accrual basis.

Year ended 31st March 2009

	Balance As at 01.04.2008 Rs.	Additions /Transfers Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2009 Rs.
3. PROPERTY, PLANT AND EQUIPMENT				
3.1 Gross Carrying Amounts				
At Cost				
Building on Leasehold Land	693,032,155	193,165,579	-	886,197,734
Medical Equipment	460,916,120	289,549,373	-	750,465,493
Office Equipment	29,965,679	18,618,448	(80,375)	48,503,752
Furniture & Fittings	60,744,264	30,762,609	-	91,506,873
Kitchen Equipment	10,524,496	220,322	-	10,744,818
Generator	9,566,544	-	-	9,566,544
Air Conditioners	49,683,524	30,398,338	-	80,081,862
Housekeeping Equipment	2,170,465	700,408	-	2,870,873
Laundry Equipment	8,387,030	-	-	8,387,030
Motor Vehicle	2,687,610	-	-	2,687,610
Tools & Equipment	32,642,877	2,055,648	-	34,698,525
Fixtures & Fittings	107,794,200	8,626,396	-	116,420,596
Elevators	28,551,397	1,159,931	-	29,711,328
	1,496,666,361	575,257,052	(80,375)	2,071,843,038
Assets on Finance Leases				
Motor Vehicle	-	2,123,424	-	2,123,424
	-	2,123,424	-	2,123,424
Total Value of Depreciable Assets	1,496,666,361	577,380,476	(80,375)	2,073,966,462
3.2 In the Course of Construction				
	Balance As at 01.04.2008 Rs.	Incurred During the Year Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2009 Rs.
Work in Progress	71,501,986	3,339,158	(69,758,089)	5,083,055
Total Gross Carrying Amount	1,568,168,347	580,719,634	(69,838,464)	2,079,049,517
3.3 Depreciation				
	Balance As at 01.04.2008 Rs.	Charge for the year Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2009 Rs.
Building on Leasehold Land	39,053,629	14,485,351	-	53,538,980
Medical Equipment	94,162,266	53,491,612	-	147,653,878
Office Equipment	8,960,648	7,698,999	-	16,659,647
Furniture & Fittings	19,259,145	6,042,938	-	25,302,083
Kitchen Equipment	3,740,092	1,059,403	-	4,799,495
Generator	3,784,591	956,654	-	4,741,245
Air Conditioners	17,151,332	5,248,681	-	22,400,013
Housekeeping Equipment	709,874	228,445	-	938,319
Laundry Equipment	3,312,412	838,703	-	4,151,115
Motor Vehicle	967,540	537,522	-	1,505,062
Tools & Equipments	11,810,389	3,266,686	-	15,077,075
Fixtures & Fittings	39,839,909	10,781,607	-	50,621,516
Elevators	4,123,893	2,855,140	-	6,979,033
Total Depreciation	246,875,720	107,491,741	-	354,367,461

Notes to the Financial Statements

Year ended 31st March 2009

3. PROPERTY, PLANT AND EQUIPMENT (Contd.)

	2009 Rs.	2008 Rs.
3.4 Net Book Values		
Building on Leasehold Land	832,658,754	653,978,526
Medical Equipment	602,811,615	366,753,854
Office Equipment	31,844,105	21,005,031
Furniture & Fittings	66,204,790	41,485,119
Kitchen Equipment	5,945,323	6,784,404
Generator	4,825,299	5,781,953
Air Conditioners	57,681,849	32,532,192
Housekeeping Equipment	1,932,554	1,460,591
Laundry Equipment	4,235,915	5,074,618
Motor Vehicle	1,182,548	1,720,070
Tools & Equipments	19,621,450	20,832,488
Fixtures & Fittings	65,799,080	67,954,291
Elevators	22,732,295	24,427,504
	1,717,475,577	1,249,790,641
Assets on Finance Leases		
Motor Vehicle	2,123,424	-
	2,123,424	-
In the Course of Construction		
Building	5,083,055	71,501,986
Total Carrying Amount of Property, Plant & Equipment	1,724,682,056	1,321,292,627

3.5 During the financial year, the Company acquired Property, Plant & Equipment to the aggregate value of Rs.580,719,634/- (2008 - Rs.290,740,732/-). Cash payments amounting to Rs. 508,838,121/- (2008-Rs.282,653,598/-) were made during the year for purchase of Property, Plant & Equipment.

3.6 The Company has received the leasehold right to the land, for a period of 99 years from the BOI and the lease-hold right of the property vested with the Company along with the building valued for Rs. 700 Million have been mortgaged to Hatton National Bank PLC as security for the loan facility of Rs. 200 Million obtained by Asiri Hospitals PLC on July 09, 2004 with the approval of the BOI.

3.7 Secondary mortgage of the land and building referred to under 3.6 have been given in favour of Commercial Bank PLC and Hatton National Bank PLC for a syndicated loan of Rs 350 Mn.

3.8 Depreciation

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

	2009/2008
Buildings on Leasehold Land	Over 50 Years
Medical Equipment	Over 10 Years
Office Equipment	Over 5 Years
Furniture & Fittings	Over 10 Years
Kitchen Equipment	Over 10 Years
Generator	Over 10 Years
Air Conditioners	Over 10 Years
Housekeeping Equipment	Over 10 Years
Laundry Equipment	Over 10 Years
Motor Vehicle	Over 5 Years
Tools & Equipment	Over 10 Years
Fixtures & Fittings	Over 10 Years
Elevators	Over 10 Years

Year ended 31st March 2009

	2009 Rs.	2008 Rs.
4. LEASEHOLD PROPERTY		
Balance as at the beginning of the year	94,533,776	95,570,709
Amortization for the year	(1,036,933)	(1,036,933)
Balance as at the end of the Year	93,496,843	94,533,776

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

Refer Note 3.6 to these Financial Statements.

5. INVESTMENT IN ASSOCIATE

Cost of Investment

Asiri Central Hospitals PLC

The Company has a 32.71% (2008 - 29.45%) interest in Asiri Central Hospital PLC which is involved in the hospital and healthcare service industry. The cost of investment as at balance sheet date is Rs.727,563,277/-. (2008- Rs.655,584,223/-)

Central Hospital (Private) Limited

The Company has a 8.2% direct interest and 27.32% indirect interest in Central Hospital (Private) Limited which is a subsidiary of Asha Central Hospital PLC. The company is involved in the hospital and healthcare service industry. However, commercial operations have not yet commenced. The cost of investment as at balance sheet date is Rs.73,191,430/-.

	Number of Shares		2009 Rs.	2008 Rs.
	2009 Rs.	2008 Rs.		
5.1 Carrying Value of the Investment Quoted				
Asiri Central Hospital PLC	7,303,257	6,577,981	727,563,277	655,584,223
Un Quoted				
Central Hospital (Private) Limited	7,319,143	-	73,191,430	-
Post Acquisition loss net of dividend			(39,451,989)	(11,812,294)
Carrying Value of the Investment			761,302,718	643,771,929
Share of Associates Balance Sheet				
Current Assets			91,985,605	110,216,126
Non-Current Assets			1,147,458,606	523,746,346
Current Liabilities			(75,147,663)	(54,641,472)
Non-Current Liabilities			(842,613,643)	(309,127,844)
Net Assets			321,682,904	270,193,156
Fair value, Good will and other adjustments on acquisition			439,619,814	373,578,773
Carrying amount of the Investment			761,302,718	643,771,929
6. SHARE OF THE ASSOCIATES REVENUE AND LOSS				
Revenue			202,865,568	105,464,115
Loss before Income Tax			(23,073,229)	(7,430,986)
Income Tax			(4,566,466)	(2,407,914)
			(27,639,695)	(9,838,900)
Dividend Received from Pre Acquisition Reserves			-	1,973,394

	2009 Rs.	2008 Rs.
7. INVENTORIES		
Pharmaceuticals	17,012,746	7,696,630
Surgical	52,167,830	44,727,551
Genetic Lab	8,653,582	-
X-Ray & Radiology Consumables	1,729,949	1,196,936
Kitchen/ Canteen	518,215	588,585
House Keeping Consumables	750,719	705,083
Stationery	4,198,690	2,939,991
Others	4,805,070	3,690,689
	89,836,801	61,545,465

Notes to the Financial Statements

Year ended 31st March 2009

	2009 Rs.	2008 Rs.
8. TRADE AND OTHER RECEIVABLES		
Trade Debtors	44,666,351	30,143,973
Less: Provision for Bad Debts	(171,565)	-
	44,494,786	30,143,973
Other Debtors - Related Party (8.1)	4,373,959	162,901,698
Advances, Deposits and Prepayments	57,188,826	26,705,756
Prepayment for shares under mandatory offer	-	71,979,054
	106,057,571	291,730,481

8.1 Other Debtors - Related Party

	Relationship		
Asiri Hospitals PLC	Parent Company	-	116,303,146
Asiri Matara Hospital (Pvt) Ltd	Group Company	2,097,068	1,468,518
Asiri Central Hospitals PLC	Associate Company	2,276,891	45,130,034
		4,373,959	162,901,698

	2009		2008	
	Number	Rs.	Number	Rs.
9. STATED CAPITAL				
Fully Paid Ordinary Shares (9.1)	528,457,545	1,183,327,565	469,740,040	772,305,030
Fully Paid Cumulative Non Redeemable Preference Shares (9.2)	210,000,000	210,000,000	210,000,000	210,000,000
	738,457,545	1,393,327,565	679,740,040	982,305,030

	2009		2008	
	Number	Rs.	Number	Rs.
9.1 Fully Paid Ordinary Shares				
Balance at beginning of the year	469,740,040	772,305,030	352,305,030	654,870,020
Issue of shares for cash	58,717,505	411,022,535	-	-
Issue of shares for Non cash consideration	-	-	117,435,010	117,435,010
Balance at end of the year	528,457,545	1,183,327,565	469,740,040	772,305,030

	2009		2008	
	Number	Rs.	Number	Rs.
9.2 Fully Paid Cumulative Non Redeemable Preference Shares				
Balance at beginning of the year	210,000,000	210,000,000	210,000,000	210,000,000
Balance at end of the year	210,000,000	210,000,000	210,000,000	210,000,000

9.3 Rights, Preferences and Restrictions if Classes of Capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at a meeting of the Company.

Holders of preference shares will confer the right to a dividend which will be equal to any dividend declared on the ordinary shares. The holders of preference shares will have a priority right over the ordinary shareholders to the payment of such dividend. The preference shareholders do not carry the right to vote at a general meeting.

In a winding-up the preference shares will confer the right to the payment of the paid preference share capital to the holders thereof in priority to the payment of the paid up ordinary share capital to the holders of such capital. Thereafter, all shares rank equally with regard to the Company's residual assets, after the return to the ordinary shareholders of the paid up ordinary shares.

	2009 Amount Repayable Within 1 Year Rs.	2009 Amount Repayable Within 2-5 Years Rs.	2009 Amount Repayable After 5 Years Rs.	2009 Total Rs.	2008 Total Rs.
10. NON INTEREST BEARING LOANS AND BORROWINGS					
Board of Investment of Sri Lanka					
Payable to the					
On Leasehold Land	4,072,000	16,288,000	42,416,666	62,776,666	66,441,466
On-re-location (10.1.3)	1,041,277	1,041,277	-	2,082,554	3,123,831
	5,113,277	17,329,277	42,416,666	64,859,220	69,565,297

10.1 Terms of Repayment - Board of Investment of Sri Lanka

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

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

If the lesser exercises such right, at the end of 5 years and every 5 years thereafter at the maximum allowed rate of 10% the Company would have to incur a gross liability of Rs.117,956,474/- including future finance costs of Rs. 16,156,474/-.

Due to the uncertainty of exercising such right, the Company has not accounted for future finance costs pertaining to the above lease which would amount to approximately Rs.897,582/- for the current year.

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

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

	2009 Amount Repayable Within 1 Year Rs.	2009 Amount Repayable After 1 Year Rs.	2009 Total Rs.	2008 Amount Repayable Within 1 Year Rs.	2008 Amount Repayable After 1 Year Rs.	2008 Total Rs.
11. INTEREST BEARING LOANS AND BORROWINGS						
Finance Leases (11.1)	318,221	1,462,166	1,780,387	-	-	-
Bank Loans (11.2)	216,613,824	540,050,000	756,663,824	474,600,000	398,023,946	872,623,946
Bank Overdraft (21.2)	151,256,880	-	151,256,880	218,335,198	-	218,335,198
	368,188,925	541,512,166	909,701,091	692,935,198	398,023,946	1,090,959,144

	As At 01.04.2008 Rs.	New Leases Obtained Rs.	Repayment Rs.	As at 31.03.2009 Rs.
11.1 Finance Leases				
Hatton National Bank PLC	-	2,675,491	-	2,675,491
Gross Liability	-	2,675,491	-	2,675,491
Finance Charges allocated to future periods	-	-	-	(895,104)
Net liability	-	-	-	1,780,387

Notes to the Financial Statements

11. INTEREST BEARING LOANS AND BORROWINGS (Contd.)

	As at 01.04.2008 Rs.	Loans Obtained Rs.	Repayments Rs.	As at 31.03.2009 Rs.
11.2 Bank Loans				
Commercial Bank PLC	722,623,946	275,000,000	488,723,946	508,900,000
Hatton National Bank PLC	150,000,000	419,977,554	355,963,730	214,013,824
Nations Trust Bank PLC	-	36,000,000	2,250,000	33,750,000
HSBC Limited	-	110,000,000	110,000,000	-
	872,623,946	840,977,554	956,937,676	756,663,824

11.3 Details of the Long Term Loans;	Approved Facility	Purpose	Repayment Terms	Security	Security Amount Rs. Mn
Commercial Bank PLC	Rs.300 Million	Part finance the cost of construction of Phase 2 of the hospital complex	60 equal monthly installments Commencing from 12 Months after first disbursement	Corporate Guarantee from Asiri Hospital PLC.	300 Mn
Commercial Bank PLC	Rs.100 Million	Establishment of irrevocable documentary Letters of Credits for the importation of medical equipment	60 equal monthly installments with one year grace period Commencing from 25th December 2009	Corporate Guarantee from Asiri Hospital PLC	300 Mn
Commercial Bank PLC	Rs.175 Million	To part refinance the term loan granted to finance the Purchase of 6,577,982 Shares of Asiri Central Hospitals PLC	59 Equal monthly installment of Rs. 2.9 Mn each and final installment of Rs. 3.9 Mn	Leased hold Land and Buildings	150 Mn
Hatton National Bank PLC	Rs.175 Million	To part settle temporary facilities obtained to purchase stake in Asiri Central Hospitals PLC	59 Equal monthly installment of Rs. 2.9 Mn each and final installment of Rs. 3.9 Mn	Leased held land and Buildings	350 Mn
Hatton National Bank PLC	Rs.50 Million	To retire import bills under the Letter of Credit facility	Repaid within maximum period of 90 days	Corporate Guarantee from Asiri Surgical Hospitals PLC	50 Mn
Nation Trust Bank PLC	Rs 36 Million	For importation of Cardiac Monitoring and Resuscitation system	48 equal monthly installments Commencing from January 2009	Mortgage over equipment Corporate Guarantee from Asiri Hospitals PLC "	36 Mn
Hatton National Bank PLC	Rs.50 Million	Operational requirements	Each loan will be repaid in 30 days	Corporate Guarantee from Asiri Hospital PLC	50 Mn

* Carrying value of the pledged assets have been disclosed in note 22 of these financial statements

	2009 Rs.	2008 Rs.
12. RETIREMENT BENEFIT LIABILITY		
12.1 Retirement Benefit Obligations- Gratuity		
Balance as at the beginning of the year	3,782,931	1,953,175
Charge / (Reverse) for the year	(31,868)	1,829,756
Benefits Paid	(105,753)	-
Balance as at the end of the year	3,645,310	3,782,931

Messrs. Actuarial & Management Consultants (Pvt) Limited Actuaries, carried out an actuarial valuation of the defined benefit plan gratuity on 31 March 2009. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used are as follows:

Principal Actuarial Assumption

The principal financial assumptions underlying the valuation are as follows:

Discount Rate	12% p.a.
Salary Increases	10% p.a.
Staff Turnover	- Up to 50 years - 10%

The demographic assumptions underlying the valuation are retirement age 55 years

	2009 Rs.	2008 Rs.
13. TRADE AND OTHER PAYABLES		
Trade Payables	27,066,786	33,031,232
Contract Retention	7,163,699	849,608
Sundry Creditors including Accrued Expenses	45,534,121	23,774,783
Other Payable - Related Party (13.1)	59,969,700	-
	139,734,306	57,655,623

	2009 Rs.	2008 Rs.
13.1 Other Payable - Related Party		
Asiri Hospitals PLC	59,969,700	-
	59,969,700	-

	2009 Rs.	2008 Rs.
14. OTHER INCOME AND GAINS		
Car Park Rental	2,700,000	1,950,000
Dialog Antenna Rental	1,800,000	1,800,000
Restaurant Rental	774,000	672,000
Hostel Fees	622,154	251,085
Sundry Income	384,500	134,934
	6,280,654	4,808,019

	2009 Rs.	2008 Rs.
15. FINANCE COST AND INCOME		
15.1 Finance Cost		
Interest Expense on Overdrafts	16,211,712	14,567,984
Interest Expense on Loans & Borrowings Payable to - Banks	160,918,040	111,133,104
Interest Expense on Loans & Borrowings Payable to - Related Parties	-	1,075,890
	177,129,752	126,776,978
15.2 Finance Income		
Interest Income	8,895,509	-
	8,895,509	-

Notes to the Financial Statements

Year ended 31 March 2009	2009 Rs.	2008 Rs.
16. PROFIT BEFORE TAX		
Stated after Charging/(Crediting)		
Included in Cost of Sales		
Depreciation	53,491,612	41,012,647
Employee Benefits including the following		
- Defined Contribution Plan Costs - EPF & ETF	11,489,500	7,459,184
Included in Administrative Expenses		
Depreciation	54,000,129	46,061,404
Employee Benefits including the following		
- Defined Benefit Plan Costs - Gratuity	(31,868)	1,829,757
- Defined Contribution Plan Costs - EPF & ETF	1,276,611	828,798
Directors' Fees and Remuneration	6,277,750	5,802,650
Amortisation of Leasehold Property	1,036,933	1,036,933
Donations	367,155	213,000
Legal Fees	699,769	1,958,065
Audit Fees and Reimbursable expense	689,550	528,750
Included in Selling and Distribution Costs		
Advertising Costs	3,762,320	5,978,091
17. INCOME TAX EXPENSES		
Income Tax on Other Income	5,717,228	1,699,635
	5,717,228	1,699,635

18. EARNINGS PER SHARE

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

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

	2009 Rs.	2008 Rs.
Profit for the Year	171,212,259	110,283,074
Dividend on Preference Shares	(31,500,000)	(26,250,000)
Net Profit Attributable to Ordinary Shareholders for Basic Earnings Per Share	139,712,259	84,033,074

	2009 Number	2008 Number
Number of Ordinary Shares used as the Denominator		
Ordinary Shares at the beginning of the year	469,740,040	352,305,030
Share issue during the year	58,717,505	-
Bonus Shares	-	117,435,010
Bonus element of Rights Issue	-	8,043,494
Adjusted Weighted Average number of Ordinary Shares in issue applicable		
to Basic Earnings Per Share	528,457,545	477,783,534

2008 - The weighted average number of shares in issue have been diluted for the bonus element in the Rights issue of shares made in April 2009.

Year ended 31 March 2009

	2009 Rs.	2008 Rs.
19. DIVIDENDS PAID AND PROPOSED		
Declared and paid during the year		
19.1 Equity dividends on ordinary shares :		
Final dividend for 2007/2008 : Rs. 0.075/- per share	39,634,316	-
Interim dividend for 2008/2009 : Rs. 0.075/- per share (2007/2008: Rs. 0.125 per share)	39,634,316	58,717,342
	79,268,632	58,717,342
19.2 Dividends on Preference shares :		
Interim dividend for 2008/2009 : Rs. 0.075/- per share (2007/2008: Rs. 0.125 per share)	15,750,000	-
Interim dividend for 2008/2009 : Rs. 0.075/- per share (2007/2008: Rs. 0.125 per share)	15,750,000	26,250,000
	31,500,000	26,250,000
	110,768,632	84,967,342

20. CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT

Components of Cash and Cash Equivalents

20.1 Favourable Cash and Cash Equivalents Balance		
Cash & Bank Balances	13,978,217	10,605,843
	13,978,217	10,605,843
20.2 Unfavourable Cash & Cash Equivalents Balance		
Bank Overdraft	(151,256,880)	(218,335,198)
Total Cash and Cash Equivalents for the Purposes of the Cash Flow Statement	(137,278,663)	(207,729,355)

21. COMMITMENTS AND CONTINGENCIES

21.1 Capital Expenditure Commitments

The Company has purchase commitments for acquisition of Property, Plant and Equipment incidental to the ordinary cause of business as at 31 March 2009, as follows.

	2009 Rs.	2008 Rs.
Contracted but not provided for	31,100,000	(161,100,467)

21.2 Contingent Liabilities

(a) Legal Claims

There is a Legal case against the Company claiming Rs. 1,500,000. The outcome of the above case cannot be ascertained until it is finally determined. Hence no provision has been made for any liability that may result in this regard.

Notes to the Financial Statements

Year ended 31 March 2009

(b) Guarantees

The Directors of the Company have signed Corporate Guarantee Bonds with the following banks securing the bank facilities obtained by Asiri Hospitals PLC.

	2009 Rs. Mn.	2008 Rs. Mn.
Sampath Bank PLC	175	175
Seylan Bank PLC	10	10
Hongkong & Shanghai Banking Corporation Ltd.	-	150
Nation Trust Bank PLC	180	180
Hatton National Bank PLC	180	180
Commercial Bank Limited	280	250
Bank of Ceylon	-	180
	825	1,125

22. ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

Nature of Assets	Nature of liability	Carrying Amount Pledged	
		2009 Rs.	2008 Rs.
Investment	Primary Mortgage Bond for loans and borrowings	-	643,771,929
Leased hold Land and Buildings	Secondary Mortgage Bond for loans and borrowings	926,155,597	94,533,776
Inventories and Trade debtors	Primary Mortgage Bond for overdraft facilities	134,503,152	-
Cardiac Monitoring and Resuscitation System	Primary Mortgage over finance facilities	33,000,000	-
		1,093,658,749	738,305,705

23. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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

24. RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows.

	Asiri Hospital PLC Parent Company		Transactions with Affiliate Companies*		Total	
	2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
24.1 Transactions with Parent and Related Entities						
a. Nature of Transaction						
As at 1 April	116,303,146	10,266,424	46,598,552	(11,023,964)	162,901,698	(757,540)
Repayment of Temporary Finance						
Obtained and fund transfers	249,500,000	504,443,848	40,371,076	138,675,778	289,871,076	643,119,626
Temporary Finance Obtained	(440,000,000)	(414,183,431)	(91,665,974)	(82,472,150)	(531,665,974)	(496,655,581)
Sale/(Purchase) of goods/services	(10,290,259)	2,099,696	373,189	1,418,887	(9,917,070)	3,518,583
Chanelling fee collected on behalf Related Party	18,501,090	17,421,564	-	-	18,501,090	17,421,564
Expenses Reimbursed to Related Party	2,130,583	3,601,161	8,754,822	-	10,885,405	3,601,161
Staff Related Income/ Expenses	3,885,739	(7,346,115)	(57,705)	-	3,828,034	(7,346,115)
As at 31 March	(59,969,701)	116,303,146	4,373,960	46,598,552	(55,595,741)	162,901,698

* Affiliate Companies include Asiri Matara Hospital (Pvt) Ltd, Asiri Central Hospital PLC, Asiri Diagnostics Services (Pvt) Ltd.

b. The Company has invested in equity shares of Asiri Central Hospital PLC and Central Hospital (Pvt) Ltd as disclosed in note 5 these financial statements.

Year ended 31st March 2009

24. RELATED PARTY DISCLOSURES

24.2 Off Balance Sheet Items

Guarantees made on behalf of Asiri Hospital PLC, has been given in Note 21.2 (b) and Note 3.6 to these Financial Statements.

Asiri Hospital PLC, has signed a Corporate Guarantee Bond with Commercial Bank PLC, Hatton National Bank PLC and Nation Trust Bank PLC to secure the banking facilities obtained by the Company, for the value of Rs. 400 million, 275 million and Rs. 36 million respectively.

24.3 Transactions with Key Management Personnel of the Company or its parent

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

	2009 Rs.	2008 Rs.
a) Key Management Personnel Compensation		
Short Term Employment Benefit	6,277,750	5,802,650
Post Employment Benefit	401,362	630,430
Total Compensation Paid to Key Management Personnel	6,679,112	6,433,080

b) Transaction with entities that are controlled, jointly controlled or significantly influenced by key management personnel

Name of the Related Party	Details	Amount (Paid)/ Received 2009 Rs.	Amount (Paid)/ Received 2008 Rs.
Softlogic Trading (Pvt) Ltd	Purchase of Computers and Accessories	(3,319,604)	(4,547,243)
Softlogic Computers (Pvt) Ltd	Purchase of Computers and Accessories	(423,723)	(1,011,741)
Softlogic Information Systems (Pvt) Ltd	Software Maintenance	(1,656,250)	(1,380,000)
Softlogic Communications (Pvt) Ltd	Purchase of Mobile Phones	(155,340)	(441,750)
Uniwalkers Ltd	Purchase of Electronic Equipment	(3,216,446)	1,315,770
DSI Samson & Co. Limited	Drinking Water and Other supplies		(580,924)
Udayagiri Stores	Food Supplies	(5,948,779)	(5,545,067)
Anro Super Florist	Floral Arrangements	(475,800)	-
D.Samson & Sons (Pvt) Ltd	Shoes Supplier	(672,531)	-

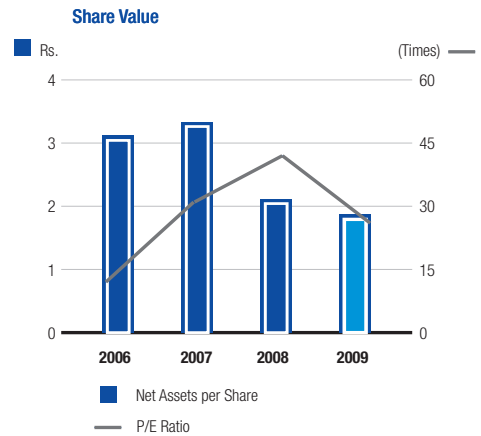
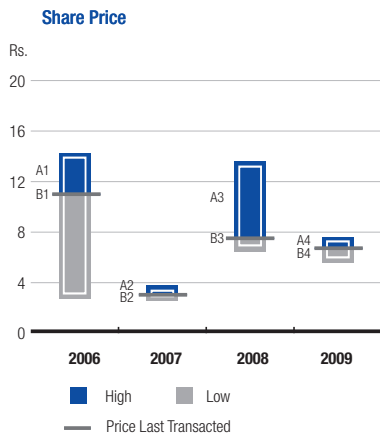
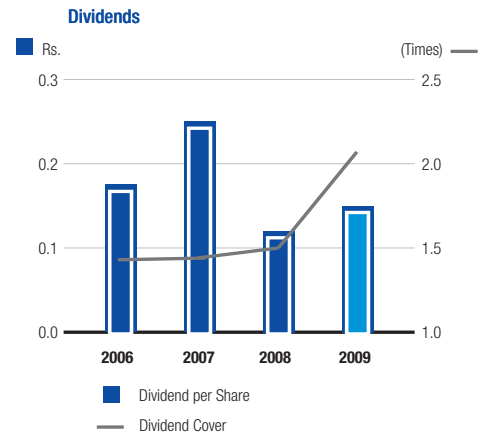
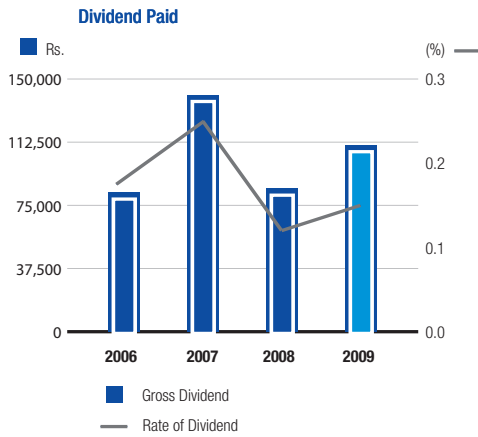
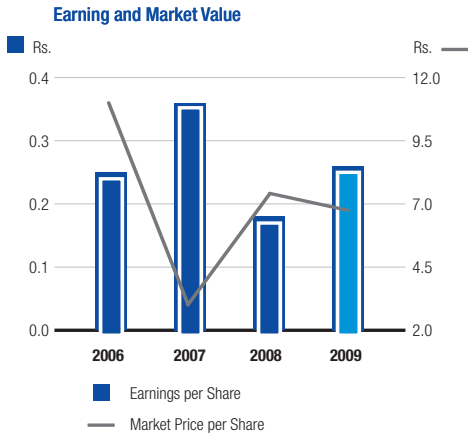
c) During the year Key Management Personnel (KMP) and their Family Members (CFM) have bought 475,274 shares. During the year, KMPs and their CFMs have sold 5,833,333 shares.

24.4 Other Transactions

The shareholders of the Company are eligible for 50% discount on the hospital bills excluding the charges for drugs, medical consumables, professional fees, and blood charges up to a limit of 12.5% per annum, of the nominal value of the shares held for a minimum period of three months. Discounts are also given on investigations on our patients such as Laboratory, MRI, X-Ray ECG, Ultrasound Scanning, and others provided by the Company.

This facility is extended to the shareholder and three nominees, subject to the above limit.

GRAPHICAL REVIEW



SHAREHOLDER INFORMATION

The ordinary shares of the Company are listed in the Colombo Stock Exchange of Sri Lanka. The Audited Financial Statements of the Company for the year ended March 31, 2009 and copies of this annual report have been submitted to The Colombo Stock Exchange

Distribution of Shareholders

Shareholdings	31st March 2009			31st March 2008		
	No of Shareholders	Total Holding	Holding %	No of Shareholders	Total Holding	Holding %
1 to 1000 shares	974	340,031	0.06	880	333,441	0.071
1001 to 5,000 shares	649	1,607,751	0.30	553	1,341,816	0.286
500,1 to 10,000 shares	222	1,675,077	0.32	191	1,479,708	0.315
10001 to 50,000 shares	524	11,316,216	2.14	493	10,439,879	2.222
50,001 to 100,000 shares	84	5,960,855	1.13	89	6,296,683	1.340
100001 to 500,000 shares	112	22,862,001	4.33	106	21,434,868	4.563
500,001 to 1,000,000 shares	16	10,837,175	2.05	12	8,549,061	1.820
Over 1,000,001 shares	32	473,858,439	89.67	29	419,864,584	89.382
Total	2,613	528,457,545	100.00	2,353	469,740,040	100.00

Composition of Shareholders

Individual	2,541	189,603,083	35.88	2,286	201,641,861	42.93
Institutional	72	338,854,462	64.12	67	268,098,179	57.07
Total	2,613	528,457,545	100.00	2,353	469,740,040	100.00
Resident	2,598	528,373,682	99.98	2,343	469,666,010	99.98
Non-Resident	15	83,863	0.02	10	74,030	0.02
Total	2,613	528,457,545	100.00	2,353	469,740,040	100.00

Shareholder Information

Major Shareholdings

The twenty major shareholders as at the end of the financial year and their percentage holding are as follows:

	As at 31st March 2009	%	As at 31st March 2008	%
1 Asiri Hospitals Ltd.	156,140,941	29.55	134,915,120	28.72
2 Sri Lanka Insurance Corporation Ltd-General Fund	121,409,398	22.97	94,016,799	20.01
3 Mr. D. K. Subasinghe / Mrs. S. N. Subasinghe	52,159,753	9.87	72,837,099	15.51
4 Softlogic International (Pvt) Ltd	20,337,133	3.85	20,337,133	4.33
5 Sri Lanka Insurance Corporation Ltd-Life Fund	15,493,000	2.93		
6 Mr. P. P. Subasinghe	9,000,014	1.70	8,000,013	1.70
7 Mr. T. Weerasinghe / Mrs. N. Weerasinghe	7,500,015	1.42	6,666,680	1.42
8 Mr. V. Kailasapillai	7,500,000	1.42	7,068,000	1.50
9 Mrs. N. Weerasinghe / Miss T. H. Weerasinghe	7,499,999	1.42	6,666,666	2.84
10 Mrs. N. Weerasinghe/ Mr. C. D. Weerasinghe	7,499,999	1.42	6,666,666	1.42
11 Mrs. A. Selliah	7,100,000	1.34	6,729,333	1.43
12 Mr. C. D. Weerasingha/ Mrs. N. Weerasinghe	6,666,666	1.26	6,666,666	1.42
13 Softlogic Communications (Pvt) Ltd	6,543,966	1.24	6,158,933	1.31
14 Miss. Sivamalar Subramaniam	6,300,000	1.19	6,661,000	1.42
15 Mrs. A. Kailasapillai	6,300,000	1.19	5,868,000	1.25
16 Mr. Kailasapillai Aravithan	6,280,000	1.19	6,636,000	1.41
17 Softlogic Trading (Pvt) Ltd	4,902,200	0.93	4,702,200	1.00
18 Mr. M. R. Weerasinghe	3,333,333	0.63	3,333,333	0.71
19 Mr. D. M. Rajapaksa	2,764,350	0.52	2,307,200	0.49
20 Arunodhaya Industries (Private) Limited	2,400,000	0.46	1,336,000	0.28
	457,130,767	86.50	407,572,841	88.17
Shares held by the other shareholdings	71,326,778	13.50	62,167,199	11.83
Total No. of Shares issued	528,457,545	100.00	469,740,040	100.00
Public Shareholding	240,853,162	45.58%	159,225,585.00	33.90%

Share Trading	2008/09	2007/08
Market Price (Rs)		
Highest	7.50 (17/02/09)	13.75 (21.08.07)
Lowest	5.75 (12/01/09)	6.50 (17.05.06)
As at year end	6.75 (31/03/09)	7.50 (31.03.08)
No of Trades	1,446	8,602
No of Shares Traded	8,570,900	21,243,800
Value of the Shares Traded (Rs)	60,315,250	230,465,925
Earning per Share (Rs)	0.26	0.18
Dividends per Share (Rs)	0.15	0.125
Net Assets per Ordinary Share (Rs)	2.77	2.12

FIVE YEAR SUMMARY

Year ended 31 March 2009	2009	2008	2007	2006	2005
Rs.'000					
Income Statements					
Revenue	1,149,832	896,373	718,972	530,533	382,078
Cost of Services	(519,875)	(440,323)	(334,930)	(261,938)	(208,358)
Gross Operating Profit	629,957	456,050	384,042	268,595	173,720
Other Income	15,176	4,808	3,736	318	76
Administration and Distribution Expenses	(263,434)	(212,259)	(162,267)	(129,473)	(102,320)
Profit Before Interest	381,699	248,599	225,511	139,439	68,548
Finance Cost	(177,130)	(126,777)	(4,248)	(245)	(7)
Share of Loss of an Associate	(27,640)	(9,838)			
Profit before Tax	176,929	111,983	221,263	139,194	69,301
Income Tax Expense	(5,717)	(1,700)	(566)	(64)	
Net Profit for the year	171,212	110,284	220,697	139,130	69,301
Balance Sheet					
Property Plant & Equipment	1,818,179	1,415,826	1,225,578	1,235,651	1,139,263
Investment In Associates	761,303	643,772			
Inventories	89,837	61,545	55,240	53,100	25,351
Receivables	111,057	294,724	44,308	16,566	14,692
Cash and Bank balance	13,978	10,606	6,725	5,112	1,110
Total Assets	2,794,354	2,426,476	1,331,851	1,310,430	1,180,416
Stated Capital	1,393,328	982,305	982,305	982,305	352,305
Accumulated Profits	282,650	222,206	196,890	116,770	60,293
Share Holders' Funds	1,675,978	1,204,511	1,179,196	1,099,075	412,598
Non Interest Bearing Long Term Liabilities	59,746	64,248	69,565	75,086	83,253
Interest Bearing Long Term Liabilities	541,512	398,024			
Deferred Retirements Obligations	3,645	3,783	1,953	933	450
Trade Creditors	139,734	57,656	34,819	28,284	17,514
Other Payables	437	-	-	81,781	645,857
Non Interest Bearing Loans and Borrowings	5,113	5,317	5,317	7,196	7,173
Interest Bearing Short Term Borrowings	368,189	692,935	41,002	18,075	13,571
Total Equity & Liabilities	2,794,354	2,426,474	1,331,852	1,310,430	1,180,416
Cash Flow					
Net Cash Flow from operations	478,714	(19,528)	190,245	217,010	63,429
Net Cash Flow used in Investing	(587,030)	(936,264)	(63,582)	(147,715)	(185,637)
PBIT / Turnover	33%	28%	31%	26%	18%
GP Margin	55%	51%	53%	51%	45%
Gearing	35%	48%	3%	2%	3%

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting of Asiri Surgical Hospital PLC will be held at HOTEL JANAKI, Fife Road, Colombo 05 on Wednesday the 9th day of September 2009 at 2.00 p.m. for the following purposes:

- 1) To receive and consider the Report of the Directors, Statements of Accounts and the Balance Sheet of the Company for the year ended 31st March 2009 together with the Report of the Auditors thereon.
- 2) To ratify the Interim Dividend of Rs. 0/075 per share paid on 17th December 2008 as the Final Dividend for the year ended 31st March 2009.
- 3) To re-elect Dr. S. Seliah who retires by rotation in terms of Article 24(6) of the Articles of Association, as a Director of the Company.
- 4) To re-elect Mrs. D. Wimalasundera who retires in terms of Article 24(6) of the Articles of Association as a Director of the Company.
- 5) To re-elect Mr. H. N. Jayasinghe as a Director of the Company. Special Notice has been received from a shareholder pursuant to Section 211 of the Companies Act No. 7 of 2007 of the intention to propose the following resolution as an ordinary resolution.

"RESOLVED that Mr. H. N. Jayasinghe who has reached the age of 80 be and is hereby re-elected as a Director of the Company, and it is hereby declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Director in accordance with Section 211 of the Companies Act No. 7 of 2007".

- 6) To re-appoint Messrs Ernst & Young as Auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration.
- 7) Special Business

I. To authorize the Directors to determine and make donations.

By Order of the Board

SECRETARIES & REGISTRARS (PRIVATE) LIMITED

(Sgd.)
SECRETARIES
Colombo

9th July 2009

Note:

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

A form of Proxy is enclosed in this Report.

The completed form of Proxy should be deposited at the Registered Office of the Company, No. 21, Kirimandala Mawatha, Colombo 05, not less than 48 hours before the time for holding the Meeting.

FORM OF PROXY

*I/We of
 being* a
 member/ members of ASIRI SURGICAL HOSPITAL PLC, do hereby appoint of
 or failing *him/her

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

as *my/our Proxy to represent me/us and to speak and vote for *me/us on *my/our behalf at the 9th ANNUAL GENERAL MEETING OF THE COMPANY to be held at HOTEL JANAKI, Fife Road, Colombo 05 at 2.00 p.m. on Wednesday the 9th day of September 2009 and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

	FOR	AGAINST
1) To receive and consider the Report of the Directors, Statements of Accounts and the Balance sheet of the Company for the year ended 31st March 2009 together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2) To approve the interim dividend of Rs. 0/075 per share paid on 17th December 2008 as the final dividend.	<input type="checkbox"/>	<input type="checkbox"/>
3) To re-elect Dr. S. Selliah who retires by rotation in terms of Article 24(6) of the Articles of Association of the Company, as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
4) To re-elect Mrs. D. Wimalasundera who retires by rotation in terms of Article 24(6) of the Articles of Association of the Company, as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
5) To re-elect Mr. H. N. Jayasinghe, who retires in terms of Section 210 of the Companies Act No. 7 of 2007.	<input type="checkbox"/>	<input type="checkbox"/>
6) To re-appoint retiring Auditors Messrs Ernst & Young and to authorize the Directors to fix their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
7) Special Business to authorize the Directors to determine and make donations.	<input type="checkbox"/>	<input type="checkbox"/>

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

.....
 *Signature/s

Note:

- 1) *Please delete the inappropriate words.
- 2) Instructions as to completion are noted on the reverse hereof.

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the Form of Proxy after filling in legibly your full name and address and sign in the space provided. Please fill in the date of signature.
2. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy who need not be a member, to attend and vote instead of him. Please indicate with an "X" in the boxes provided how your Proxy is to vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.
3. In the case of a Corporate Member, the Form of Proxy must be completed under its Common Seal, which should be affixed in the manner prescribed by the Articles of Association.
4. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should also accompany the completed Form of Proxy, in the manner prescribed by the Articles of Association.
5. The completed Form of Proxy should be deposited at the Registered Office of the Company, No. 21, Kirimandala Mawatha, Narahenpita, Colombo 05, not less than forty eight (48) hours before the appointed time for the Meeting.

