

Defining the Future of Healthcare



DURDANS
HOSPITAL

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Defining the Future of Healthcare

Patient wellness is at the heart of healthcare, and as we rapidly evolve to meet the ever-changing needs of patients, we are taking the future of medical care to the next level by shifting our focus to value-based service delivery. And as we expand our offering to bring the best of modern medicine to Sri Lanka, we embark on a groundbreaking enhanced neuroscience centre that promises excellent accessibility while strengthening our core specialisations with state-of-the-art resources and technology. Every step we take to innovate, to expand, and to add value is designed to ultimately offer advanced healthcare that improves the quality of life.



DURDANS
HOSPITAL

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FINANCIAL ANALYSIS

PURPOSE

We strive, with passion, to meet the healthcare needs of people and build healthier communities.

VISION

Our Vision is to be acclaimed as the most trusted healthcare provider.

MISSION

Our Mission is to integrate advanced technology with empowered healthcare teams to deliver exceptional patient-centric care.

CORE VALUES

Innovation - We search for new and better ways to deliver safe and convenient care.

Compassion - We strive to build a caring environment that's conducive to health and healing.

Good Governance - We enforce transparent and ethical decision making at all levels.

Integrity - We strive to build an environment that fosters accountability and honesty.

Quality - We are committed to maintaining excellent quality standards.

Learning - We believe that continual learning and development is the recipe for long-term success.

FINANCIAL HIGHLIGHTS

Group	2018	2019	2020	2021	2022
Financial Results					
Turnover (Rs. Mn)	5,733	5,806	5,976	5,546	7,840
Operating Profit (Rs. Mn)	723	682	755	640	1,469
Profit Before Tax (Rs. Mn)	603	549	576	696	1,388
Profit After Tax (Rs. Mn)	488	376	467	600	1,109
Statement of Financial Position					
Fixed Assets - NBV (Rs. Mn)	6,539	6,959	7,093	7,715	7,295
Total Assets (Rs. Mn)	8,093	8,797	9,852	10,883	12,802
Capital Employed (Rs. Mn)	6,738	7,265	8,329	8,929	10,869
Net Assets (Rs. Mn)	5,009	5,143	5,933	6,628	8,282
Ratios					
Earnings Per Share (Rs.)	11.87	9.50	11.91	16.54	29.00
Interest Cover (Times)	6.02	5.15	6.31	7.14	18.24
Net Assets Per Share (Rs.)	147.88	151.83	174.35	213.17	244.51
Return On Assets (%)	6.00	4.50	4.76	5.52	8.67
Return On Capital Employed (%)	11.00	9.40	8.60	6.72	13.52
Return On Equity (%)	9.70	7.40	7.19	8.31	13.40

Earnings Per Share



Rs. 29

Earnings Per Share

Return on Capital Employed



13.40%

Return On Equity

Interest Cover



8.67%

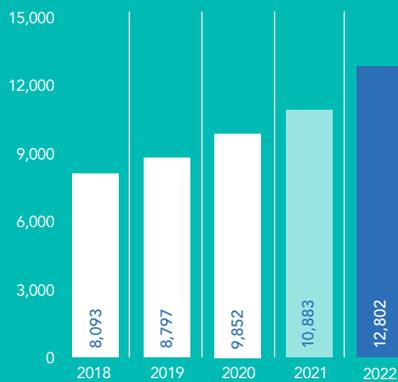
Return On Assets



We remain committed towards achieving our targets and maximising our profitability in the years ahead.



Total Assets
Rs. Mn



Profit After Tax
Rs. Mn



Profit Before Tax
Rs. Mn



Rs. 5

Dividend Per Share



Rs. 7.3 Bn

Fixed Assets-NBV



Rs. 244

Net Assets Per Share





OUR LEADERSHIP

Our team remains committed to serving people with warmth and compassion. The power of the cohesive group of people working together to deliver common goals in absolute harmony.



CHAIRMAN'S REVIEW

At Durdans, we focus on continuously upgrading and streamlining our systems and resources to ensure an improved customer experience.

Dear Shareholders,

The year under review was undoubtedly one characterised by challenges on many fronts. The COVID-19 pandemic continued to impact the healthcare industry to a great extent in 2021, creating an unprecedented demand for medical resources and services across the nation, while essentially bringing activities of growth, expansion and progress to a standstill.

Despite affecting the nation for a large part of 2020, the first quarter of the 2021/2022 year marked the first time that private healthcare institutions were allowed to admit and treat COVID patients since the pandemic began. Occupancy rates stood at an all-time high, with many hospitals seeking to expand to alternate premises to cater to the rising need for COVID care.

At Durdans Hospital, we remained committed towards offering the highest levels of patient care during these pressing times. Our dedicated wards, high dependency units and intermediate care centres remained equipped to serve the people by providing primary care and deploying ICU trained staff to address the surge in COVID-19 infected individuals.

A STRONG PERFORMANCE

The hospital recorded an exceptional performance during the year, primarily led by the high levels of demand for COVID-19 services at both in-patient and out-patient levels. Our PCR testing facilities, COVID-19 wards and the intermediate care centres were the key



contributors towards boosting overall profitability and returns.

However, in terms of regular footfall, Durdans recorded a considerable decrease during the year, particularly with respect to the cardiac centre and other interventional procedures. This phenomenon was largely due to the shift in demand from regular medical services to COVID-19 related facilities. During the latter part of the year as the number of COVID-19 patients began to subside, an overall improvement was witnessed, with the utilisation of our services returning to normalcy.

In view of the above, the hospital recorded a revenue growth of 41% to reach Rs. 7.8 Bn, which led to a profit after tax of Rs.1.109 Bn. Going forward, we anticipate a more COVID-controlled environment, which may result in a more subdued performance - however we remain committed towards achieving our targets and maximising our profitability in the years ahead.

VISION 2022

As mentioned previously, COVID-19 disrupted development activities across a range of industries. Similarly, Durdans Hospital's iconic Vision 2022 project,

which was slated to be completed by August 2022, faced many headwinds, further intensified by site closures and restrictions on manpower due to infected staff, resulting in considerable delays. Additionally, the supply chain disruptions and adverse macroeconomic factors experienced during the year prompted a shortage of essential materials and incremental costs, which in turn led to an increase in the overall project's investment. To date, 70% of the structure remains completed. Unfortunately, in light of the prevailing economic uncertainty, shortage of materials and the escalating cost of goods, the project may extend beyond 31st of December 2022. However, we remain committed towards ensuring the project's completion, in light of its envisioned significant long-term contribution towards the nation's healthcare system.

As we work towards transforming the hospital's landscape, this period of intensive refurbishment and expansion is entirely focused on creating a renewed experience for the public, through the formation of a purpose-built tertiary healthcare institution. Our intention is to offer improved facilities to our customers on par with international standards. We are in the process of further



augmenting our services by extending high-end Neuroscience and Neurocare facilities, while introducing an all-new Wellness and Rehabilitation Centre - a new concept designed to offer a more holistic experience through the provision of patient aftercare. The project is the outcome of invaluable technical inputs and expertise obtained via a strategic alliance with a renowned healthcare institution in the Asia-Pacific region.

DEDICATED TO SERVE

Our staff played a crucial role in fighting the impacts of the pandemic, serving tirelessly on the frontlines to ensure patients were cared for, while placing their own health and safety at risk. While we faced many challenges in terms of allocation of staff across functions, I would like to place on record my gratitude for the unmatched dedication of many members of our workforce who continued to work above and beyond the call of duty to meet the needs of the hour.

Given the nature of our operations, serving on the frontline is inevitable to ensure that critical care is provided through every eventuality. Durdans remained committed towards ensuring staff health and safety by strictly adhering to all government-mandated guidelines

across all business functions. Furthermore, in order to minimise risk and ensure business continuity, all back-office staff were enabled to 'Work-from-Home', equipped with the necessary technology and resources provided by the hospital. The hospital further continued to engage with its staff and ensure their training and development remained uninterrupted, despite the impacts of the pandemic.

AN UNMATCHED EXPERIENCE

At Durdans, we focus on continuously upgrading and streamlining our systems and resources to ensure an improved customer experience. During the year, our front-office and back-office systems were integrated and migrated to a new platform to ensure seamless operations; thereby helping us serve our customers with greater levels of speed and efficiency. The hospital further invested in obtaining cutting-edge neuro and ophthalmology equipment and devices to ensure our patients received outstanding levels of treatment and care.

As the first hospital in Sri Lanka to receive JCI accreditation, our commitment to quality remains unparalleled. While continuing to obtain re-accreditation year-on-year, Durdans is wholly focused on achieving quality beyond accreditation by engaging with our customers and monitoring the surrounding environment to ensure we remain proactive in meeting the people's every need.

FUTURE OUTLOOK

The uncertain macroeconomic climate poses immense challenges, not just for Durdans Hospital, but across the entire healthcare industry. A dwindling purchasing power continues to impact most of the public, while the lack of foreign reserves may continue to impact the purchase of essential medicine and equipment going forward. Furthermore, the depreciation of the rupee may significantly impact our cost structures, leading to a rising cost of care across the board. We hope that the introduction of more prudent macroeconomic policies will take effect, and prove beneficial in the long run.

While we may face reduced volumes, the hospital will continue to rely on its available resources to meet critical medical needs, while relying on cost-efficiencies to ensure sustainable results. We remain positive that with the increased footfall resulting from the re-development and refurbishment of infrastructure facilities and the introduction of our new disciplines we are poised to achieve greater results in the year ahead.

ACKNOWLEDGEMENTS

As we come to the close of yet another year, I would once again like to thank our clinical consultants as well as other clinicians and the entire staff of Durdans for their dedication and support in the face of an incredibly formidable year, and extend my gratitude to the consultants and the management for their unwavering support.

I would also like to thank my fellow Board Members for their inputs and support in terms of navigating these uncertain times. A special thank you is extended to Mr. Su-ayid Ismail for his invaluable services rendered from June 2014 to the 31st of January 2022, in lieu of his resignation from the Board of Ceylon Hospitals PLC. However, it is heartening to note that he continues to serve us in his capacity as a Board Member of our subsidiary, Durdans Medical and Surgical Hospital (Pvt) Ltd.

Last, but not least, I would like to thank all our stakeholders for placing their belief in Durdans Hospital throughout our journey, as we look forward to creating a future of purpose-built care, together.

A. E. Tudawe
Executive Chairman

19th May 2022

MESSAGE FROM THE DIRECTOR MEDICAL SERVICES

The Vision 2022 project is designed to extend purpose-driven healthcare to the public, and will provide improved, facilities to patients...

OPERATING ENVIRONMENT

The impacts of the pandemic continued to be felt within the health sector for a large part of the year, shifting the onus of care primarily towards COVID-19 infected patients and those suffering from COVID-19 related complications. The sector was therefore characterised by the development of new business areas, as well as a reduction patient inflow experienced in categories, particularly for paediatric and maternity care. This transformation enabled the healthcare sector to sustain its performance in comparison to other industries, despite the challenging backdrop. The government healthcare sector faced challenges in terms of managing patient volumes, resulting in the private sector playing a significant role in sharing the burden during the year.

COVID-19 CARE

Durdans Hospital continued to provide unmatched quality and care, which was managed by the highly-reputed consultants, with dedicated wards and intensive care units to cater to those infected by the virus. The hospital ensured the right safety protocols were in place, enabling minimal contact between patients which gave received recognition among patrons. Our renowned consultant specialists and chest physicians played a key role in formulating these protocols,



and were deployed to monitor patient health in collaboration with trained staff members, thereby driving strong treatment outcomes. Furthermore, with certain insurance companies beginning to support COVID-19 care, the hospital was able to promote cost-effective, high quality care for the infected patients.

Durdans partnered with certain hotels in the southern and central provinces of Sri Lanka to operate intermediate care centres (ICCs) for COVID-19 patients, which ran at full capacity during the peaks of the pandemic. I would like to thank the hotel management for their unwavering support in helping us manage and optimise these centres to offer excellent levels of care through a multi-disciplinary team. These were offered to our corporate partners whose employees were quarantined within the care centres upon being infected.

In terms of deployment of resources, the hospital faced multiple challenges due to the unprecedented demand of COVID-19 patients that arose during the year. However, in line with the dedication and passion that is embodied by the Durdans brand, our staff members continued to serve on the frontlines in order to battle the impacts of the deadly virus. We supported our staff by providing all their requirement and offered uninterrupted care to our patients.

The lack of home-based treatment in Sri Lanka opened a new market sector for private healthcare, especially with individuals choosing to quarantine within care centres despite minimal side effects being experienced. The lockdowns impacted pharmaceutical revenue due to the rise of home delivery systems, while many began to obtain treatment through online video consultations.

As mentioned previously, paediatric-related patient inflows declined, which was primarily attributable towards minimised levels of cross-infection arising from school closure. In terms of maternity procedures, the hospital continued to maintain its services, by establishing facilities and protocols to enable the child-birth of COVID-19 positive mothers, supported by the establishment of a dedicated makeshift emergency theatre.

SURGICAL CARE

Durdans also experienced growth in terms of the surgeries during the year under review, supported by our diverse promotional activities. The hospital established a clinical department of surgery in order to drive excellent surgical care, while focusing on providing facilities to perform all types of surgeries. Our focus was given to four areas where general surgery, genitourinary (GU) surgery, orthopaedics and gynaecology and



eye surgery experienced a growth in volumes. Our focused effort remained on further developing centres of excellence across the main specialties, areas that would require surgery or interventional procedures, and transforming the system of care to enable the notable shift from open surgeries for procedures towards laparoscopic surgery, minimally invasive and interventional procedures, thereby being able to improve the quality of life, improve disability and achieve fair healing. Our operating theatres will be equipped with the most advanced, cutting-edge dual monitoring laparoscopic system to perform surgeries with a higher level of precision and accuracy.

In pursuit of this strategy during the year, GU surgeries at the operating theatre were developed. This enabled high-end operating procedures to be performed using the latest equipment and technology. Surgical procedures via interventional procedures, with the introduction of equipment to perform laser surgery for burning and extracting stones found within the kidney and ureter. Furthermore, a skilled onco-surgeon was onboarded onto our team and many advanced cancer surgeries via single stage laparoscopic procedures. For an example, complicated cancers of the bowel were performed by the surgeon and the team with excellent outcomes which is evident by the abundance of testimonials given by

patients. A chemotherapy day treatment centre was established to provide outpatient care for cancer patients, and ensure patients suffered minimal side effects with faster recovery periods.

A FUTURE OF PURPOSE-BUILT HEALTHCARE

We are looking forward to the new infrastructure development that is the first of its kind, and slated to transform the hospital's landscape. The Vision 2022 project is designed to extend purpose-driven healthcare to the public, and will provide improved, facilities to patients, while offering higher levels of comfort, more cost-effective, yet modern patient rooms with all amenities. A new state-of-the-art rehabilitation centre will be set up extending up to 12,000 square feet.

The new space will develop a centre of excellence in the neuroscience field providing the full spectrum of neuro-services spanning neurology, neuro-surgery and neuro-rehabilitation. The proposal for the unit was developed through a discussion with a neurosurgeon at the National Hospital under Dr. Neil Dorward, and Dr Bridget Wright, and Dr. Thushani Fernando from Royal Free Hospital in UK, who is the clinical lead in stroke care. Nursing care will be enhanced by the knowledge sharing and advice by Guy's and St. Thomas' Hospital UK. The hospital has set up the latest microscope, Kinevo 900-Zeiss, and Medtronic Stealthstation S8 navigator in the field of neurosurgery, and two state-of-the-art theatres dedicated for neuro care will be established within the premises. Furthermore, as a testament to our unmatched experience and high quality of care, Durdans has successfully performed 138 complex neurosurgeries to date.

We continue to upgrade and improve on the services offered by our existing centres of excellence including eye surgery, which at present is a fully-fledged centre containing all diagnostics and treatment modalities within a single location.

We hope to establish a hyper-acute stroke management unit and a primary response team, in order to streamline our response times and provide emergency care;

strengthened further by our island-wide presence and Aerocare unit for medical evacuation.

FUTURE OUTLOOK

The healthcare sector will undoubtedly be impacted severely by the macroeconomic challenges going forward. With reduced purchasing power, economic instability and uncertainty of resource availability, the sector's income may be negatively impacted through the decline of hospital tourism and overall footfall. However, we anticipate that, led by the short-fall of medical goods in the state sector, a shift of elective patients to the private sector may occur. We believe that a public-private partnership model may be beneficial for the collective well-being of the nation. Medical insurance service providers will play an integral role in supporting health and well-being through the introduction of more diverse policies accommodating a wide range of diseases which will provide accessibility to the public and private healthcare sectors.

Despite the looming challenges the future holds, here at Durdans, we pledge to continuously redefine and enhance our service levels, in order to develop a strong and robust business model that supports the delivery of a high quality of service to our customers and stakeholders today, and in the years to come.

In closing, I would like to thank all the stakeholders who were integral to our success and continuity of care during the year. I would like to tender my gratitude to the Chairman and Board of Directors who have dedicated their efforts towards procuring world-class infrastructure and technology, and pledge to capitalise on these resources through the expertise of industry professionals and develop the most advanced multispecialty healthcare institution in the country.

Dr. H. Baranage
Director Medical Services

19th May 2022

CHIEF OPERATING OFFICER'S STATEMENT

We embarked on Total Quality Management (TQM) for the hospital to have a holistic approach in improving the quality standards throughout the entire patient journey

Dear Shareholders,

This financial year was our 2nd year with the global COVID-19 pandemic where we experienced the 3rd and 4th waves in Sri Lanka with a surge in patients compared to the previous year. This resulted in significant testing and treating COVID-19 patients enabling us to perform better than the previous financial year.

Despite the immense operational challenges during the pandemic, we are optimistic and are pursuing multiple projects to reach our vision. Screening was conducted with PCR and Antigen Testing for those who were symptomatic, asymptomatic, and for overseas travel requirements for both inbound and outbound.

CHALLENGES FACED DURING THE PANDEMIC

The pandemic which continued from the previous financial year surprised us with two waves which affected much more than the previous year. Many employees and their families got affected which directly impacted the operations.

This was a true test for all organisations to be able to show their resilience. We were able to weather the storm by adopting new strategies such as setting up offsite



medical facilities to meet the medical needs of those infected with COVID-19.

Screening was conducted with PCR and antigen testing for those who were symptomatic, asymptomatic and for overseas travel requirements, covering inbound and outbound. Another initiative to increase the accessibility to screening was the drive thru PCR testing for individuals and corporates providing convenience. Residential and corporate visits for PCR and Antigen Testing were introduced to address the safety factor of the persons who did not want to get exposed to the public by traveling or visiting a common facility.

Due to the limited resources available in the country we had to provide facilities stretching to the limits where the work of healthcare workers was stretched to the limits to meet the demands of the market.

The need to provide protection to our employees was an utmost requirement with the use of personal protective equipment (PPE), separate transport, accommodation, maintain social distancing whilst catering to the patients' needs were some of the practical challenges faced.

THE BREWING ECONOMIC CRISIS

The economic crisis worsened towards the end of the financial year due to the political instability and ineffective decisions made by the government affecting the healthcare industry. The healthcare industry is significantly dependent on imports of pharmaceuticals, surgical consumables, medical equipment and other medical accessories.

INDUSTRY OVERVIEW

The health regulatory authorities are further expanding the scope of price regulation in the healthcare sector which is adversely affecting private sector healthcare and discouraging investments. With the depreciation of the Sri Lankan rupee the recovery on capital expenditure is longer which affects the introduction of innovative medical technology. With the drastic escalation of construction costs during the year, expansion of infrastructure is discouraged. The industry has witnessed an exodus of human capital over the year as skilled and semi-skilled workforce are seeking overseas opportunities.



IT Systems

A consultancy firm was awarded the assignment to identify and evaluate an Enterprise Resource Planning (ERP) solution to migrate from the existing home-grown ERP to enable the organisation to operate seamlessly. The Laboratory Information System (LIS) was successfully commissioned during the year. The evaluation of an enterprise level Wi-Fi network infrastructure commenced in the last quarter of the year with the aim of providing a better experience for our customers. To strengthen the IT governance framework of the organisation we embarked with a consultancy firm to revise the policies and standard operating procedures (SOPs) which complies with ISO standards.

Human Resources

It always has been an enormous challenge to recruit and retain talented people whilst developing the human capital. The Human Resources Team had successfully carried out the annual engagement plan innovatively due to the challenges faced during the COVID-19 outbreaks. Even amidst a pandemic the trainings were conducted by adopting social distancing with distance learning systems.

Recognition of dedicated and high performing people was recognised and rewarded to improve the overall moral of the staff during the pandemic. This enabled us to perform beyond expectations delivering the best clinical outcomes.

Total Quality Management

In 2014 Durdans was the first hospital in Sri Lanka to be accredited with the gold seal from Joint Commission International (JCI), USA. After successfully completing the third triennial survey in May 2021 we embarked on Total Quality Management (TQM) for the hospital to have a holistic approach in improving the quality standards throughout the entire patient journey.

The quality assurance department was restructured to spearhead the TQM initiative. A Senior Director in Quality was appointed for a paradigm shift to be adopted. The restructuring initiative has brought in significant results at the ground level which will continue to deliver tangible results for all our customers.

Operations Review

With systematic planning, implementation and monitoring we have made steady progress. Fulfilling Chairman's vision in the Vision 2022 Plan there are many operational challenges daily which needs to be resolved. While meeting the timelines of the unfolding of the Durdans landscape to be able to make it a purpose-built hospital, it is important for the management to ensure the safety and continuity of the business whilst carrying out construction within the premises.

The addition of a world-class wellness centre, operating theatres, a uniflow laboratory sample collection, extended double height lobby with a priority customer waiting area, rooms & ward beds and in-house accommodation for staff which would be significant areas which will be additions to expect.

We are hopeful that even though it was not possible to complete the Vision 2022 project within the year in review, we are confident to complete the project next financial year. The multiple lockdowns during the pandemic resulted in multiple site closures for the safety of the workforce. Once the project is completed all our customers can experience healthcare in a world-class facility.

Overall, it was a year which made us experience a new normal and add many experiences to our future planning as we had not anticipated many new challenges and the way to move forward as an organisation. We are indeed thankful to our Chairman and Board of Directors who stood by the management team in all the decisions and course of actions we needed to steer the organisation through the unprecedented challenges to complete the year in review a success.

Mahanil Perera
Chief Operating Officer

19th May 2022

BOARD OF DIRECTORS

CEYLON HOSPITALS PLC

AJITH TUDAWE

Executive Chairman

Ajith Tudawe is the Chairman of Ceylon Hospitals PLC (Durdans Healthcare Group) and a Senior Director at Tudawe Holdings (Pvt) Ltd. His knowledge and skill in Business, Finance, and Strategic Management have been instrumental in leading Durdans Hospital to the forefront of Sri Lanka's healthcare landscape. Ajith Tudawe holds a BA degree in Accounting from the UK. He is a Fellow Member of the following professional institutions namely, The Institute of Chartered Accountants in England and Wales, the Institute of Chartered Accountants in Australia, the Institute of Chartered Accountants of Sri Lanka, and Lifetime fellow of the Association of Chartered Certified Accountants in the UK. He has participated in of executive education and professional development programmes from the Business Schools of universities in Australia, Singapore and the UK.

UPUL TUDAWE

Director/ Executive Vice President

Upul Tudawe, the Director/Executive Vice President of Ceylon Hospitals PLC also serves as Group Director of Tudawe Holdings (Pvt) Ltd, its subsidiary companies and is the Chairman of Commercial Marketing Distributors (Pvt) Ltd. Upul Tudawe holds a Bachelor of Science degree in Microbiology from Texas Tech University and a degree in Medical Technology from the University of Texas Health Science Centre in Houston, USA. Among his many affiliations, he is a Member of the American Society of Clinical Pathology (ASCP) and the Australian Institute of Medical Scientists (AIMS). He also functions as the Director Laboratory Services for over 25 years.

DR. PREETHIRAJ

WIJEGOONEWARDENE

Director/ Senior Vice President - Medical

Dr. Preethiraj Wijegoonewardene holds an MBBS from India along with a Postgraduate Diploma in Family Medicine from the Postgraduate Institute of Medicine (PGIM) in Colombo. He is a Fellow of the College of General Practitioners of Sri Lanka and was awarded an Honorary Fellowship from the Royal College of General Practitioners, UK in November 2008. He was elected as Chairman of the South Asia Board of the Royal College of General Practitioners International. Dr. Wijegoonewardene was the first Sri Lankan to receive a WONCA Fellowship in recognition of his contribution to family medicine in South Asia and World WONCA and was awarded an honorary Fellowship from the Bangladesh Academy of Family Physicians.

NIMAL PIYASENA

Non-Executive Director

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

ASOKA ABEYWARDENE

Independent, Non-Executive Director

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

SU-AYID ISMAIL

Non-Executive Director

With over 40 years of experience in the fields of Financial Management, Risk Management, Auditing, Consulting and Business Advisory Services, Su-ayid Ismail is the Founder/ CEO of BAS Consultants (Pvt) Ltd which provides consulting and advisory services to SMEs and family run businesses. Su-ayid Ismail is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, Fellow of the Chartered Institute of Management Accountants, UK, Member of the Institute of Internal Auditors and a Former Partner of Messrs. Ernst & Young Chartered Accountants. He currently functions as the Chief Executive Officer of Tudawe Brothers (Pvt) Ltd.

Mr. Ismail resigned as a Non-Executive Director of Ceylon Hospitals PLC w.e.f. 31st January 2022.

ASITE TALWATTE

Independent, Non-Executive Director

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

AMINDA TUDAWE

Executive Director

Aminda Tudawe directs the supply chain of the group and the coordination of the corporate strategy of Durdans Hospital. He is also a Director of Durdans Medical and Surgical Hospital (Pvt) Ltd and Durdans Heart Centre (Pvt) Ltd. He is presently involved in the Durdans Vision 2022 project in collaboration with the project consortium. He was also involved in the implementation of JCI accreditation at Durdans Hospital and played a role in completing several key development projects over the years. He holds a Bachelor of Science (Hons) degree in Business Management from the University of Wales, UK as well as a Master of Business Administration degree from the School of Business, University of Leicester, UK.

RAVINDRA JAYATILLEKE

Independent, Non-Executive Director

Ravindra Jayatilleke is an Associate Member of the Institute of Chartered Accountants of Sri Lanka and a Fellow of the Chartered Institute of Management Accountants, UK and possesses over 35 years of experience in the fields of Accounting, Auditing and Finance. As an Independent, Non-Executive Director on the Board of Ceylon Hospitals PLC, he provides guidance in finance related matters pertaining to the Company. At present, Ravindra Jayatilleke functions as the Group Finance Director of Lalan Rubber Group and is a Director of Lalan Rubber Holdings (Pvt) Ltd, Lalan Rubbers (Pvt) Ltd and connected subsidiary companies.

BOARD OF DIRECTORS

DURDANS MEDICAL AND SURGICAL HOSPITAL (PVT) LTD

AJITH TUDAWE

Executive Chairman

Refer page 14 for the profile.

UPUL TUDAWE

Director/ Executive Vice President

Refer page 14 for the profile.

DR. PREETHIRAJ

WIJEGOONWARDENE

Director/ Senior Vice President - Medical

Refer page 14 for the profile.

NIMAL PIYASENA

Non-Executive Director

Refer page 14 for the profile.

ASOKA ABEYWARDENE

Independent, Non-Executive Director

Refer page 14 for the profile.

MERRILL FERNANDO

Non-Executive Director

Merrill Fernando is the Chairman of MJF Holdings Limited and one of Sri Lanka's first tea tasters in the then British-dominated trade. He is the founder of 'Dilmah Tea' brand name which re-launched, redefined and re-established the quality of Ceylon tea. 'Dilmah' is now, a much-respected global name, renowned for its quality and the philosophy of caring and sharing behind the brand. Having established the brand on the unique philosophy of making business a matter of human service, Merrill Fernando's 'MJF Charitable Foundation' and 'Dilmah Conservation' fulfil this pledge by diverting a minimum of 15% of pre-tax profits from the sale of Dilmah Tea towards direct humanitarian and environmental interventions.

DILHAN FERNANDO

Non-Executive Director

Dilhan Fernando is the CEO of Dilmah Tea. His efforts have focused on bringing tea to a new generation with innovations such as tea gastronomy, tea lounges (branded as t-Lounges) and by enhancing peoples' knowledge in tea through the Dilmah School of Tea. Dilhan also nurtures his father's pledge to make

business a matter of human service through the work of the MJF Charitable Foundation and Dilmah Conservation. Dilhan currently chairs the Biodiversity Sri Lanka Platform which was pioneered by Dilmah Conservation together with the Ceylon Chamber of Commerce and IUCN (International Union for Conservation of Nature). Dilhan is the Chairman of the United Nations Global Compact in Sri Lanka, a corporate sustainability initiative by the UN.

PROF. JANAKA DE SILVA

Independent, Non-Executive Director

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

SU-AYID ISMAIL

Non-Executive Director

Refer page 14 for the profile.

ARJUN FERNANDO

Independent, Non-Executive Director

Arjun Fernando was appointed to the Board of Durdans Medical and Surgical Hospital (Pvt) Ltd in November 2017. He is currently a Director of Central Finance PLC and Nations Trust Bank PLC. He also serves on the Boards of NDB Capital Holdings, NDB Securities (Pvt) Ltd and NDB Zephyr Partners Ltd for and on behalf of the NDB Capital Group of Companies. He has functioned as the CEO/ Director of DFCC Bank and as Director of several of DFCC Bank's subsidiaries, joint ventures and associates.

Prior to joining DFCC Bank, Mr. Fernando had a long and illustrious career overseas and at HSBC Sri Lanka. He holds an M.Sc. (Management) from Clemson University, USA and a B.Sc. (Engineering) from Southern Illinois University, USA. He is also an Associate of the Chartered Institute of Bankers (ACIB), UK.

AMINDA TUDAWE

Executive Director

Refer page 15 for the profile.

DR. ATHULA KAHANDALIYANAGE

Independent, Non-Executive Director

Dr. Athula Kahandaliyanage holds a postgraduate degree in Community Medicine and has 43 years of experience in the Health Sector of which 32 have been in Health Administration. He became DGHS in 2002 and ended his career in the Government as Secretary to the Health Ministry in 2010. During this period, he served as Chairman of SPMC, served on the Board of the Postgraduate Institute of Management, Sri Lanka Medical Council, State Pharmaceuticals Corporation of Sri Lanka, University Grants Commission, University Council, Peradeniya and many Presidential Committees. He was subsequently hand-picked by the World Health Organisation for its Senior Management cadre and served as its Director Health Systems, Sustainable Development and Environment in the Southeast Asia Region based in Delhi. After his retirement as an international civil servant in 2014, he served within the Corporate Sector as Director of Fonterra Sri Lanka and Chairman of SJGH. He is a Fellow of the College of Medical Administrators of Sri Lanka and was its Past President in 2005. (Deceased on 22nd January 2022.)

RAKSHITHA TUDAWE

Executive Director

Having joined the company in 2016, Rakshitha Tudawe oversees the development and execution of strategic initiatives for the group. He is also the co-founder of the Amrak Institute of Medical Sciences which was incorporated in February 2019. He spearheaded the repositioning of the Durdans Hospital

brand in August 2017, revitalising the long-standing brand and is currently overseeing the hospital's digital evolution. He is also involved in the establishment of two key strategic business units for the Durdans Vision 2022 Project. He holds a Bachelor of Science (Hons) degree in Business Economics from the University of East Anglia, UK and a Master of Science degree in Management from Loughborough University, UK. He has also participated in executive programmes at the INSEAD Business School in Fontainebleau, France and the Ernst and Young head office in La Défense, Paris.

NAVEEN SOORIYARACHCHI

Independent, Non-Executive Director

Naveen Sooriyarachchi is an Independent Non-Executive Director of Durdans Medical and Surgical Hospital (Pvt) Ltd. A renowned banking professional, he holds a Humphrey Fellowship in Investment Banking from the Boston University, USA, a Master's degree in Business Administration from the University of Colombo and is an Associate of the Institute of Bankers, Sri Lanka. His extensive experience of 40 years includes key corporate management positions at Commercial Bank of Ceylon PLC. He was also a consultant to the International Finance Corporation (World Bank Group), Washington. His business acumen and expertise has been reflected in Commercial Bank being awarded 'Best Trade Finance Bank in Sri Lanka' for 2019 and 2020 by the 'Asian Banker' as well as the Best Corporate Bank in Sri Lanka in 2019 by International Finance of the UK under his leadership.

DURDANS HEART CENTRE (PVT) LTD

AJITH TUDAWE

Executive Chairman

Refer page 14 for the profile.

UPUL TUDAWE

Director/ Executive Vice President

Refer page 14 for the profile.

DR. PREETHIRAJ

WIJEGOONWARDENE

Director/ Senior Vice President - Medical

Refer page 14 for the profile.

NIMAL PIYASENA

Non-Executive Director

Refer page 14 for the profile.

AMINDA TUDAWE

Executive Director

Refer page 15 for the profile.

DR. ATHULA KAHANDALIYANAGE

Independent, Non-Executive Director

Refer page 16 for the profile.

RAKSHITHA TUDAWE

Executive Director

Refer page 16 for the profile.

ANJALI PIYASENA

Non-Executive Director

Dr. Anjali Piyasena holds an MBBS from Tianjin Medical Institute, China, and is currently attached to the Cardiothoracic ICU at Sri Jayawardanapura General Hospital with 08 years of experience.

INDIKA WIJEGOONWARDENE

Non-Executive Director

Dr. Indika Wijegoonwardene is an alumnus of the prestigious Manipal University, where he obtained his MBBS degree in 2007. Following internship training in India, he went on to work in the maxillofacial unit at the Colombo Military Hospital where he was involved in facial reconstruction surgery.

He has had extensive training in WA as a senior registrar in General Surgery, and has trained with the Royal Australian College of Surgeons.

Mixing his general and trauma surgical skills with rural and remote medicine, he is now undergoing fellowship training in general practice and rural surgery with the Royal Australian College of General Practitioners.

His interest in surgery, dermatology, and aesthetics strengthen his cosmetic practice. He is a member of the Australian College of Aesthetic Medicine and is working towards a fellowship with ACAM in collaboration with one of Perth's leading cosmetic medical clinics.

GIREESHA NIKHILA TUDAWE

Non-Executive Director

Gireesha Nikhila Tudawe is a Medical Doctor at the Glan Clwyd Hospital in North Wales, UK. He graduated with an MBChB from the University of Leeds UK Medical School and has research experience, in addition to possessing teaching experience as an examiner in Diana, Princess of Wales Hospital. Gireesha Tudawe has accepted a Training Position in the Thames Valley/Oxford Deanery for ACCS-IM and is working towards ITU/Anaesthetics and General Internal Medicine with a specialization in Cardiology/Respiratory treatment.

NETHMI THAVISHA TUDAWE

Non-Executive Director

Nethmi was appointed as a Board Director of the company with effect from 31st March 2022. Nethmi completed her Primary education at Bishops College Colombo followed by her Secondary education at Colombo International School. She holds a Bachelor of Science, Chemical and Biomolecular Engineering Degree from Rice University in Houston, Texas (2013-2017) and master's degree in Healthcare Administration from Columbia University in the City of New York (2017 – 2019). She began her carrier in Mount Sinai Hospital in New York initially as Performance Improvement Analysts and later by holding a position as the Project Manager Nursing and Cardiac Services from March 2019 to September 2021. Currently she is working for Oscar Health, Inc. is an American health insurance company, is headquartered in New York City in the capacity of an Associate.

SENIOR MANAGEMENT TEAM

DR. HARSHA BARANAGE

Director Medical Services

Dr. Harsha Baranage joined the Durdans Group in 2018 and works as the Director Medical Services. He possesses over 16 years of experience in the field of healthcare as an administrator and is responsible for pioneering and coordinating multiple developments and innovations relating to healthcare. He previously held the positions of Medical Director at Asiri Central Hospital and Asiri Surgical Hospital. He has received the prestigious Asian Hospital Management Award (AHMA) from Hospital Management Asia, has been honoured by the Government of Maldives for health promotions and activities conducted in Maldives and has been a recipient of several awards and accolades within the local healthcare sector. Dr. Baranage holds a Degree in Medicine (MD), a Post Graduate degree in Health Administration, MSc in Health Administration from Asia e University, a Diploma in General Practice (MCGP) and is currently reading for his MBA and Ph.D. from AeU, Malaysia.

MAHANIL PERERA

Chief Operating Officer

Mahanil Perera joined Durdans in 2011 and is the most long-standing member of the Senior Management team. With almost three decades of experience in growth and sales, 21 years has been in Senior Management. He is responsible for the overall development and expansion of the laboratory network to over 100 branches island wide. During the period under review, he was able to contribute significant value by making available the COVID-19 RT-PCR testing via the laboratory network. Mahanil was promoted to the position of Chief Operating Officer in February 2021. He holds a Post Graduate Diploma in Marketing from the Sri Lanka Institute of Marketing and has obtained a Master's degree in Business Administration from Cardiff Metropolitan University (UK). He is also a life member of the Sri Lanka Institute of Marketing. He represents Durdans Hospital at the Private Health Services Regulatory Council (PHSRC),

Private Hospitals Association (PHA), Tertiary and Vocational Education Commission (TVEC) and the Private Medical Laboratory Association (PMLA) as a founder member.

DR. JITHENDRI PERERA

Deputy Director of Medical Services

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

DR. SANJAYA RATNAYAKE

Deputy Director of Medical Administration

Dr. Sanjaya Ratnayake (MD, MSc) is a registered professional in both the General Medical Council of the United Kingdom and the Sri Lanka Medical Council. He possesses over 20 years of extensive experience in Medical Administration and Clinical Medicine in both local & foreign reputed healthcare institutions. Dr. Ratnayake will work cohesively with the Heads of Medical Services, playing an active role in enhancing cooperation between medical departments and ensuring safety and regulatory compliance.

THUSITHA RUBASINGHE

Chief Financial Officer

Thusitha Rubasinghe holds membership of both CA Sri Lanka and Institute of Certified Management Accountants of Sri Lanka. He counts well over 25 years

of experience in the areas of Treasury Management, Management Accounting, Financial Accounting and Reporting, Auditing and Taxation. He has worked for Hayleys PLC, Tudawe Brothers, Sara Lee, Gateway International School and Ernst and Young. His industry exposure relates to such areas as Plantation, Construction, Shipping and Education.

CHAYA RANAWEERA

Head of Human Resources

Chaya Ranaweera holds an MSc from the University of Colombo, specialising in Labour Relations and Human Resource Management with over 15 years of extensive hands-on experience in the fields of Industrial Relations, Coaching & Counseling, Training & Development and HR Strategy for Sustainable Growth in the industries of Finance, Hospitality, Renewable Energy and the non-profit sector.

MADHAWA HERATH

Head of Information and Communications Technology

Madhawa who currently serves as the Head of IT and Communications Technology joined Durdans in 2021. He counts over 18 years experience in the field of Information and Technology. He is responsible for the digital transformation of the hospital, enhancing information security, implementation of disaster recovery, business continuity and cloud infrastructure development. His experience in the field of IT extends to positions he held previously at SANASA Development Bank PLC, Virtusa (Pvt) Ltd, John Keells Holdings, LankaClear (Pvt) Ltd and Jung Yoon Textile (Pvt) Ltd. He is a Graduate in the Bachelor of Science from the Metropolitan University in London specialized in Information and Communication Technology. Further, he holds a Master's Degree in Computer Systems and Networking from the University of Greenwich. He is also a Certified Professional at Microsoft, Cisco, Sun Microsystems etc.

CLIFFORD MARTIN

Senior Manager Laboratory Operations

Clifford Martin is the Senior Manager, Laboratory Operations and has been with Durdans for more than 04 years. He holds a Diploma in Business Management as well as a certification in Leadership Management from the Post Graduate Institute of Management, University of Sri Jayawardenepura. His experience entails more than 25 years spent in a senior managerial capacity at renowned Richard Pieris Distributors Ltd, Jay Kay Marketing Services constituent of conglomerate John Keells Holdings PLC and at Jacks of Fiji Ltd in the Fiji Islands. Clifford brings to the table experience in Customer Service, Care and Quality Management practices among many other areas.

RUKSHAN PERERA

Senior Manager Operations

As Senior Manager Operations, Rukshan Perera has been with Durdans Hospital for 06 years and oversees multiple operational areas including Customer Care, Channelling and Nurse Aides, Food and Beverage, Security, Fire and Transport and Housekeeping of Departments to name a few. His exposure spans multiple years in the Healthcare industry and the Wellness/ Hospitality industry at Adaaran Luxury Boutique and Wellness Resort, Maldives the latter being part of the renowned Aitken Spence Group of Hotels. He is presently pursuing a Master's degree in Business Administration from the University of West London and holds certifications in Human Resource Management from the Institute of Personnel Management, Sri Lanka and Quality Assurance Management from the Sri Lanka Standards Institution, Sri Lanka.

LASANTHA WADUGE

Senior Manager Growth & Sales

Lasantha Waduge is the Senior Manager Growth and Sales at Durdans Healthcare Group and has been with the organisation for 17 years. A qualified marketer by profession, Lasantha holds an MBA with merit from the University of Wales, a Post Graduate Diploma from the Chartered Institute of Marketing, UK and a Higher Diploma in Computer Software Engineering affiliated to the Institute for Certification of Computing Professionals, USA. He brings to the table significant experience in the fields of Strategic Management, Strategic Marketing and Brand Management. He is also a visiting lecturer in Strategic Management for Lincoln University, Malaysia and in Strategic Marketing for the Chartered Institute of Marketing, UK.

ARUN HARIDHARSHAN

Head of Strategy and Supply Chain

Arun Haridharshan possesses over 8 years of experience in the field of implementing successful strategies to maximise organisational productivity and performance. He holds a BEng (Hons) 1st Class in Electronic Engineering from the Sheffield Hallam University.

HISTORICAL TIME LINE



1939

With the outbreak of hostilities during the Second World War, the British Government commandeered the premises now known as 'Durdans Hospital' at its current location to provide medical and surgical care for the sick and injured military personnel in the then British Colony of Ceylon.

1945

With the cessation of hostilities, a group of general practitioners in medicine and surgery, realised the need for private healthcare for the people of Ceylon. They took over the former military hospital and incorporated a legal entity known as 'Ceylon Hospitals Limited'. The commercial operations of Ceylon Hospitals Limited as a healthcare provider and operator began in January 1946.



1968

Special focus was provided to Maternity care when Durdans opened its new maternity ward as well as an outpatient facility.

1982

The new Paediatric ward, surgical ward and operating theatre complex were set up.



1984

Radiology services were introduced to the public for the first time.

1993

The Intensive Care Unit (ICU) was formally established.

1995

Strategic management was introduced together with the establishment of Durdans' 1st Strategic Road Map.

The Endoscopy unit was established.

1996

A strategic alliance with the largest free-standing Heart Institute in Asia was established.

The Pathological Laboratory and Blood Bank commenced operations.



1997

The infrastructural development of the Heart Station and Heart Command Centre commenced.

1999

Durdans Heart Surgical Centre (Pvt) Ltd (now known as Durdans Heart Centre) was established and the Heart Station became operational.

Durdans' islandwide satellite laboratory network commenced operations during the year.

2000

Durdans Heart Centre commenced cardiac surgeries.

The catheterisation laboratory was setup to commence invasive and interventional procedures for the first time at Durdans.

2001

A formal Accidents & Emergency Care Unit was set up.

The restructuring of Durdans Hospital commenced.

Formulation of strategic road map II.

2003

Ceylon Hospitals Limited was listed on the Colombo Stock Exchange.

2004

The Neonatal and Dialysis units were established.

2005

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

2007

Durdans' 3rd Strategic Road Map was introduced.

2009

Construction of the 6th Lane Hospital wing commenced.

2010

The Orthopaedic Unit commenced operations.

2011

The 6th Lane Hospital wing was unveiled to the public and became fully operational. Operations commenced under Durdans Medical and Surgical Hospital (Pvt) Ltd.

A brand-new eye centre was set up.

Genitourinary unit was set up.

2012

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

2013

The Neurology Unit was established.

2014

Durdans became the first hospital in Sri Lanka to be accredited with the Gold Seal of approval by the Joint Commission International (JCI), USA, which is the highest accreditation in healthcare delivery.

2015

The 4th Strategic Road Map was introduced.

The Cosmetic centre was set up.

2016

The Dietetic and Nutritional care centre, the 'Enhance' cosmetic care centre and the Physiotherapy and Sports Medicine units were established.

2017

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

A new 180-slot multi-storeyed split-level car park was opened.

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

2018

Commenced major infrastructural development project on the re-development and remodelling of Durdans (scheduled to be completed by the last quarter of 2022).

The Bi-Plane Catheterisation Laboratory was set up to commence invasive and interventional head to toe procedures.

2019

A formal ENT Clinic was set up and an advanced ENT Workstation was installed, ensuring comfort and precision in ENT care.

2020

The 'Amrak Institute of Medical Sciences' was incorporated as a subsidiary of Ceylon Hospitals PLC while the Nursing Training School was revamped in collaboration with 'Amrak'.

2021

- Durdans Hospital embarked on the next phase of its Strategic Road Map in alignment with its Durdans Vision 2022.
- Durdans commenced the upgrade of its Enterprise Resource Planning platform for better efficiency and to streamline its business processes.
- The 5th Strategic Road Map was introduced.
- Refurbishment of the Heart Centre, extended Heart Centre Building and the Sixth Lane Hospital wing (Durdans Medical and Surgical Hospital (Pvt) Ltd) will commence shortly and is scheduled to be completed in 2022.

2022

- The refurbishment program of the Sixth Lane Wing Hospital that commenced in financial year 2021/22, will be completed during financial year 2022/23.
- Despite the disruptions experienced in construction activities during the year, Durdans persists against all odds, and hopes to unveil its landmark Vision 2022 project in the near future.







OUR BUSINESS

At Durdans Hospital, we take pride in delivering excellence in healthcare for everyone. Innovating as we move forward, questioning the status quo, and offering solutions which provide the dynamism to what we do every day



MANAGEMENT DISCUSSION AND ANALYSIS

Despite the looming challenges the future holds, here at Durdans, we pledge to continuously re-define and enhance our service levels, in order to develop a strong and robust business model that supports the delivery of a high quality of service to our customers and stakeholders today, and in the years to come.



	 Financial Capital	 Social and Relationship Capital	 Manufactured Capital	 Intellectual Capital	 Human Capital	 Natural Capital
Description	Comprises the funds available for providing goods and services, in addition to the capital obtained from debt or equity financing	Consists of the partnerships and relationships nurtured with external stakeholders including patients, suppliers, business partners and the community	Includes the tangible asset base of the company, i.e., plant, property and equipment and other infrastructure developments	As the name indicates, this comprises the hospital's collective knowledge base, including the unique systems, processes and procedures built over the years	This encompasses the employees of the hospital, detailing their experience, capabilities and competencies, and steps taken to address their well-being and progress	Details the company's approach to managing its environmental impact, and any generated renewable/non-renewable resources
Our Approach	Durdans is wholly committed towards delivering consistent results through maximising profitability and engaging in investments designed to deliver long-term results.	We continue to cultivate meaningful relationships through the delivery of purposeful outcomes and policies.	We maintain, upgrade and expand on our asset base to ensure we deliver value to the people in line with industry developments and changing dynamics.	Our unrivalled knowledge obtained through over 76 years in the industry enables us to deliver an exceptional service to our stakeholders.	Our people remain the face of our organisation, serving tirelessly to uplift lives and improve the people's well-being.	We remain mindful of our impact, striving to minimize our environmental footprint at every stage of our journey.



FINANCIAL CAPITAL

The turnover of the Ceylon Hospitals PLC increased by 44% when compared to the previous financial year levels whilst the NPBT arose almost by 100% YoY...

The impacts of the pandemic continued to be felt within the healthcare sector for most part of the financial year, shifting the onus of care primarily towards COVID-19 infected patients and those suffering from COVID-related complications. The sector was therefore characterised by the

development of new business areas, with a reduced patient inflow experienced in certain categories, particularly for paediatrics and maternity care. This transformation enabled healthcare sector to sustain its performance in comparison to other industries, despite the challenging backdrop.

During the year the Group recorded an exceptional performance; recording a total turnover of Rs.7.8 Bn when compared to Rs.5.5Bn in the previous financial year. This was primarily led by the high levels of demand for COVID-19 services at both in-patient and out-patient levels. Our PCR testing facilities, COVID-19 wards and the intermediate care centres were the key contributors towards boosting overall profitability and returns.

The turnover of the Ceylon Hospitals PLC increased by 44% when compared to the previous financial year whilst the NPBT increased by almost 100% YoY amounting to Rs. 902 Mn when compared to that of Rs. 454 Mn in FY 2020/21. The turnover and NPBT levels were consistent during the first three quarters of the year whereas a significant drop in NPBT was seen in 4th quarter of the financial year due to the drop in revenue impacted by the depressed macroeconomic situation in the country.

Durdans adopted prudent cost control measures via staff remuneration and overtime as well as administration related expenditure and was therefore, able to retain its profit margins at consistent levels during this period.

GROUP OPERATIONAL RESULTS

Description	2018	2019	2020	2021	2022
Revenue (Rs. Mn)	5,733	5,806	5,976	5,546	7,841
Gross Profit (Rs. Mn)	3,417	3,625	3,852	3,494	4,961
Gross Profit Margin	60%	62%	64%	63%	63%
Net Profit (Rs. Mn)	488	376	467	600	1110
Net Profit Margin	9%	6%	8%	11%	14%
Current Asset Ratio (Times)	1.11	1.15	1.24	1.37	1.93
Quick Asset Ratio (Times)	0.88	0.94	0.99	1.10	1.50
Debt to Equity Ratio	45%	54%	51%	51%	55%
Interest Cover (Times)	6.02	5.15	6.31	7.14	18.24

REVENUE

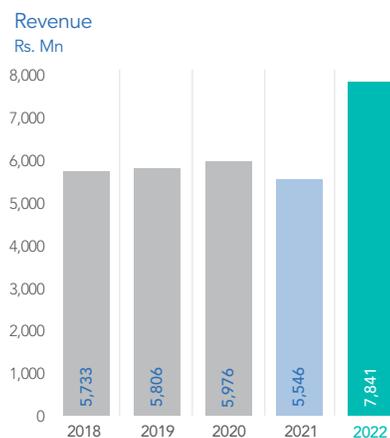
Description	2018	2019	2020	2021	2022
Revenue (Rs. Mn)	5,733	5,806	5,976	5,546	7,841
Revenue Growth (%)	8%	1%	3%	-7%	41%

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL CAPITAL

OTHER OPERATING INCOME

Description	2018	2019	2020	2021	2022
Other Operating Income (Rs. Mn)	35	56	53	63	25
Other Operating Income Growth (%)	3%	60%	-5%	19%	-60%



FINANCE COST AND FINANCE INCOME

Description	2018	2019	2020	2021	2022
Finance Cost (Rs. Mn)	122	136	141	97	80
Finance Cost Growth (%)	24%	12%	4%	-31%	-18%
Finance Income (Rs. Mn)	64	61	71	50	82
Finance Income Growth (%)	75%	-5%	15%	-29%	64%

Description	2020	2021	2022
Loan and Lease Interest (Rs. Mn)	68.0	73.0	76.0
Overdraft Interest (Rs. Mn)	40.0	20.0	0.4
Total	108.0	66.0	76.4

NET PROFIT

Description	2018	2019	2020	2021	2022
PAT (Rs. Mn)	488	376	467	600	1088
PAT Growth (%)	25%	-23%	24%	29%	81%



MANUFACTURED CAPITAL



Durdans is dedicated towards maximising accessibility to a range of services by reaching out to Sri Lankans through our multiple touchpoints.

The company's manufactured capital primarily consists of its branch network, the hospital premises, and the cutting-edge equipment utilised for the purposes of diagnostics and treatment, among others.

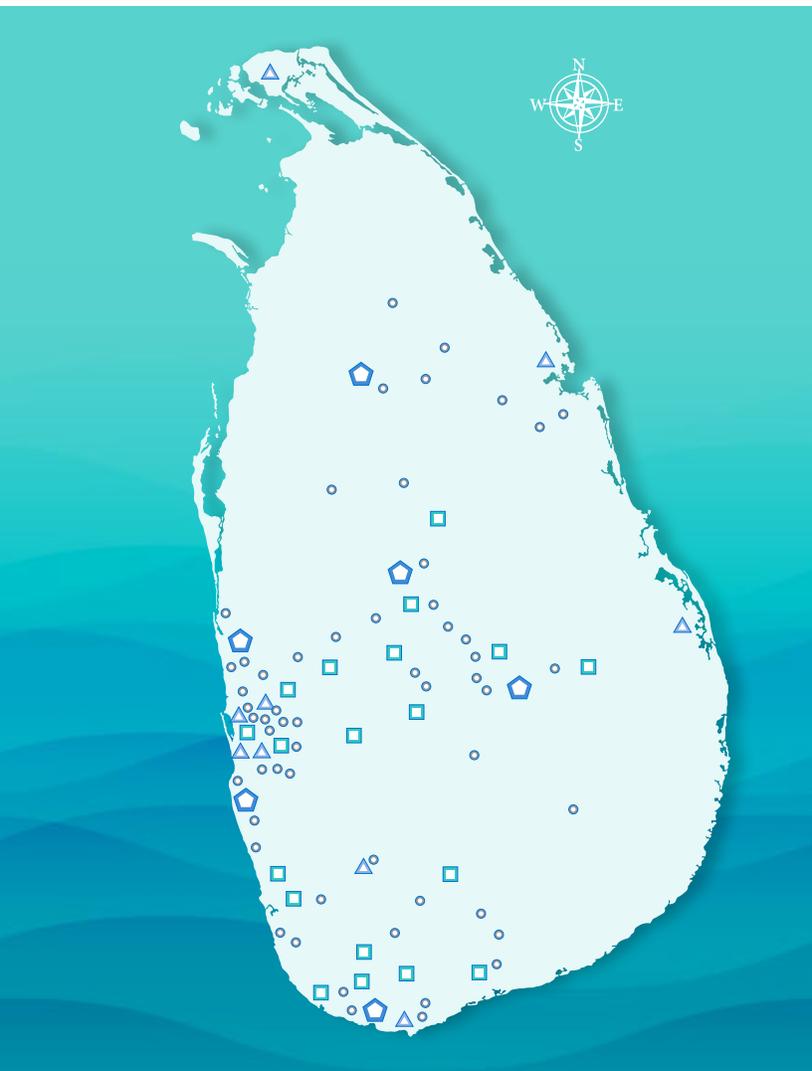
INFRASTRUCTURE DEVELOPMENT

Our Network

Durdans is dedicated towards maximising accessibility to a range of services by reaching out to Sri Lankans through our

multiple touchpoints situated across the island. Our network comprises of 115 locations, spanning 76 collection centres, 5 medical centres, 25 mini labs and 9 satellite labs, in addition to mobile labs. During the year, despite the challenges of the COVID-19 associated lockdowns, we continued to invest in expansion, through the incorporation of 15 new laboratories to our network. We further partner with thousands of third-party collection centres to ensure greater reach and availability.

DURDANS LOCATION



Medical Centres

Satellite Laboratories

Mini Laboratories

Collecting Centres



115

LABORATORIES



15

NEW BRANCHES OPENED



76

COLLECTION CENTRES



1,500

THIRD-PARTY COLLECTION CENTRES



9

SATELLITE LABS



5

MEDICAL CENTRES



25

MINI LABS



MANAGEMENT DISCUSSION AND ANALYSIS

MANUFACTURED CAPITAL

DURDANS LABORATORY NETWORK

Centre	Type	Operating Hours	Centre	Type	Operating Hours	Centre	Type	Operating Hours
Galle	△	24 Hrs	Dilma	⬠	24 Hrs	Norris Canal	△	24 Hrs
Karapitiya	□	7*7	Kalubowila	△	7*8	Castle Street	□	7*7
Udugama	□	7*7	Nagoda	□	7*7	Sri Jayawardanapura	○	7*7
Ambalangoda	□	7*7	Homagama	□	7*7	Kaduwela	○	7*7
Akurassa	○	7*7	Wadduwa	□	7*7	Malabe	○	7*7
Neluwa	○	7*7	Panadura	○	7*7	Maligawatta	○	7*7
Karapitiya Collecting	○	7*7	Mount Lavinia	○	7*7	Golden key Hospital Boralla	○	7*7
Baddegama	○	7*7	Dharga Town	○	7*7	Grandpass	○	7*7
Ahangama	○	7*7	Kottawa	○	7*7	Narahenpita	○	7*7
			Piliyandala	○	7*7	Kolonnawa	○	7*7
Kandy new	⬠	24 Hrs	Aluthgama	○	7*7			
Kegalle	□	7*7	Mathugama	○	7*7	Jaffna	△	7*7
Nawalapitiya	□	7*7	Bandaragama	○	7*7	Kilinochchiya	○	7*7
Mahiyanganaya	□	7*7	Maharagama	○	7*7			
Katugastota	□	7*7	Panadura 2	○	7*7	Trincomalee	△	7*7
Matale	□	7*7	Ratmalana	○	7*7	Trincomalee - Dyke Street	○	7*7
Monaragala	□	7*7	Wellawatta	○	7*7	Kantale	○	7*7
Hatton	□	7*7						
Kandy - Wadugodapitiya Mw	○	7*7	Anuradhapura	⬠	24 Hrs	Matara	△	7*7
Kandy - Keppetipola Mw	○	7*7	Thambuttegama	□	7*7	Thangalla	□	24 Hrs
Kandy Nursing Home	○	7*7	Polonnaruwa	□	7*7	Matara	○	7*7
Shakya hospitals	○	7*7	Kekirawa	○	7*7	Channel 25 Medical Centre	○	7*7
Gampola	○	7*7	Kahatagasdigiliya	○	7*7	Embilipitiya	○	7*7
Akurana new	○	7*7	Anuradhapura - Bank Town	○	7*7	Debarawewa	○	7*7
Mahiyawa	○	7*7	Kebatigollawa	○	7*7	Walasmulla	○	7*7
Mawanalla	○	7*7	Vavuniya	○	7*7	Ambalantota	○	7*7
			Horawpathana	○	7*7	kamburupitiya	○	7*7
Kurunegala	⬠	24 Hrs	Galgamuwa	○	7*7			
Dambulla	□	7*7	Madawachchiya	○	7*7	Rathnapura	△	7*7
Nawinna Hospital Branch	□	7*7				Balangoda	□	7*7
Kuliyapitiya	□	7*7	Ragama	△	24 Hrs	Awissawella	□	7*7
Polgahawela	○	7*7	Wathupitiwala	□	7*7	Kahawatta	○	7*7
Nawinna Medical Centre	○	7*7	Gampaha	□	7*7			
Paragahadeniya	○	7*7	Wattala	○	7*7	Batticaloa	△	7*7
Galagedara	○	7*7	Hendala	○	7*7	Kalmunai	□	7*7
Malsiripura	○	7*7	Kiribathgoda	○	7*7			
Mawathagama	○	7*7	Kandana	○	7*7	Bambalapitiya	○	7*7
Narammala	○	7*7	Veyangoda	○	7*7			
Wariyapola	○	7*7	Mawaramandiya	○	7*7			
			Kandana2	○	7*7			
Negombo	⬠	24 Hrs	Kadawatha	○	7*7			
Chilaw	□	7*7	Ganemulla	○	7*7			
Wennappuwa	○	7*7	Mahabage	○	7*7			
Divulapitiya	○	7*7						
Kochchikade	○	7*7						
Marawila	○	7*7						

THE DURDANS HOSPITAL AND THE VISION 2022 PROJECT

Our strategic location in central Colombo has strengthened the hospital's growth and provided improved accessibility to healthcare to the patients who walk through its doors. A 11-storeyed split-level car park building, accommodating 183 vehicles at a given time is made available 24/7 for clients, medical professionals and consultants, thus streamlining and elevating the customer experience and improving capacity.

We believe in offering superior comfort and capacity across our premises, with over 200 rooms made available to



Due to the treatment of COVID-19 patients shifting towards the private healthcare segment, the hospital made arrangements for dedicated COVID ICUs and wards, deployed according to the necessary protocols. We further enabled video consultations for those unable to visit the hospital due to lockdowns or safety concerns.

patients over a building designed on par with international standards. In addition to the standard rooms offered in the 'Sixth

Lane Wing' and the 'Alfred House Wing', Durdans offers further accommodation options in the form of Deluxe rooms, Grand Deluxe rooms and Grand suites.

Durdans further continues to build on improving its systems infrastructure in order to promote improved efficiencies and productivity, with the objective of elevating the customer experience and drive cost-savings across the board. Further details in this regard can be found in the Intellectual Capital section of this report, found on pages from 32 to 37.



VISION 2022

Despite the disruptions experienced in construction activities during the year, Durdans persisted against all odds, and hopes to launch its landmark Vision 2022 project in the near future. The project is designed to uplift and elevate our service offering by the refurbishment of our existing premises and engaging in expansion through an all-new building dedicated towards providing unmatched neuro-science and neuro-care capabilities and a state-of-the-art rehabilitation centre.

Our core focus is to reposition the organisation as a purpose-built, tertiary healthcare institution, offering holistic care and excellence across a wide range of spectrums, in line with internationally acclaimed standards. The expertise and direction for the project is provided via a strategic alliance with a renowned healthcare institution in the Asia-Pacific.



MANAGEMENT DISCUSSION AND ANALYSIS

MANUFACTURED CAPITAL

INVESTING IN STATE-OF-THE-ART EQUIPMENT

During the year, Durdans Hospitals made considerable investments in procuring the latest developments in medical and surgical equipment, to ensure higher

precision and safety, and encourage minimally invasive procedures. Such investments would in turn enable accurate diagnostics, while ensuring a higher quality of life, improved recovery time and faster results.



Rs. 409 Mn

INVESTED

Focus Area	Equipment	Value Addition
Cosmetic Care	Carbon Dioxide Laser System Silk lase from INTERmedic, Spain	Enables drawing laser beams within the selected geometric shape faster than the human hand with extreme delicacy, precision and repeatability.
Central Sterile Service Department	Ethylene Oxide (EO) Steriliser GS5-1D from 3M, USA	As the latest model, the device ensures sterilisation of equipment in a safe manner.
Sleep Image	Brain Monitor Amplifier Digital EEG XLtek from Natus, Canada	Enables Sleep and Epilepsy Monitoring and is useful in diagnosing brain disorders, particularly in terms of epilepsy or another seizure disorder.
Eye	Visual Field Analyser HFA 3-860 from Zeiss, Germany	First in Sri Lanka to introduce the new liquid trial lens which delivers each patient's refractive correction with the touch of a button
	Slit Lamp with Video Attachment SL 800 from Zeiss, Germany	First in Sri Lanka to offer Slit Lamp imaging solutions
	Yag Laser System Visualas Yag III from Zeiss, Germany	With the latest high specification equipment Durdans Eye Clinic is now equipped to perform comprehensive eye checks thereby diagnosing patient symptoms and conditions.
	AB Scanner US 4000 from Nidek, Japan	
	Phacoemulsifier with Gravity Irrigation Centurion Silver from Alcon, USA	Used for cataract surgeries to enhance the service offering.
Neuro Centre	Ventilator C1 from Hamilton, Switzerland	Strengthening Neuro ICUs by investing in high-end ventilators and theatre equipment.
	Ventilator with High Flow Oxygen Therapy C3 from Hamilton, Switzerland	
	LED OT lamps Volista 600/400 from Maquet, Germany	
	Neuro Navigation System Stealthstation S8 from Medtronic, USA	Invested in the Neuro Navigator and drills from Medtronic with all instruments and accessories, we are now equipped with state-of-the-art equipment to cater to all types of neuro-related surgeries.
	Neuro Surgical Pneumatic Drill MR7 from Medtronic, USA	
	Neuro Microscope with Integrated Fluorescence Module Yellow 560, Infrared 800 & Flow, KINEVO 900 from Zeiss, Germany	Durdans is the first private hospital in Sri Lanka to be equipped with the ZEISS KINEVO 900 microscope.
	Leyla Retractor from Aesculap, Germany	Strengthening the neuro offering by investing in the best equipment to cater to a wide range of procedures.
	Patient Monitors from Philips, Netherlands	
	Cryostat from Leica, Germany	
	Neuro OT Tables Meera CL from Maquet, Germany	
Cranial Stabilisation System and brain Retraction Mayfield from Integra, USA		

Focus Area	Equipment	Value Addition
Neuro Centre Contd.	Electro Surgery Unit Force FX8 from Covidien Valleylab, USA	
	Quantum Molecular Resonance Generator Vesalius Essentials from Telea Medical, Italy	
	Anaesthesia Workstation Carestation 620 from GE Healthcare, USA	
Cardiac	Cardiopulmonary Bypass System APS1 from Terumo, Japan	Replacement of the previous machine to improve service offering.
Urology (Kidney)	Holmium Laser Solvo 35W from Dornier, Germany	Laser system used to destroy kidney stones noninvasively.
	Mini PCNL Set from Karl Storz, USA	High quality surgical instruments to ensure quality patient care.
Infusion	Syringe pump TE-SS730N and Infusion pump TE-LM730N from Terumo, Japan	Replacements to improve service offering.
Dental	Dental X-Ray System CS 2100 from Carestream, United Kingdom	This system helps obtain optimal images needed for making effective diagnoses.
Radiation Protection	Lead shields for radiation protection over table, ceiling suspended, table mounted and mobile protective from Kenex, UK	To ensure our patients and operators are well protected during procedures.
General	5 Function Electric Patient Beds HR-900 ELIC X2 from Hill-room, France	The new beds incorporates the essential safety features to keep patients on the recovery path. The open-architecture design allows for quick and easy cleaning, helping to reduce the risk of infection. The intuitive controls make it easy to use.
	Cryostat CM1520 from Leica, Germany	Assists in making critical discoveries sooner.



MANAGEMENT DISCUSSION AND ANALYSIS



INTELLECTUAL CAPITAL

The Durdans commitment to quality of care has continued to promote higher levels of customer satisfaction and loyalty, and drives us to reach standards of excellence year-on-year.

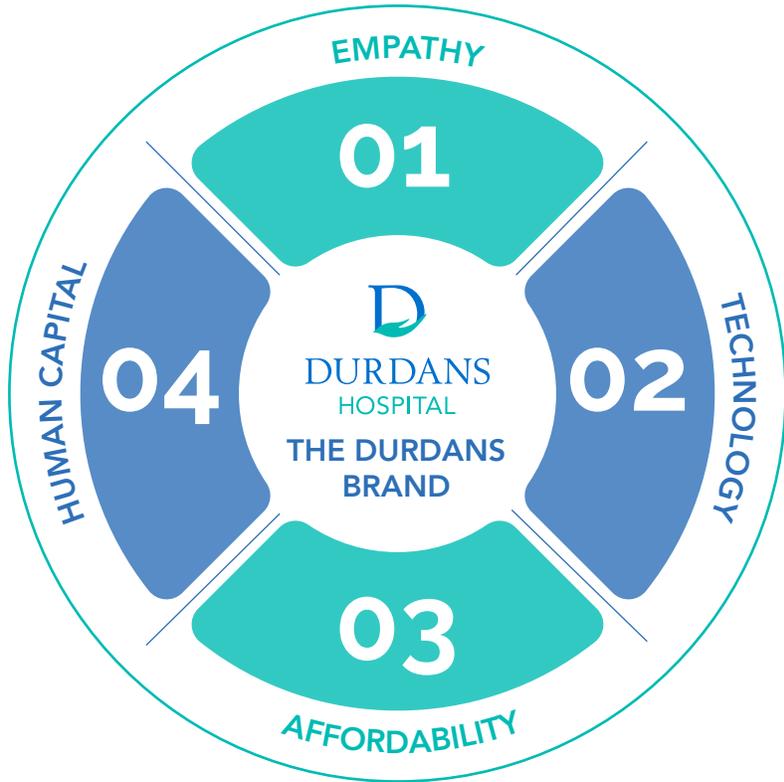
Our intellectual capital differentiates us from other players in the industry. It constitutes the Durdans brand, and the unique processes, systems, competencies and knowledge we possess.

THE DURDANS BRAND

The Durdans brand was repositioned in 2017, and represents principles of dedication, compassion and care. As one of Sri Lanka's most reputed and respected healthcare brands, it continues to be recognised among the people for its quality and care.

Our brand constitutes four main pillars, which position us to extend an unmatched value proposition to our customers, through a foundation of patient-centricity.

Ours is a purposeful approach to healthcare, fostering high levels of patient awareness and knowledge to ensure our customers make safe and informed choices. The Durdans commitment to quality of care has continued to promote higher levels of customer satisfaction and loyalty, and drives us to reach standards of excellence year-on-year. Today, we continue to build and maintain centres of excellence across various medical disciplines, while attracting and retaining the right mix of expertise and knowledge through our renowned consultants and highly skilled staff.



QUALITY ASSURANCE

Hospitals operate within a high-risk environment. As such, at Durdans, we believe that high reliability is integral towards driving safer outcomes and unmatched standards for our patients. The hospital continues to adhere to the globally renowned JCI accreditation, and also has in place a series of Standard Operating Procedures in line with the ISO 15189:2012 standard, that outlines quality management in medical laboratories.

While the above mentioned standards enable the pursuit of continuous improvement, we believe in establishing quality that transcends accreditation. Accordingly, the hospital's quality management model takes a 360° approach spanning six quality domains, listed on the next page.



JCI Accredited for the 5th consecutive year

ISO 15189:2012
Standard





as the basis for policy changes and policy formulation.

The Clinical Governance Committee's expertise is summarised below:

"To provide efficient specialised clinical services Durdans Hospital operates specialty clinical departments and clinical committees headed by leading specialist consultants in their respective clinical specialties. These clinical and the managerial leaders with Director Medical Services form the Hospital's clinical governance committee. Clinical governance is accountable for providing standardised, effective and safe care based on best current clinical evidence, staff effectiveness, improved patient experience and risk management related to clinical services."

ACCOUNTABILITY

The hospital's responsibility for quality cascades down from the Board of Directors. A dedicated Clinical Governance Committee is in place, and represents a cross-section of experts from the hospital's top management, spanning various disciplines and specialities, thereby ensuring we maintain consistent quality across the hospital's operations. The Committee works closely with the Risk Management Committee to assess, anticipate and address any potential risks

through timely interventions. The focus is primarily concerned with ensuring the quality and safety of clinical, managerial and facility-related processes and determining how best to mitigate the risk of error. Regular risk assessments serve

Furthermore, a dedicated Quality Assurance Department is in place, consisting of six members designated to overlook and monitor the quality standards across key operational areas, named below:



The COVID-19 pandemic negatively impacted staff morale. In order to maintain staff satisfaction and ensure quality of service was maintained, we continuously engaged with our workforce through a range of initiatives and consistent communication.



MANAGEMENT DISCUSSION AND ANALYSIS

INTELLECTUAL CAPITAL

The Quality Assurance team professionals continue to elevate their knowledge base through international level qualifications, thereby positioning them to respond to a range of challenges and initiate purposeful transformation at every level.

UPLIFTING THE PATIENT EXPERIENCE

With a goal to provide quality beyond accreditation to our customers, Durdans Hospital's quad-aims are outlined as follows:

Improving patient and population health



Improved patient experience



Care at low cost without waste



Engaged, satisfied staff

Due to our dedication towards enabling patient-centred care, we continue to monitor the sentiments of our patients to identify areas for improvement.

Accordingly, we redesigned our patient feedback form to incorporate a range of criteria in accordance with the areas listed below, including aspects such as staff interaction. The forms are placed in all rooms and common areas, and designed to maintain anonymity and privacy.

Our focus is on implementing data-driven decision making within all of the hospital's key departments in order to drive improved efficiency and enable a seamless experience for all customers. At present we have positioned dashboards for certain departments, and hope to achieve organisation-wide implementation in the years ahead. Supported by this initiative, the use of electronic health records will enable us to map out each patient's history and drive informed, accurate diagnostics and care.

Durdans encourages safety by encouraging employees to report risks and near misses in order to create a culture of continuous improvement. A whistle-blower policy ensures any grave incidents can be reported, with protocols in place to ensure each complaint is investigated in an unbiased and transparent manner.



FUTURE OUTLOOK:

We hope to introduce a safety culture across the hospital's operations, in order to promote openness, transparency and a culture of learning. A safety culture survey was carried out to assess the staff's current perspectives, and we will continue to educate and train staff in order to integrate change and transformation.

The hospital is taking steps to identify high-risk patients, and deploy a rapid response team in the event of deterioration

SYSTEMS AND TECHNOLOGY

We are mindful of the fact that in order to elevate our patient experience, drive cost-efficiency, and enhance productivity, our systems and technologies play an essential role. Durdans therefore invests in improving our value proposition through the development of our processes and encouraging technological innovation at every stage.

During the year, Durdans continued to engage in a range of technology-related initiatives in order to respond to the changing environment, and ensure we remained competitive in terms of our patient offering. With the COVID-19 pandemic, many operations shifted to online platforms, resulting in unprecedented threats to cybersecurity, while ensuring accessibility and business continuity amid lockdowns remained a priority during the year. Mechanisms to protect patient privacy and confidentiality are in place, ensuring all patient records are stored in secure platforms.



As such, the hospital's technological interventions were implemented according to the following overarching themes:



At present Durdans has the following comprehensive systems in place to manage its vast scope of operations:

Health Information System

- Stores and manages essential information pertaining to patients

Laboratory Information System

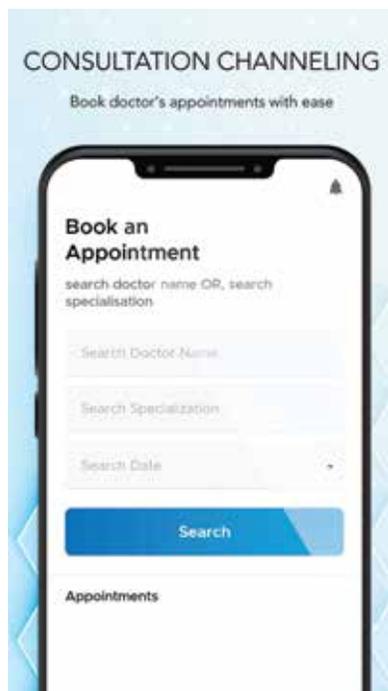
- Stores and manages information related to the hospital's laboratory network

Enterprise Resource Planning System

- Enables the management of day-to-day back-end operations including accounting, procurement and supply chain operations

Customer Relationship Management

- Facilitates tracking, monitoring and addressing customer complaints and sentiments



The Durdans mobile app was launched during the year, enabling customer connectivity and a streamlined service

MANAGEMENT DISCUSSION AND ANALYSIS

INTELLECTUAL CAPITAL

Initiative	Cost-Efficiency	Productivity	Streamlined Service	Accessibility	Data Security and Privacy	Business Continuity	Accountability and Trust	Health and Safety
Launching the Durdans mobile app, with the capability to book consultations, view lab reports and lab locations, while creating profiles for family members	✓	✓	✓	✓				
Initiating the process to implement the ISO 27001 Standard, with the support of third-party consultants					✓			
Implementation of application programming interfaces (APIs) and enabling code-based authentication for APIs to protect data from internal and external parties					✓			
Conducting an annual information security review with threat detection, prevention and continuous improvement to ensure our systems remain secure					✓	✓		
Implementation of Cloud Strike, a new antivirus solution installed across all computer devices to ensure data protection					✓			
Synchronising data with the Government's Supariksha programme and the Chinese embassy			✓				✓	
Integrating systems with foreign countries to verify PCR data of overseas travellers			✓				✓	
Quick Response (QR) codes to enable customers to access lab reports via their devices, thus preventing the risk of fraudulent lab reports	✓		✓	✓			✓	
Automation of services to onboard patients to the HIS digitally, through customer registration via the hospital's website	✓	✓	✓	✓				
Online PCR booking facility	✓	✓	✓	✓				✓
Drive-through PCR testing was made available for a short period and discontinued following amended Government regulations	✓	✓	✓	✓				✓
Providing a remote access platform to enable back-office staff to work-from-home with laptops, VPN dongles and the necessary resources to access the hospital system in a secure manner, while obtaining a Microsoft Teams license to enable virtual meetings		✓			✓	✓		✓
Implementing queue management in the Negombo laboratory, providing a hassle-free environment for patients		✓	✓					
Integrating our system to telemedicine platforms in order to provide video channelling capabilities	✓	✓		✓		✓		✓
Data recovery capabilities maintained via a third-party data centre, as in previous years					✓	✓		



FUTURE OUTLOOK:

We have initiated the process to implement the ISO 27001 standard across the organisation and hope to implement it in the near future.

We further hope to implement a dedicated Durdans telemedicine platform to enable online patient consultations.

In order to address customer convenience, we are in the process of implementing smart parking solutions within the hospital premises.

We hope to implement a 360° system that would encompass all key business functions in order to improve productivity and enable accurate decision-making.

RESEARCH AND DEVELOPMENT

The hospital engages in its own research and development in order to respond to changing dynamics and serve patient needs. Our Molecular Biology Research and Development arm possesses the necessary skills, capacity and expertise to develop new investigations without external involvement. During the year, at the initial stage of the pandemic's third wave, Durdans became the sole hospital



to develop its own PCR test kits, in order to address demand.

EDUCATION AND SKILLS DEVELOPMENT

The Amrak Institute of Medical Sciences serves as a subsidiary of Durdans hospital, and is designed to help build skills and competencies within the healthcare sector via accredited on-site and online training programmes, combined with the opportunity for candidates to experience on-the-job training at Durdans Hospital. The institution continues to set the standards for nursing studies, based on its mission to develop a highly skilled and knowledgeable healthcare workforce through innovative education, in order to

bridge the human resources gap in the healthcare sector.

During the year, the company re-strategised its offering by partnering with the National Health Services Royal Wolverhampton trust, to offer fully funded clinical fellowship programme in the United Kingdom. Through this partnership 160 placements were secured.

 **400+**

STUDENTS AND PROFESSIONALS

in the first 12 months of operations

MANAGEMENT DISCUSSION AND ANALYSIS



HUMAN CAPITAL

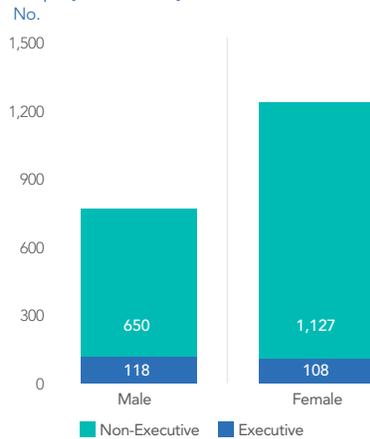


In order to offer an attractive employee proposition that would help attract, motivate and retain a dedicated workforce, we strive towards being a preferred employer within the healthcare industry.

Durdans' unmatched service is built on the unwavering dedication and commitment of our human capital. Against all odds, our workforce continued to serve on the frontlines during the year, in order to serve our patients and ensure they received the best possible care. Accordingly, our workforce comprises skilled medical officers, nurses, medical support staff, and administrative staff, in addition to expert resident consultants and visiting consultants.

Group	2018	2019	2020	2021	2022
Employee Strength (No.)	2,084	2,070	2,056	2,003	1,984
Female Employees as a % of Total Employees	69	68	69	69	70
Employees Below the Age of 30 Years (No.)	832	763	988	1067	992

Employee Diversity - 2021



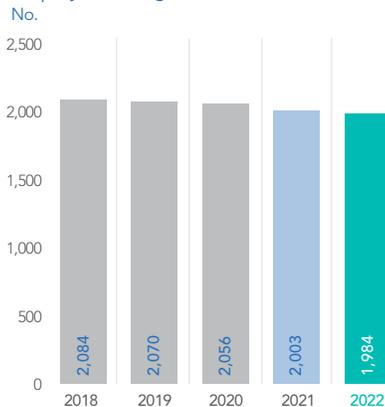
Employee Diversity - 2022



256
EXECUTIVE

1,728
NON-EXECUTIVE

Employee Strength



Employee Diversity - 2022	Male	Female	Total
Executive	131	125	256
Non-Executive	479	1,249	1,728
Total	610	1,374	1,984

Employee Diversity - 2021	Male	Female	Total
Executive	118	108	226
Non-Executive	650	1,127	1,777
Total	768	1,235	2,003



EMPLOYEE DIVERSITY AND EQUAL OPPORTUNITY

At Durdans we value diversity and equal opportunity, ensuring we do not discriminate based on gender, race, sexual orientation, ethnicity, religion or disability. We believe in nurturing a culture wherein which every employee feels valued and recognised for their contribution. The hospital has in place a range of policies to support this commitment, including the Workforce Diversity Policy, Gender Diversity Policy and the Boardroom Diversity Policy. Clearly defined channels ensure grievances are addressed, while the hospital engages in continuous communication to ensure our staff remain apprised of the policies and the values that govern us.

EMPLOYEE RECRUITMENT

Our recruitment policy is built on matching the right individual and the right skills for the right job. All roles within the organisation are based on pre-defined job specifications, competencies and qualifications, and, given the critical nature of healthcare operations, every candidate undergoes a stringent vetting process prior to joining the workforce. The hospital further ensures that all medical professionals, resident doctors and consultants are assessed by the

'Credentialling and Privileging Committee' before being onboarded onto the team.

Recruitment takes place both internally and via external sources. The hospital may choose to fill roles from within the existing workforce, based on their capabilities and skills, and in the event of a skill gap, may resort to recruitment through external channels, including social media channels and newspaper advertisements. We utilise an end-to-end recruitment portal, through which vacancies are uploaded to the hospital's official website and the internal HRIS system, which in turn enables greater accessibility to the existing employees and the general public. This system ensures that a majority of the recruitment function is performed virtually, particularly in terms of documentation.

All new recruits are assigned a co-worker/mentor for a period of six months through our buddy system, which enables them to become familiarised with the organisation's systems and processes, and become integrated into the workplace.

The healthcare industry continues to battle challenging dynamics with respect to recruiting and retaining a skilled talent pool. Against the backdrop of the current

 **1,984**

EMPLOYEES

(2,003 in 2020/21)

 **832**

NEW RECRUITMENTS

(636 in 2020/21)

turbulent economic environment, recruiting and retaining staff has proved exceptionally challenging. Despite these challenges, the hospital succeeded in recruiting 832 employees, bringing our total workforce to 1,984 members. In order to offer an attractive employee proposition that would help attract, motivate and retain a dedicated workforce, we strive towards being a preferred employer within the healthcare industry.

REWARDS, BENEFITS AND REMUNERATION

Durdans adopts a performance-based culture, with annual appraisals determining employee remuneration. We ensure that our remuneration is unbiased and non-discriminatory, and maintained in line with industry standards and regulations. Our remuneration is structured according to guaranteed fixed salaries and variable allowances and/or bonuses awarded according to the respective employee's contribution and performance, in addition to the organisation's performance.

A performance management framework ensures our employees are rewarded in line with their achievement of their relevant KPIs, in addition to the feedback obtained from their relevant line managers.

MANAGEMENT DISCUSSION AND ANALYSIS

HUMAN CAPITAL

In addition to the employee remuneration package, the following benefits are made available for full-time employees:

Contribution to EPF and ETF	Performance-based incentives in addition to the regular bonus incentive scheme decided by Management.	Performance incentives for clinical and non-clinical staff for work performed beyond their expected capacity.	Accommodation for nursing staff, student nurses and nurse aides.
Staff meals offered at subsidised rates.	Monetary benefits for OPD services.	Medical and hospitalisation insurance for staff and their family members.	Insurance schemes which provide monetary benefits to the next of kin in the event of death of an employee after a critical illness.
	Free staff transport service for those working late hours.	Introduction of an Employee of the Quarter across all major business units.	



480

TOTAL TRAINING HOURS
(All Employees)



832

TOTAL TRAINING HOURS
(Medical and Front-line Staff)

year. As operations return to normal, we will continue to dedicate our every effort in the coming year to ensure all employees receive their relevant training.

TRAINING AND DEVELOPMENT

Training needs are identified via the gaps identified during the performance appraisals and submitted to the HR department in order to build a training calendar. All training programmes are developed in consultation with the relevant line manager to ensure the employee is equipped for the next stage of their journey within the organisation. While all employees possess the opportunity to grow and rise in the ranks of the organisation, Durdans is in the process of developing and formulating a

structured career progression plan to ensure greater transparency and outline a clear path for employee growth.

During the year, due to the pandemic and its impacts, the hospital's training and development activities experienced a sharp decline. However, despite the challenges of COVID-19 and economic turbulence, we continued to train our medical and front-line staff to ensure they remained knowledgeable about key issues and emerging healthcare themes during the

EMPLOYEE ENGAGEMENT AND COMMUNICATION

We understand that effective employee communication and engagement ensures that staff remain motivated and committed towards elevating the customer experience, therefore we utilise a range of communication platforms including circulars, posters and the intranet, with material disseminated in a trilingual format to keep employees apprised of any developments to the hospital with respect to policies, processes and systems.

The Reach HR function on the HRIS ensures that employees can reach out to the Human Resources Department at any time in order to voice their concerns and discuss any potential gaps they witness in conducting their daily activities. The senior management are also available for employees to voice their grievances and share their ideas, thereby serving as a foundation for innovation, collaboration and continuous improvement. Due to the nature of the pandemic, a significant component of employee communications was conducted via virtual platforms.

The hospital's whistle-blowing policy ensures employees can report any suspected or potential incidents of fraud, malpractice or other illegal activities. Such reports can be made in complete anonymity, without fear of retaliation.

The hospital conducts a range of welfare programmes, including festivals and new year celebrations, listed below:

- Avurudu Uthsavaya
- Iftar Event
- Nurses' Day
- Vesak Dansal
- Poson Bakthi Gee
- Cricket Tournament
- Employee of the Quarter
- Karaoke Social
- Children's Day Art and Essay Competition
- Men's Day – November '22
- Christmas Carols
- Town Hall Meeting
- Valentine Competition
- Quiz and Social
- Nurses' Capping Ceremony
- Long Service Awards
- Employee Day Out
- Monthly Staff Welfare Fund



MANAGEMENT DISCUSSION AND ANALYSIS

HUMAN CAPITAL

The hospital further provides regular training to ensure the staff remain aware of best practices in occupational health and safety in a high-risk hospital environment.

HEALTH AND SAFETY

The health and safety of our employees is a key aspect of our risk management process. In order to create a safe environment in which to operate, the hospital has in place stringent Standard Operating Procedures in line with international best practices. In order to develop a high quality, safe culture, multiple committees are responsible for overseeing health and safety across patients and staff.

These committees are accountable towards ensuring that occupational hazards and other related risks are minimised and mitigated. Our safety policies and emergency response procedures undergo continuous assessment and are upgraded in collaboration with the Quality Assurance Division to ensure we retain best-in-class standards with respect to health and safety. The hospital further provides regular training to ensure the staff remain aware of best practices in occupational health and safety in a high-risk hospital environment.



The following committees overlook the health and safety aspects at Durdans Hospital.



The following steps were taken to mitigate the various health and safety risks experienced during the year:

COVID-risk: Due to the impact of COVID-19, all employees were required to be attired in Personal Protective Equipment (PPE) to avoid the risk of infection. The hospital continued to raise awareness among

the staff on best practices in relation to COVID-19 through a range of channels.

Operational Risk: The hospital further requires all those who are employed within the radiology unit and the cardiac catheterization laboratories to utilise lead aprons. In terms of chemical handling, Durdans has installed special eye-wash





COVID-19 brought health and safety into greater focus. During the year we ensured all staff members adhered to Government mandated guidelines.

In order to ensure service continuity and minimise the spread of infection, front-line staff were required to report to work on a shift basis. Those working in back-end office functions were requested to work from home, and the necessary infrastructure provided to facilitate the same. Accommodation and transport were provided where necessary.

stations across all clinical and non-clinical zones to protect employees from accidental chemical spills or splatters. Those working in clinical areas are provided with various vaccines to protect them against potential infections, epidemics and communicable diseases to which they may be frequently exposed. Furthermore, all medical



FUTURE OUTLOOK:

The introduction of a structured succession planning system to promote systematic progress and growth.

equipment are serviced regularly and undergo preventive maintenance to avoid any potential harm to the user.

Emergency Risk: Regular fire safety training and mock drills for emergency evacuations are performed. All employees are made aware of any routine fire safety training procedures and protocols, with fire wardens appointed to each unit in order to head any evacuations and direct their respective unit if and when required.



MANAGEMENT DISCUSSION AND ANALYSIS



SOCIAL AND RELATIONSHIP CAPITAL



As a purpose-built tertiary healthcare centre, we strive towards excellence in all we do. At present, we offer unmatched capabilities as Centres of Excellence in eye-care, orthopaedics and cardiac care.

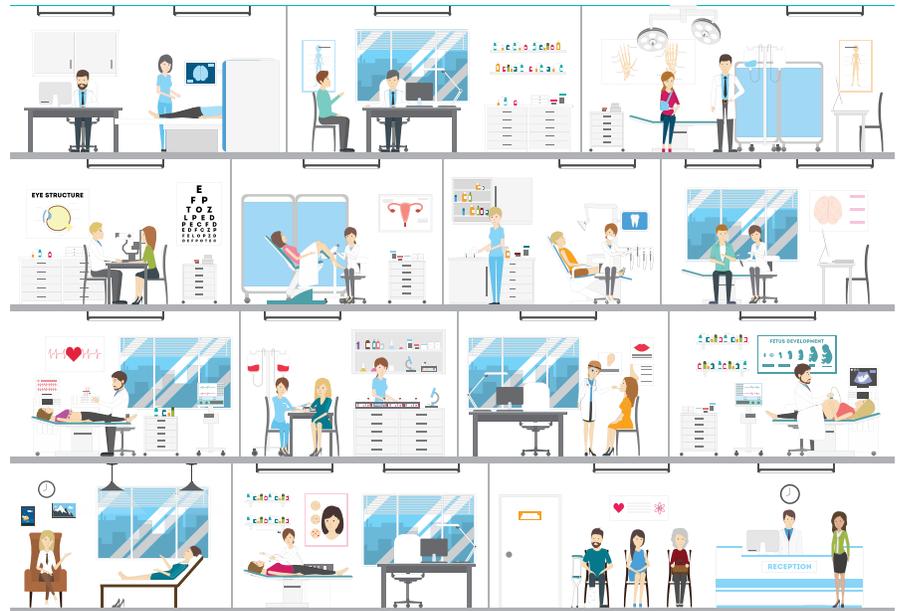


Our social and relationship capital is comprised of our external partnerships, and consists of our customers, business partners and the surrounding community. Durdans Hospital approaches such partnerships with the same levels of dedication and care that define our every activity. During the year, we continued to engage with the individuals and entities that constitute our social and relationship capital in order to drive impactful, mutually beneficial outcomes in order to extend our support to the people.

CUSTOMERS

At Durdans Hospital, our customers remain our foremost priority. As we strive towards reaching greater heights in healthcare, the hospital continues to elevate its offering with world-class technology and unmatched expertise in the following domains.

SERVICES OFFERED



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

CUSTOMER CARE AND SAFETY

COVID-19 continued to shape the healthcare sector's operations during the year under review. As the third wave of the virus began to impact countless Sri Lankans, Durdans Hospital responded swiftly; deploying our resources to serve

our patients with high quality diagnostics and care. The hospital restructured its operations to serve those infected by the virus through dedicated wards, COVID Intensive Care Units and three intermediate care centres, thereby improving our capacity to address the



360,000+

PCR TESTS CONDUCTED



270,000+

PATIENTS TREATED



22,000+

SURGICAL PROCEDURES PERFORMED



unprecedented demand. The hospital assigned chest physicians, specialists and trained staff towards caring for COVID-infected patients, thereby driving excellence in treatment outcomes.

The hospital further operated drive-through PCR testing in order to maintain social distancing amid the height of the pandemic. Following Government guidelines, these operations were discontinued, and the hospital continued to provide services via the main hospital in addition to physical testing centres in Kandy, Galle, Negombo, Ragama, Kurunegala and Batticaloa.

In order to maintain the health and safety of both patients and staff, the hospital implemented protocols across all departments. All non-emergency in-patients and out-patients were required to undergo temperature checks, with social distancing between patients maintained at all times. Sanitisation took place around-the-clock throughout the premises, with random antigen testing conducted for all in-patients prior to entering our care. Any positive results were confirmed via a PCR real-time test, following which COVID-positive patients would be assigned to a dedicated ward in order to monitor their health, while preventing cross-infection. However, in the event of emergency patients being admitted, the hospital

assigned a separate medical ICU, with testing conducted following the relevant procedures being conducted.

In order to ensure our customers were able to access PCR testing capabilities, the Durdans Hospital research and development arm produced PCR tests until they became readily available in the market. Furthermore, as the strength of the strain reduced, and the public's immunity levels increased, Durdans Hospital offered immunity testing capabilities. This ensured that patients remained aware of their level of immunity against the virus.

We continued to maintain our existing functions despite the drop in demand. Following the easing of the third wave, the hospital activities reverted to normal, while continuing to adopt risk management strategies to ensure patient safety at all times, and further streamlining our processes to drive improved turnaround times.

EXCELLENCE IN HEALTHCARE

As a purpose-built tertiary healthcare centre, we strive towards excellence in all we do. At present, we offer unmatched capabilities as Centres of Excellence in eye-care, orthopaedics and cardiac

care, while taking tangible steps towards achieving excellence in genitourinary care and neuro care. The list of equipment obtained in this regard are listed in the Manufactured Capital section in page 27 of this report.

Our capabilities and expertise in nursing care continues to strengthen our offering. Our staff are well-trained in the aspects of care and quality management, and contribute towards the overall customer experience.

The new Vision 2022 project will elevate our offering further, and is described further in pages from 8 to 9 of this report. We focus on providing a holistic healthcare solution, and following the launch of our state-of-the-art wellness centre, will provide services related to preventive care, rehabilitation and geriatric care in order to ensure our patients experience an improved quality of life.

CUSTOMER CONVENIENCE AND ACCESSIBILITY

Despite the many disruptions and mobility restrictions experienced during the year, Durdans Hospital ensured our operations remained uninterrupted, in order to provide continuous service to our customers. Our hospital and laboratory

MANAGEMENT DISCUSSION AND ANALYSIS

SOCIAL AND RELATIONSHIP CAPITAL

network remained fully functional, with normal investigations continuing in all outstation locations.

Durdans Hospital continues to lead in terms of market share in our island-wide network and mobile investigation units, which drive accessibility to a range of diagnostic services and medical care. Further details on our laboratory network are provided on pages from 27 to 28 of this report.

In order to provide greater convenience to our patients and minimise waiting time, the hospital introduced a running number system, which notifies the patient of arrival of their consultant and the status of their appointment via the e-channelling app. We hope to integrate this capability to the Durdans Hospital mobile app in the future.

 **1,000+**
NUMBER OF QUERIES VIA THE CHATBOT

 **5,000+**
NUMBER OF AUDIO CHANNELLING CONSULTATIONS

CUSTOMER ENGAGEMENT AND COMMUNICATION

We continue to monitor patient feedback to ensure we remain aligned to their needs. In order to better understand our customers, we conduct daily patient visits, and ensure they remain satisfied with our service at every stage of their stay. In order to further improve our customer insight and identify any gaps in our service, we redesigned our customer survey to gather data pertinent to medical services and staff engagement. The survey further enables the hospital to determine its Net Promoter

The following channels were made available to customers during the year:



Introducing a chatbot to ensure uninterrupted service

- The chatbot was accessible 24/7 via the website, ensuring customers were able to clarify simple queries online. A live agent was also assigned to respond to any concerns that could not be addressed by the chatbot.

Accessibility via online channels

- The hospital was contactable via Whatsapp, Facebook, Instagram and the hospital website.

Medical helpline

- A doctor was dedicated to the call centre to provide an initial consultation free of charge, with the purpose of redirecting patients to the right consultants based on their symptoms.

Audio and video channelling

- Audio channelling was conducted via the hospital's call centre, connecting the consultant to the relevant patient and managing prescription details accordingly. Video consultations were conducted via e-channelling.

The Durdans Hospital mobile app

- The mobile app provided a range of capabilities including booking consultations, and viewing lab reports and lab locations





FUTURE OUTLOOK:

We hope to employ RFID tagging in the future to enable improved monitoring of patient status.

We are working towards implementing green channelling via a migration to online forms.

We hope to revamp the customer loyalty system to ensure a more rewarding experience.

The Vision 2022 project will undoubtedly create greater value for our patients and drive improved outcomes.

Score, thereby identifying the likelihood of a patient to recommend Durdans Hospital's services to others. We also hope to restructure and improve on our customer loyalty system in order to reward our patients for their continued trust.

All complaints are handled via the hospital's Customer Relationship Management (CRM) System, and monitored by the senior management to ensure all issues and gaps are addressed in a timely manner. Furthermore, regular



meetings are held with the management to streamline decision-making and improve response times.

Due to the prevalence of COVID-19 during the year, Durdans Hospital continued

to raise awareness regarding COVID-19 safety across social media platforms and across the hospital premises. A few such communications are showcased below:



BUSINESS PARTNERS

In line with our objectives of delivering best-in-class standards in terms of patient care, our business partners comprise a range of individuals and organisations committed towards offering exceptional quality goods and services. Our longstanding partnerships are built on creating a mutually-beneficial outcomes that drive value by supporting the local economy, improving cost-efficiencies and uplifting the hospital experience at every stage. Due to the range of services and customers we serve, the organisation's supply chain remains significant in scope,

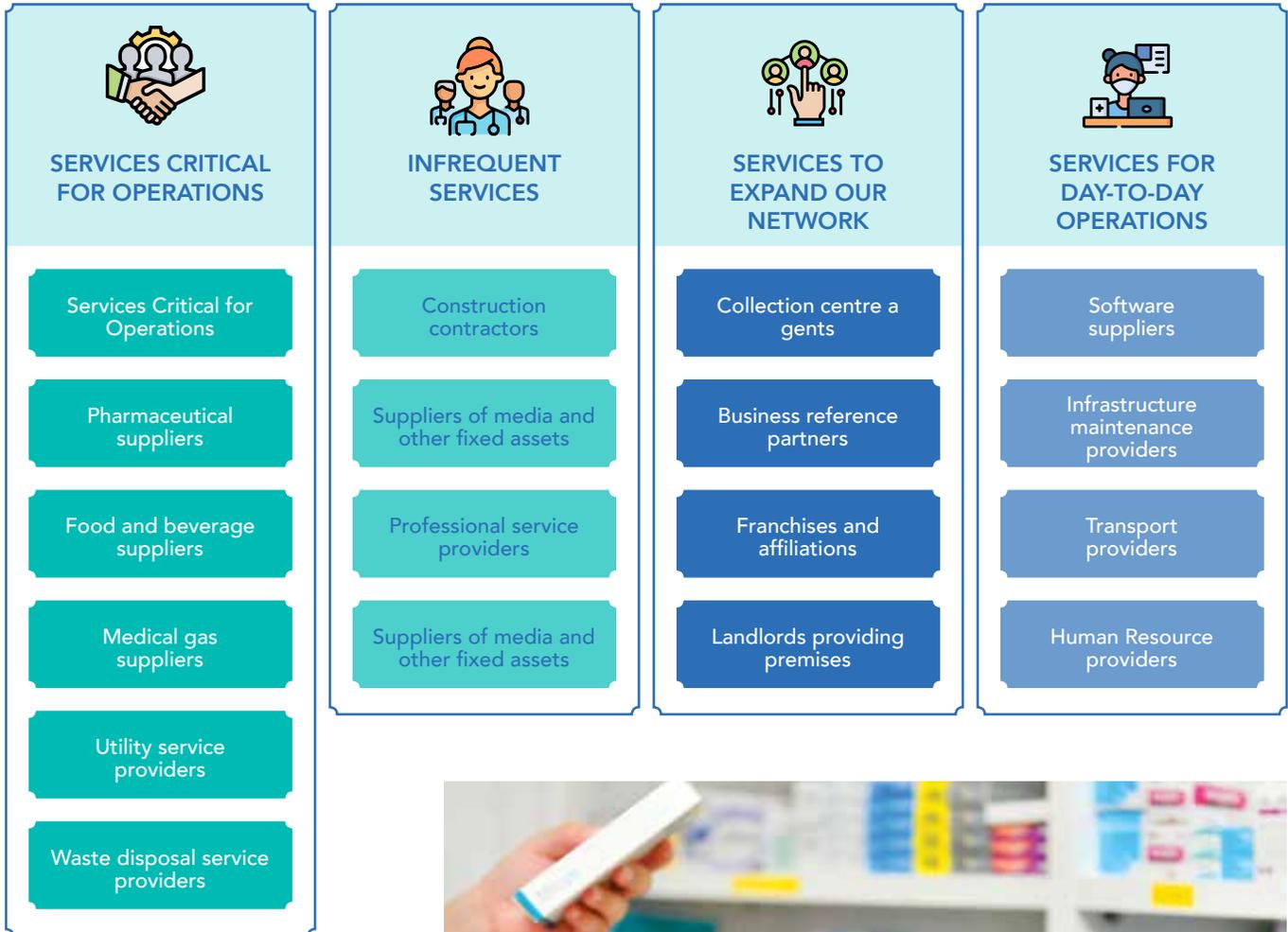
and therefore a systematic approach is in place to ensure regular engagement with our business partners.

Our business partners comprise a cross-section of experts across various disciplines, from respected professional consultants within the healthcare sector, to general and pharmaceutical suppliers both locally and overseas, and suppliers of globally reputed medical equipment. These longstanding partnerships enable the hospital to extend unmatched patient care through the uninterrupted provision of medication, expertise and state-of-the-art medical equipment.



MANAGEMENT DISCUSSION AND ANALYSIS

SOCIAL AND RELATIONSHIP CAPITAL



MANAGING OUR SUPPLIERS

We approach all supplier partnerships with transparency and accountability, via a structured system that balances elements of cost-efficiency, quality and grievance management. Durdans Hospital strives to nurture sound business relationships that promote sustainability and responsibility across the supply chain. Therefore, all onboarded suppliers are required to sign an agreement which at minimum entails adherence to local laws and regulations. Furthermore, a Code of Ethics and Business Conduct defines the standard of integrity the Directors, Management and employees are expected to maintain.



PROCUREMENT PRACTICES

Durdans Hospital ensures risk mitigation in terms of procurement through the maintenance of 2-3 suppliers within the system to ensure continuous availability of resources and services and avoid disruption to our unmatched levels of care. Additionally, the process requires the hospital to request a minimum of three quotations to provide an equal opportunity to all vendors to partner with us. All end users are involved in the quality assurance process to ensure the final outcome delivers optimised results to both patient and carer. A dedicated quality assurance division is in place to assess and monitor all necessary procurement activities. The aforementioned team conducts regular audits to ensure alignment with the hospital's needs, while the Durdans Hospital Risk and Compliance team performs quarterly audits and random check-ups to mitigate any variances in stock and ensure quality standards are met. The hospital further ensures that any medical and surgical items are NMRA approved.

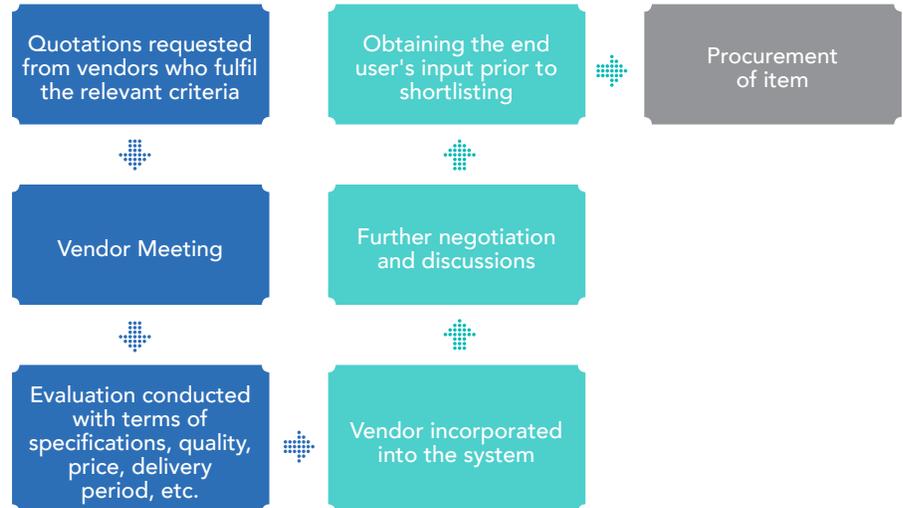
SUPPLIER ENGAGEMENT

In line with our commitment towards transparency and fairness, we ensure that any concerns and grievances of our suppliers, particularly with respect to the procurement process can be voiced to the relevant sectors of the Group. A Supplier Round Table promotes dialogue, while a structured feedback system has been implemented to ensure customer and partner expectations are realised. Suppliers further have the opportunity to directly approach the top-managerial levels for the purpose of addressing and resolving any grievances in an efficient manner.

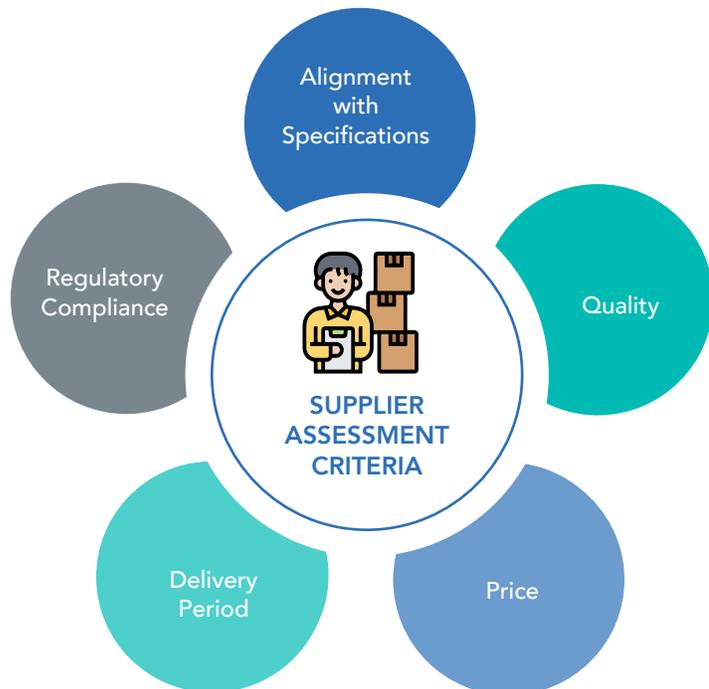
Durdans Hospital further regularly meets with pharmaceutical suppliers to remain apprised of any new developments in the market. Our staff undergoes training under the respective supplier in order to determine the correct procedures and practices related to the usage of surgical and medical equipment.

VENDOR ONBOARDING

Due to an unwavering commitment to quality, Durdans Hospital meticulously assesses any new vendors in the following manner, prior to engaging in any partnerships:



The following aspects are considered prior to the selection of a vendor:



MANAGEMENT DISCUSSION AND ANALYSIS

SOCIAL AND RELATIONSHIP CAPITAL



FUTURE OUTLOOK:

The hospital hopes to further elevate its supplier partnerships through improved efficiencies. We hope to automate the complete ordering system from the end-user to the point of the request to the vendor. We hope to transform at least 80% of our processes into a paperless system to minimise costs while promoting sustainability. Our anticipated migration to an industry-standard ERP will also play a key role towards enhanced decision-making in the long-term.



COVID-19 resulted in a range of concerns, including limited stocks, delays in delivery, shorter credit periods, and the potential contamination of goods, all of which combined to create a surge in operational costs. To mitigate these impacts, Durdans Hospital prioritised specific items to ensure the specific goods and services required for direct patient care was available. We relied on the strength of our long-term partnerships to obtain a superior, timely service, while increasing the stock-holding value for critical goods. Furthermore, a disinfection process was adopted when accepting goods to the hospital's stores.



300+

NUMBER OF ATTENDEES

COMMUNITY

We remain deeply committed towards extending value towards the community in which we operate, therefore the hospital continues to elevate knowledge through

the range of free clinics conducted during the year. Furthermore, the hospital continued to conduct awareness sessions on a range of health topics to multiple audiences and corporates.

FREE CLINICS

- Neurocare
- Post-COVID Complications
- Urology

AWARENESS SESSIONS

- Breast Cancer
- Neurology
- Cardiac Diseases
- Diabetic and Post-COVID Complications
- Common Health Issues
- Post-COVID Complications



NATURAL CAPITAL

We continue to create awareness on the importance of environmentally friendly practices among our workforce...

Durdans remains deeply committed towards providing healthcare services in a sustainable manner, while minimising its adverse impacts on the environment. Our natural capital comprises energy, water and waste, which have stringent processes in place to ensure our resources are managed responsibly and efficiently, in line with regulatory guidelines.

WASTE DISPOSAL

All staff members at Durdans are trained to dispose of waste in a safe and responsible manner, to ensure minimum harm to the environment and society. Waste is clearly segregated based on its nature via colour coded bins, and gathered and stored in separate zones within the hospital to ensure no cross-contamination occurs. The collected waste is then sent to third-party recyclers approved by the Central Environment Authority (CEA).

The colour codes assigned to the specific waste types are shown below:

General Waste (Black)	
Infected Waste (Yellow)	
Food Waste (Green)	
Plastic/Polythene (Orange)	
Glass (Red)	
Paper/Recyclable (Brown)	

All COVID-19 waste was classified as infected waste, and sent to a licensed third party with an incinerator facility, in line with CEA regulations. All food waste is collected by the Colombo Municipal Council, while electronic and mercurial waste is disposed of through CEA-approved contractors. During the year, the hospital did not use its own incinerators, thereby minimising its direct carbon footprint.

Furthermore, a dosing machine was introduced to enable the automated measurement of chemicals, thereby improving employee health and safety, while minimising wastage of resources.

ENERGY AND WATER CONSUMPTION

The hospital's energy requirements are fulfilled entirely through the National Grid, and are integral towards the continuity of our operations. Durdans continues to utilise mechanisms designed to consume energy in an efficient manner. A few

such initiatives include: using heat pump systems in place of boilers, LED lighting, regulated usage of the elevator and lighting rosters to ensure lights in certain areas within the hospital are switched off during off-peak hours and during the day.

Our water consumption is a significant component of our operations due to the need for hygiene and maintenance within the hospital premises, and is often utilised for sanitation, heating, ventilation, meal preparation and washing, among others. Durdans has adopted a range of internal measures to optimise the use of water and minimise wastage, through the installation of sensor taps, control sensors and an incident reporting system to identify leaks.

We continue to create awareness on the importance of environmentally friendly practices among our workforce, encouraging them to conserve energy and water as they perform their respective duties.



CORPORATE GOVERNANCE

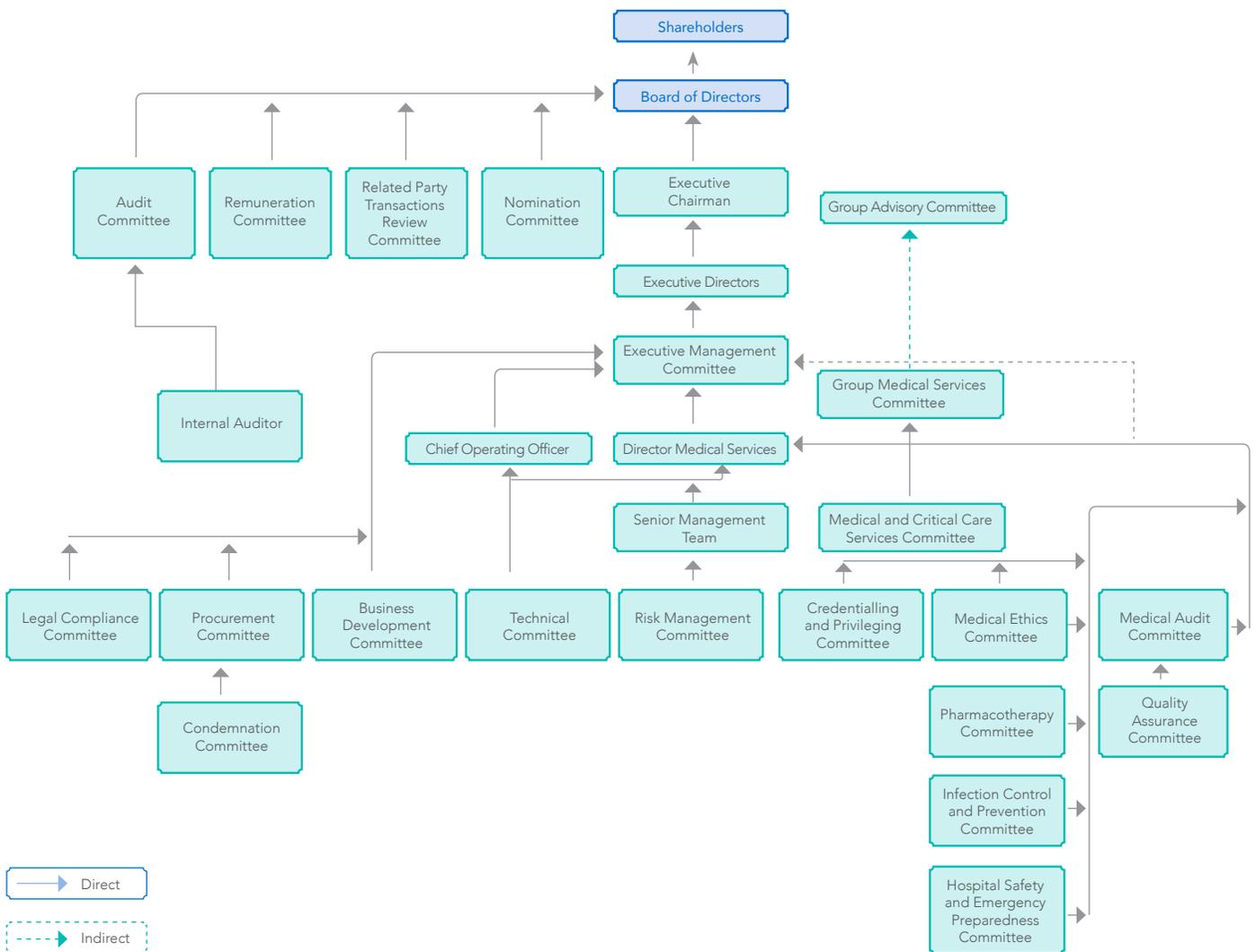
1. EXECUTIVE SUMMARY

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

in order to meet best practices in governance. Detailed below are the compliance rules and standards adhered to by the Company in terms of mandatory provisions included under the Companies Act, Listing Rules of the Colombo Stock Exchange ("CSE") and the Securities

and Exchange Commission of Sri Lanka ("SEC") in addition to all other rules and regulations and legislations relevant to the business of the Company. Further, where relevant and appropriate the Company has ensured that it practices the Revised Code of Best Practices on Corporate Governance issued in 2017, jointly advocated by the SEC and the Institute of Chartered Accountants of Sri Lanka ("CASL").

2. GOVERNANCE STRUCTURE



2.1 The Board of Directors

2.1.1 Board Responsibilities

The key responsibilities of the Board include the following.

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

2.1.2 Board Composition

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

During the year under review there were no changes to the Board composition, except for the resignation of Mr. Su-ayid Ismail - w.e.f. 31st January 2022.

	1	2	3	4	5	6	7	8	9
Designation	Executive			Non-Executive, Non-Independent			Non-Executive, Independent		
Gender	Male								
Age Group	<40 Years		60-70 Years				>70 Years		
Board Tenure	1-5 years		Over 5 years						

Current composition of the Board is as follows:

2.1.3 Board Appointments

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

New Director appointments are made known to shareholders via public announcements and are declared in the quarterly interim releases as well as in the Annual Report.

Prior to appointment, prospective candidates for Directorship are required to report their business affiliations and any changes in their professional responsibilities and business associations to the Nomination Committee which will examine such facts and make recommendations to the Board accordingly.

2.1.4 Board Skills

The Board brings in diverse exposure from the fields of Management, Medical Administration, Banking, Finance, Economics, Marketing and Human Resources. All Directors possess skills, expertise and knowledge complemented with integrity and independent professional judgment.

Details of their qualifications and experience are provided under the Board profile section of this Annual Report.

The Board, through a regular review of its composition ensures that the skill representation is in place with current and future needs of the Company.

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

2.1.5 Re-Election

All Directors are subject to election by shareholders at the first Annual General Meeting after their appointments. One-third of the Non-Executive Directors come-up for re-election at every Annual General Meeting. The Board discusses the possibility of any impairment of its Directors' independence due to extended Board tenures and collectively evaluates the re-election of such Board members. The Executive Directors other than the Executive Chairman are re-elected in a manner that is similar to the re-election of Non-Executive Directors.

CORPORATE GOVERNANCE

2.1.6 Board Meetings

2.1.6.1 Regularity of Meetings

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

	Board Meeting Date				Eligible to Attend
	20th May 2021	14th October 2021	16th December 2021	24th February 2022	
Executive					
Mr. A. E. Tudawe	✓	✓	✓	✓	4
Mr. U. D. Tudawe	✓	✓	✓	✓	4
Mr. A. S. Tudawe	✓	✓	✓	✓	4
Non-Executive, Not Independent					
Dr. A. D. P. A. Wijegoonewardene	✓	✓	✓	✓	4
Mr. Y. N. R. Piyasena	✓	✓	✓	✓	4
Mr. Su-ayid M. Ismail	✓	✓	✓	Resigned w.e.f.31st January 2022	3
Non-Executive, Independent					
Mr. A. S. Abeyewardene	✓	✓	✓	✓	4
Mr. A. D. B. Talwatte	✓	✓	✓	✓	4
Mr. A. V. R. De S. Jayatilleke	✓	✓	✓	✓	4

2.1.6.2 Timely Information to Board

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

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

2.1.6.3 Board Agenda

The Executive Chairman ensures that all Board proceedings are conducted smoothly and effectively approving the agenda for each meeting prepared by the Board Secretary. The typical Board Agenda in 2021/22 took the following form.

- Confirmation of previous meeting minutes
- Ratification of circular resolutions
- Matters arising from previous meeting minutes
- Board sub-committee reports and other matters exclusive to the Board
- Status updates on major projects
- Review of performance – in summary and in detail

- Approval of quarterly and annual financial statements
- New resolutions
- Tabling of compliance reports

2.1.6.4 Board Secretary

A representative from the Company Secretaries Messrs. Nexia Corporate Consultants (Pvt) Ltd functions as the Secretary to the Board. In addition to maintaining board minutes and board records, the Board Secretary provides support to ensure the Board receives timely and accurate information. The Board Secretary also provide advice relating to Corporate Governance matters, board procedures and applicable rules and regulations.

2.1.6.5 Non-Executive Directors' Time Dedication

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

2.1.6.6 Ensuring Independence and Managing Conflict of Interest

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

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

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

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

The criteria on which independence of Non-Executive Directors were reviewed as given below;

Criteria	Status of Non-Executive Independent Directors
1. Employed by the Company during the period of two years immediately preceding appointment as Director	None of the Independent, Non-Executive Directors are employed or have been employed by the Company previously
2. Currently has/had during the two years preceding appointment as a Director has directly or indirectly engaged in material business relationships with the Company	None of the Independent, Non-Executive Directors has/had a material business relationship with the Company
3. Has a close family member who is a Director, CEO (and/ or equivalent) position in the Company	No family member of the Independent, Non-Executive Directors, is a Director, CEO of the Company
4. Has a Significant Shareholding (carrying not less than 10% of the voting rights) in the Company	None of the Independent, Non-Executive Directors shareholding exceeds 1% of voting rights
5. Has served on the Board continuously for a period exceeding nine years from the date of first appointment	Mr. A. S. Abeyewardene a Non-Executive Director of the Company has served on the Board continuously for a period exceeding ten years from the date of first appointment. However, based on the annual declaration made and other information available to the Board, the Board believes that Mr. A. S. Abeyewardene is nevertheless an independent director (Refer sub-section (a) of this section for the criteria for determining the independence)
6. Has a relationship resulting in income/ non-cash benefits equivalent to 20% of the Director's annual income	Independent, Non-Executive Directors' income/ non-cash benefits are less than 20% of individual Director's income
7. Is a director or an employee of another company in which a majority of other directors of the Company are employed or are Directors or have a significant shareholding or have a material business relationship	None of the Independent, Non-Executive Directors are Directors of another company as defined

(a) **Criteria for Determination of Independence of Non-Executive Director Mr. A. S. Abeyewardene**

- He has never been an employee of the Company
- He does not have a close family member who is a Director, Chief Executive Officer and/ or holding any equivalent position in the Company
- He has no significant shareholding in the Company
- He is not employed in another company or business in which a majority of the other directors of the Company are employed or are directors having significant shareholding or material business relationship or business connection with

- He is not a director of another company in which a majority of the other directors of the Company are employed or are directors or has a business connection in the Company or a significant shareholding

2.1.6.7 Director Remuneration

(a) **Executive Director Remuneration**
The Remuneration Committee is responsible for determining the compensation of the Executive Chairman and the Executive Directors of the Company.

Refer Page 73 of this Annual Report for the detailed Remunerations Committee Report.

Executive Director Remuneration is a combination of fixed and variable components. The variable component is linked to the Business Value Growth

based on the Group's bottom line and expected returns on shareholder funds. Further, the Remuneration Committee consults the Executive Chairman about any proposal relating to the Executive Director Remuneration other than that of the Executive Chairman.

(b) **Non-Executive Director Remuneration**

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

CORPORATE GOVERNANCE

2.2 Board Sub Committees

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

The four Board Sub-Committees set up in view of delegating Board functions are listed below.

1. Audit Committee ("AC")
2. Remuneration Committee ("RC")
3. Nomination Committee ("NC")
4. Related Party Transactions Review Committee ("RPTRC")

The Board Sub-Committee(s) comprise of principally Independent Non-Executive Directors. The membership of the four Board Sub-Committees for the year under consideration was as follows.

Committee Membership	Board Sub-Committees			
	AC	RC	NC	RPTRC
Executive				
Mr. A. E. Tudawe - Executive Chairman	-	-	•	-
Mr. U. D. Tudawe - Executive Vice President	-	-	•	-
Mr. A. S. Tudawe				
Non-Independent, Non-Executive				
Dr. A. D. P. A. Wijegoonewardene	-	-	-	-
Mr. Y. N. R. Piyasena	•	•		•
Mr. Su-ayid M. Ismail	•	-	•	•
Independent, Non-Executive				
Mr. A. S. Abeyewardene	•	•	•	•
Mr. A. D. B. Talwatte	•	•	•	•
Mr. A. V. R. De S. Jayatilleke	•	•	•	•

• Committee Chairman

• Committee Member

Considering the above, the Company confirms that it has complied with the mandatory disclosure requirements of Section 7.6 of the Listing Rules of the Colombo Stock Exchange ("CSE") in relation to the contents of the Annual Report and Accounts of a listed entity.

The table on page 57 provides reference to the relevant sections of this Annual Report where specified information is disclosed together with page references for the convenience of the reader.

Rule No.	Disclosure Requirements	Section/ Reference	Page(s)
7.6 (i)	Names of persons who held the position of Director during the financial year	Our Leadership section to this Annual Report	14
7.6 (ii)	Principal activities of the Company and its subsidiaries during the financial year and any changes thereon	Note 1.3 to the Financial Statements	88
7.6 (iii)	The names and the number of shares held by the 20 largest shareholders of voting and non-voting shares and the percentage of such shares held as at financial year end	Share Information	140-141
7.6 (iv)	The public holding percentage	Share Information	139
7.6 (v)	Directors' and Chief Executive Officer's holding in shares at the beginning and end of the financial year	Annual Report of the Board of Directors	68
7.6 (vi)	Information pertaining to material and foreseeable risk factors	Enterprise Risk	60
7.6 (vii)	Details of material issues pertaining to employees and industrial relations	Note 30 to the Financial Statements	126
7.6 (viii)	Extents, locations, valuations and the number of buildings on the Company's land holdings and investment properties as at the end of the financial year	Note 10.4 to the Financial Statements	105
7.6 (ix)	Number of shares representing the stated capital as at the financial year end	Note 18 to the Financial Statements	119
7.6 (x)	A distribution schedule stipulating the number of shareholders in each class of equity and the percentage of their total holdings as at the financial year end	Share Information	138
7.6 (xi)	Ratios and market price information (Equity, dividend per share, dividend payout ratio, net assets value per share, market value per share)	Share Information	139
7.6 (xii)	Significant changes in the entity or its subsidiaries' fixed assets and the market value of land, if the value differs substantially from the book value	Note 10.4 to the Financial Statements on 'Property, Plant and Equipment'	126
7.6 (xiii)	Details of funds raised through public issues, rights issues and private placements during the financial year	Not applicable	-
7.6 (xiv)	Information in respect of Employee Share Option Schemes	Not applicable	-
7.6 (xv)	Disclosures pertaining to Corporate Governance Practices in terms of Rules 7.10.3, 7.10.5 (c), 7.10.6 (c), of Section 7 of the Listing Rules	Corporate Governance	52
7.6 (xvi)	Disclosures on Related Party Transactions exceeding 10% of the Equity or 5% of the total assets of the entity as per audited financial statements, whichever is lower	Related Party Transaction Review Committee Report Note 32 to the Financial Statements	72 126

CORPORATE GOVERNANCE

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

Rule No.	Area Covered	Requirement	Compliance Status	Details
7.10.1	Non-Executive Directors	Two or one-third of the total number of Directors whichever is higher should be Non-Executive	Compliant	6 out of 9 Directors are Non-Executive Directors
7.10.2(a)	Independent Directors	Two or one-third of Non-Executive Directors, whichever is higher should be Independent	Compliant	3 out of 6 Non-Executive Directors are Independent
7.10.2(b)	Non-Executive Directors	Each Non-Executive Director should submit a declaration of independence/ non-independence	Compliant	All Non-Executive Directors have submitted the declaration in the prescribed format
7.10.3(a)	Disclosures relating to Directors	The names of the Directors determined to be Independent will be set out in the Annual Report	Compliant	Corporate Governance section to the Annual Report
7.10.3(b)	Disclosures relating to Directors	A determination has to be made by the Board as to the independence or the non-independence of Non-Executive Directors	Compliant	Corporate Governance section 2.1.6.6 to this Annual Report
7.10.3(c)	Disclosures relating to Directors	Brief resume of each Independent Director should be disclosed in the Annual Report	Compliant	Our Leadership section in this Annual Report
7.10.5	Remuneration Committee	A listed company shall have a Remuneration Committee	Compliant	Board Sub-Committees under Corporate Governance report in this Annual Report
7.10.5(a)	Remuneration Committee Composition	i) Remuneration committee shall comprise of a minimum of two Independent Non-Executive Directors or a majority of independent Non-Executive Directors whichever is higher ii) A Non-Executive Director shall be appointed as Chairman of the Committee by the Board	Compliant Compliant	The Remuneration Committee report under Board Sub Committees
7.10.5(b)	Remuneration Committee	The Remuneration Committee shall recommend the remuneration of the Chief Executive Officer and the Executive Directors	Compliant	Corporate Governance report section 2.1.6.7 in this Annual Report
7.10.5(c)	Remuneration Committee	The Annual Report shall set out:		
		i) Names of Directors comprising the Remuneration Committee	Compliant	The Remuneration Committee report under Board Sub-Committees
		ii) Statement of the Remuneration Policy	Compliant	
		iii) Aggregate remuneration paid to Executive and Non-Executive Directors	Compliant	Note 2.1.6.7 to the Financial Statements
7.10.6	Audit Committee	A listed company shall have an Audit Committee	Compliant	Audit Committee Report under Board Sub-Committees

Rule No.	Area Covered	Requirement	Compliance Status	Details
7.10.6(a)	Audit Committee	The Audit Committee shall comprise two Independent Non-Executive Directors or a majority of Independent Non-Executive Directors whichever is higher	Compliant	Audit Committee Report under Board Sub-Committees
		The Chief Executive Officer and Chief Financial Officer shall attend Audit Committee meetings	Compliant	
		One Non-Executive Director who is a member of a professional accounting body shall be appointed as Chairman of the Audit Committee by the Board	Compliant	
7.10.6(b)	Audit Committee	Audit Committee shall have functions as set out in section 7.10.6 of the listing rules	Compliant	Audit Committee Report under Board Sub-Committees
7.10.6(c)	Audit Committee	The Annual Report shall:		Audit Committee Report under Board Sub-Committees
		i) set out the names of Directors that comprises the Audit Committee	Compliant	
		ii) determine the independence of the Auditors and disclose the basis for such determination	Compliant	
		iii) contain a report of the Audit Committee setting out the manner of its functional compliance	Compliant	

ENTERPRISE RISK MANAGEMENT

Enterprise Risk Management (“ERM”) in healthcare comprises clinical and administrative systems, processes and reports employed to detect, monitor, assess, mitigate and prevent risks. By employing ERM, healthcare organisations proactively and systematically safeguard patient safety as well as the organisation’s assets, market share, accreditation, brand value and community standing. Deployment of healthcare risk management was traditionally focused on the important role of patient safety and minimising medical errors, the loss of which could threaten an organisation’s ability to achieve its mission and decrease protection against financial liability. However, with the expanding role of healthcare technologies, increased cyber security concerns, the fast pace of change in the field of medical science, the industry’s ever-changing regulatory and legal framework and variations in the economic and political climate, healthcare risk management has evolved, becoming more complex over time.

RISK MANAGEMENT PROCESS AT DURDANS

The Management is responsible for applying an effective risk management strategy within the Company. The Audit Committee plays an integral role in risk management and oversees the adequacy and efficiency of internal controls across the Group, through internal audit reports and compliance statements.

As part of its risk management policy, the Company adopts a process of mitigating, minimising, accepting and/or transferring

risk. Accordingly, the Company has implemented operational and management controls while establishing mitigation plans which are regularly verified by the in-house Quality Assurance Division (“QAD”) and the independent Internal Audit Team. In order to manage risks on a routine basis, a ‘Department Risk Register’ is maintained by each unit in conjunction with the QAD. The QAD in turn verifies this register on a quarterly basis to assess the implementation of the mitigation plans/control measures in place and determine staff knowledge on same to avoid such risks becoming an eventuality. In addition to the above, specific mitigation mechanisms such as business continuity plans, disaster recovery plans and insurance to cover residual non-systematic risks are also employed.

The impact of an event is estimated by ascertaining the possible loss that would be incurred by the Company in the event the risk occurs. A five-point ranking is used to assess the gravity of risk namely ‘Catastrophic’, ‘Major’, ‘Moderate’, ‘Minor’ and ‘Insignificant’.

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

The following benefits are expected to accrue to the company through comprehensive risk management process.

1. Improve service delivery and reduce risks in clinical activities
2. Reduce the variability in financial results and adverse impact on operations
3. Identification, management and communication of the key risks
4. Efficient allocation of resources and time management
5. Leverage on industry opportunities with sustainability in mind
6. Improve or preserve market reputation
7. Align with governance, regulatory and accreditations requirement
8. Sustain organisational values
9. Manage regulatory and legislative changes

KEY RISK FACTORS EVALUATED DURING THE YEAR

The Company giving due consideration to the continuation of the COVID-19 pandemic, re-engineered its operation to suit the new normal. Further, it proactively responded to changed patient needs in terms of remote service provision and increased sensitivity to price.

The Intermediate Care Centres which were established in the previous financial year continued to operate with the approval of the Ministry of Health to cater to the growing need of isolation centres to manage COVID -19 positive individuals

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

under direct medical supervision. The remote consultation service connecting medical consultants with patients over digital platforms were continued with, reducing the need for hospital visits to obtain essential medical advice. The provision of PCR testing facilities to the public too continued at a fairly larger scale up to the 3rd quarter of the year.

During the year under review, the following nine risk domains that encompasses the Company's ERM were continued to be reviewed and monitored.

1. Patient safety and clinical risks including physician alignment, integration and relationships
2. Strategic risks covering competitor actions, failure to effectively develop or execute strategy
3. Financial risks including access to capital and funding, payment reform and revenue cycle management
4. Operational risks emphasising patient satisfaction, patient complaints and performance scores
5. Employee related risks focusing on loss or departure of key individuals, inability to attract and retain employees
6. Hazards covering catastrophic events and pandemics
7. Technological risks including cyber risks and non-privacy IT risks
8. Regulatory and legal compliance
9. Economic risks

The company regularly assessed the likelihood of occurrence and consequences of risk areas listed above. Accordingly, responsibilities were assigned to the respective departments (risk owners) and the Board ensured that the process was followed effectively to their satisfaction.

The key risk areas identified within the corporate risk profile along with their respective status and mitigating action plans are discussed in the following sections.

PATIENT SAFETY AND CLINICAL RISKS

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

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

- Procedures performed that are not aligned with medical protocols
- Occurrences of cross-contamination
- Incorrect and/ or improper surgeries and procedures
- Incorrect dispensing and/ or administration of medicine
- Allergies and Food contamination

Additionally, exposure to environmental risks poses a challenge in the present-day context. In this regard, vaccinations against infections such as COVID-19 and Hepatitis B are administered to staff who face exposure to such diseases. Further, regular screening tests are conducted for staff of critical care units to minimise hospital-borne infections. Awareness programmes are also initiated for clinical staff and healthcare professionals to mitigate such issues.

Clinical Risk Management ("CRM") plays a crucial role in enabling Durdans to identify, contain and manage risks relating to patient care. Managing the unexpected is an essential everyday concern in high-risk organisations such as hospitals. Modern medicine has led to increasingly complex forms of treatment and processes of care. While this has resulted in a range of opportunities for improved care, it has also increased the risk of adverse events and patient harm. Risks associated with

patient care can never be completely eliminated and therefore, CRM plays a crucial role in enabling hospitals to enhance patient safety.

Durdans' fundamental business philosophy revolves around excellent medical, clinical and aftercare services extended to its patients. In addition to the above, the CRM processes adopted by Durdans include;

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

STRATEGIC RISKS

To achieve short and long-term strategic objectives, the Company has set up a Strategic Review Committee to identify business opportunities and created an organisational structure which has clearly defined roles and responsibilities for every member of the Durdans team. This structure has served to leverage the existing functions and teams rather than creating bureaucracy or overburden the leadership with decisions and tasks that can be handled by the rest of the team. Furthermore, transparent, repeatable processes have been implemented and where possible, existing processes are used to ensure minimal disruption and provide clear direction and well-defined deliverables. Where new approaches are needed, Durdans has deployed strong change management disciplines to optimise workforce involvement and acceptance. Further, appropriate risk metrics are determined for meaningful reporting formats, establishing a process for monitoring risk metrics to make sure information is relevant, reliable and provided on a regular basis. The Company has also developed and implemented tools and templates needed to standardise and sustain the risk management process efficiently in an

ENTERPRISE RISK MANAGEMENT

effort to emphasise practicality and cost-benefit optimisation.

FINANCIAL RISKS

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

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

With corporate customers and insurance companies comprising a significant portion of the business debt portfolio, receivables are closely monitored to reduce the risk arising from the grant of credit.

The Company is aware of the rising cost of services and the possible shortage of drugs, consumables and allied medical care facilities which have resulted in stocking some of the regularly used items well in advance to meet any future demands.

Taking the above into consideration, the Company has ensured its financial stability by reducing costs and curtailing expenses and improving productivity by efficient staff deployment and optimising the use of its facilities, in addition to enhancing the funding lines proactively ahead of any future requirements.

The company has established strong internal controls and set up internal audit processes to ensure total compliance with respect to SOPs, internal and external regulatory aspects and that the likelihood for a fraud risk is minimised.

OPERATIONAL RISKS

In any organisation, people and processes inherently incur errors and contribute towards ineffective operations. In evaluating operational risks, practical, remedial steps are required to eliminate exposure and to ensure successful responses. Considering the above, the annual risk based internal audit plan is developed, presented to the Audit Committee for approval prior to being executed. Several operational risk mitigation measures carried out by Durdans are listed below.

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

Damage to reputation causes irreparable loss to a brand and brand image. Hence safeguarding the organisation's reputation by following guidelines to handle consumer grievances has always been a key area of focus of the Company. The Durdans team places a great degree of emphasis on ensuring that every experience is a memorable one for each patron at every service touch point. Constant improvements to an already well-established system of operations are undertaken daily by the management, considering the feedback received from all stakeholders to ensure an improved service.

EMPLOYEE RELATED RISKS

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

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

Durdans has taken steps continuously to transform its organisational culture and create a cohesive team environment. Efforts are also taken to improve communication among management, staff, team leaders and units to disseminate information across the organisation in a more effective and efficient manner.

The Information Technology and Communication facilities of the Company have been upgraded and re-aligned, enabling employees to remotely access the core business systems with enhanced security features to maintain effective communication channels on a 24x7 basis.

HAZARDS COVERING CATASTROPHIC EVENTS AND PANDEMICS RISKS

Possible risk arising from external forces are given all time attention and as such an in depth evaluation of such is carried out on a routine basis to map out potential areas of risk and clearly defining actions that should be in place. Dedicated wards and intensive care units were established to cater to those infected by the virus. The hospital ensured the right safety

protocols were in place, enabling zero contact between patients. The exposure to environmental risk poses a challenge in the present-day context. In this regard, vaccinations against infections such as COVID-19 and Hepatitis B are administered to staff who face exposure to such diseases. Throughout the COVID-19 pandemic, the Company's BCP which is in place, continues to ensure that core operational staff are deployed to provide critical service areas subject to the required health and safety precautions.

INFORMATION TECHNOLOGY AND INFORMATION MANAGEMENT RELATED RISK

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

The system currently runs on a high availability solution powered by a VMware platform to maintain zero downtime. Security has been improved on the servers through VLAN and firewalls, combined with real time monitoring and alerting systems against intrusions and suspicious activity. A 'cloud backup solution' has also been installed to further minimise the loss of valuable data, while steps have been taken to implement an off-site Disaster Recovery Site ("DRS") for enhancing operational efficiency of the ERP system for day-to-day operations.

Patient data is managed confidentially with the creation of high security zones within the network and which is only accessible to designated personnel. The Company has also taken measures to install firewalls to protect data against unauthorised access, in addition to implementing measures for Data Leakage Prevention ("DLP") and real-time threat monitoring alerts. All external laboratories are connected to the main hospital using

a state-of-the-art IP-VPN with enhanced security and redundancy.

The Company has in place a strong Information Technology governance framework. However, given the higher incidence of remote working arrangements, measures have been taken to further strengthen the IT governance and cybersecurity framework.

REGULATORY AND LEGAL COMPLIANCE RISKS

The company is committed to align itself with evolving regulatory and legal compliance requirements that are applicable to the healthcare industry. Durdans ensures its presence and representation in the industry related forums to keep itself informed of the evolving changes and to engage with decision makers to obtain greater clarity and ensure increased consistency with respect to Government policies and initiatives.

ECONOMIC RISKS

With healthcare being an essential service, Durdans is insulated against economic shocks to a certain extent in comparison to other industries. However, the Company has been adept in identifying potential risks which could impact its business plan and generate proactive steps to mitigate the same. The Company follows a detailed management review process enabling the team to take prompt action quickly to reverse any negative impacts. With the collective experience of the team, changes are anticipated effectively and the adverse impacts are minimised.

The current uncertainty in the macroeconomic dynamics especially in areas such as inflation, the depreciation of the local currency, availability of foreign exchange, borrowing costs, is expected to impact scale of operations. The deteriorating purchasing power of individuals is bound to affect the patient footfalls in the ensuing financial year. Further, it is expected to pose challenges on the procurement of medical supplies, level of operational costs, capital expenditure and retention of trained

clinical and professional staff as there is an emerging trend where they are seeking employment opportunities outside Sri Lanka. The company is diligently monitoring all the changes and to take necessary measures to minimise risks.

Given below is a risk rating as per the risk review done during the year.

Risk	Risk Rating
Patient Safety and Clinical Risks	High 
Strategic Risks	Moderate 
Financial Risks	Moderate 
Operational Risks	Moderate 
Employee Related Risks	Moderate 
Hazards covering Catastrophic Events and Pandemics Risks	High 
Information Technology and Information Management related Risks	High 
Regulatory and Legal Risks	High 
Economic Risks	High 





FINANCIAL ANALYSIS

We are indeed humbled to be a hospital which continues to deliver excellence in healthcare to everyone. Our moral uprightness and strong principles help us deliver high professional standards. We are truly committed to capitalise on opportunities created and are fully geared to take advantage of them.



ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

GENERAL

The Directors have pleasure in presenting their report and the audited financial statements of the Company and the Group for the year ended 31st March 2022 and the auditor's report on the Consolidated Financial Statements.

This report provides the information as required by the Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange and recommended best practices on Corporate Governance. This report was approved by the Board of Directors on 19th May 2022.

1. PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Ceylon Hospitals PLC is the holding company of Durdans Heart Centre (Pvt) Ltd, Durdans Medical and Surgical Hospital (Pvt) Ltd, Amrak Institute of Medical Sciences (Pvt) Ltd and Ceygen Biotech (Pvt) Ltd constituting the Durdans Healthcare Group.

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

The measures taken by the Company to manage its risks are detailed in the report titled Enterprise Risk Management on Pages from 60 to 63 of this report.

2. FUTURE DEVELOPMENTS

The challenging operating conditions persisted during the year and the Company focused on ensuring continuity of their business in the midst of the global pandemic and in line with the guidelines set out by the Government of Sri Lanka ("GOSL") and the respective health authorities.

Durdans evaluated the resilience of its business under multiple scenarios with due consideration given to the health and safety of its employees and customers while providing stability for its stakeholders in the value chain. Accordingly, core operational staff were deployed at the hospital to provide critical support to ensure health and safety precautions were adhered to while proactive action was taken to mitigate the risk of spread of the COVID-19 virus. The Company was also successful in implementing remote consultation services and connecting its medical consultants with patients over digital platforms. This reduced the need for hospital visits to obtain essential medical advice during the lock-down period.

The above circumstances also compelled the management to take conscious measures to manage service quality levels at the expected norms. Together with strong organic cash flows that were channelled towards reducing the Company's gearing,

the Company reported a revenue of Rs. 5.08 Bn is a substantial growth of 44% from Rs.3.52 Bn in the previous financial year.

The Company is in its next strategic phase of development which is geared towards accomplishing the Vision 2022 Project.

3. FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP

The Financial Statements of both the Company and the Group duly certified by the Chief Financial Officer and approved by two directors in compliance with sections 152, 153 and 168 of the Companies Act No. 07 of 2007 are given on Page 83 of the Annual Report.

4. AUDITORS REPORT

The Company's external auditors, Messrs. B. R. De Silva & Co. Chartered Accountants performed the audit on the financial statements for the year ended 31st March 2022. The Auditor's report on the Financial Statements is given on Pages from 78 to 79 of the Annual Report as required by Section 168 (I) (c) of the Statutes.

5. ACCOUNTING POLICIES

A summary of the significant accounting policies adopted in the preparation of the Financial Statements is given on Pages from 88 to 99 of the Annual Report as required by Section 168 (I) (d) of the Companies Act No. 07 of 2007. The policies adopted are consistent with those adopted in the previous financial year.

6. RESULTS AND DIVIDENDS

6.1 Gross Revenue

The total revenue of the Group for the year ended 31st March 2022 was Rs. 7.8 Bn (2020/21 - Rs. 5.5 Bn). An analysis of the income is given in Note 03 to the Financial Statements on Page 100 to this Annual Report.

6.2 Profit and Appropriations

The profit before income tax of the Group for the year ended 31st March 2022 was Rs. 1,389 Mn (2020/21 - Rs. 696 Mn) and the profit after tax for the year ended 31st March 2022 was Rs. 1,110 Mn (2020/21 - Rs. 600 Mn). The details of the Group profits are given on Pages from 80 to 81 of this report.

6.3 Dividend on Ordinary Shares

The Board recommends a interim dividend of Rs. 5.00 per share for the year ended 31st March 2022 to be paid on 20th June 2022. Prior to recommending the dividend, in accordance with Section 56 (2) and (3) of the Companies Act No. 07 of 2007, the Board of Directors signed a certificate stating that, in their opinion and based on the available information, the Company will satisfy the solvency test immediately after the distribution is made. The Company has obtained a certificate from the Auditors for the said solvency statement in terms of Section 57 of the Companies Act.

6.4 Provision for Taxation

Income tax for 2021/22 has been provided on taxable income arising from the operations of the Group and has been disclosed in accordance with Sri Lanka Accounting Standards. The Group has also provided deferred tax on all known temporary differences using the liability method as permitted by the Sri Lanka Accounting Standard (LKAS 12) on Income Tax.

Information on income tax expenses and deferred taxes is given in the Notes to the Financial Statements on Page 102 of this Annual Report.

6.5 Reserves

The Group's total reserves as at 31st March 2022 amounted to Rs. 6.6 Bn (2020/21 - Rs. 5.7 Bn). The movement of the reserves are given on Page 84 under 'Statement of Changes in Equity' and in the Notes to the Financial Statements of this Annual Report.

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

Details of capital expenditure incurred on property plant and equipment are given in the Notes to the Financial Statements from Pages from 103 to 106.

7. CREDITOR PAYMENT

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

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

8. DIRECTORS

8.1 List of Directors

The Board of Directors of the Company as at the date of this report comprise of eight members having extensive Medical, Financial and Commercial knowledge and expertise. The qualifications and experience of the Directors are given in the 'Board of Directors' section from Pages from 14 to 19 of this Annual Report.

Names of the persons who held office as Directors of the Company as at 31st March 2022 and the names of the persons who ceased to hold office as Directors (if any) of the Company at any time during the year 2021/22, as required by Section 168 (l) (h) of the Companies Act No. 07 of 2007 are given below.

Mr. A. E. Tudawe

Chairman

Mr. U. D. Tudawe

Executive Director

Dr. A. D. P. A. Wijegoonewardene

Non-Executive Director

Mr. Y. N. R. Piyasena

Non-Executive Director

Mr. A. S. Abeyewardene

Independent, Non-Executive Director

Mr. A.S.M. Ismail

Resigned w.e.f.31st January 2022

Non-Executive Director

Mr. A. D. B. Talwatte

Independent, Non-Executive Director

Mr. A. S. Tudawe

Executive Director

Mr. A. V. R. De S. Jayatilleke

Independent, Non-Executive Director

8.2 Independence of Directors

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

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

Dr. A. D. P. A. Wijegoonewardene plays a consultative role in the Group Advisory Committee.

8.3 Recommendation for Re-election

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

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

8.4 Disclosure of Directors Dealings in Shares

Directors' Interest in Ordinary Shares of the Company are depicted in the table below;

	31st March 2022 No. of Shares		31st March 2021 No. of Shares	
	Voting	Non-Voting	Voting	Non-Voting
Mr. A. E. Tudawe	215,052	-	205,052	-
Dr. A. D. P. A. Wijegoonewardene	220,582	-	220,582	-
Mr. U. D. Tudawe	170,616	-	170,616	-
Mr. Y. N. R. Piyasena	501,000	-	500,000	-
Mr. A. S. Abeyewardene	1,440	1,200	1,440	1,200
Mr. Su-ayid M. Ismail	-	-	100	-
Mr. A. D. B. Talwatte	1,000	-	1,000	-
Mr. A. S. Tudawe	48	1,000	-	1,000
Mr. A. V. R. De S. Jayatilleke	100	-	-	-

8.5 Remuneration and Other Benefits

Directors' remuneration and other benefits, in respect of the Company for the financial year ended 31st March 2022 is given in Note 07 to the Financial Statements on Page 101 of this Annual Report as required by Section 168 (l) (f) of the Companies Act No. 07 of 2007.

8.6 Directors' Interests in Contracts or Proposed Contracts

Directors have no direct or indirect interest in any contract or proposed contract with the Company for the year ended 31st March 2022 other than those disclosed on Page 128 of this Annual Report.

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

8.7 Related Party Transaction

The Company's transactions with Related Parties given in Notes 15 and 32 to the Financial Statements, have complied with Colombo Stock Exchange Listing Rule 9.3.2 and the Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13 (c) of the Securities and Exchange Commission Act.

9. ARTICLES OF ASSOCIATION

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

10. STATED CAPITAL

The stated capital of the Company as at 31st March 2022 was Rs. 916 Mn comprising 25,527,272 voting shares and 8,345,454 non-voting shares (2020/21 - Rs. 916 Mn) comprising the same share structure). Details of the stated capital are given in Note 18 to the Financial Statements on Page 119 of this Annual Report. The rights and obligations attached to the ordinary shares are set out in the Articles of Association of the Company, a copy of which can be obtained from the Secretaries upon request.

11. SHARE INFORMATION

Details of share-related information are given on Page 138 to this Annual Report and information relating to earnings, dividends and net assets per share is given in the Management Discussions and Analysis on Page 24 of this Annual Report.

12. PUBLIC HOLDING OF SHARES IN THE COMPANY

The public shareholding as at 31st March 2022 for voting and non-voting shares was 23.63% and 51.32% respectively.

13. SUBSTANTIAL SHAREHOLDING

Substantial shareholders are required to notify their interests in accordance with Section 200 of the Companies Act and oblige shareholders to comply with the notification obligations to the Company contained in the rules of the Colombo Stock Exchange.

The Twenty Largest Shareholders of the Company as at 31st March 2022 are indicated on Page 140 of this Annual Report.

14. EQUITABLE TREATMENT TO SHAREHOLDERS

The Company has always ensured that all Shareholders are treated equitably.

15. CORPORATE DONATIONS

During the year, the Company made donations to charity amounting to Rs.250,000 (2020/21 - Rs. 27,500). The information given above on donations form an integral part of the Report of the Board of Directors as required by the Section 168 (l) (g) of the Companies Act No. 07 of 2007.

16. ENVIRONMENTAL PROTECTION

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

17. STATUTORY PAYMENTS

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

18. COMPLIANCE WITH LAWS AND REGULATIONS

To the best of knowledge and belief of the Directors the Company and the Group have not engaged in any activity, which contravenes laws and regulations of the country.

19. EVENTS AFTER THE REPORTING PERIOD

There have been no material events occurring after the Balance Sheet date that would require adjustments to or disclosure in the Financial Statements other than as disclosed in Note 29 to the Financial Statements on Page 125 to this Annual Report.

20. GOING CONCERN

The Board of Directors has reviewed the Company's business plans and is satisfied that the Company has adequate resources to continue its operation in the foreseeable future. After considering the financial position, operating conditions, regulatory and other factors and such other matters required to be addressed in the Corporate Governance code, the Directors have a reasonable expectation that the Company possesses adequate resources to continue in operation for the foreseeable future. For this reason, the Group of Companies continues to adopt the Going Concern basis in preparing the financial statements.

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

21. RISK MANAGEMENT AND SYSTEM OF INTERNAL CONTROL

21.1 Risk Management

Specific steps that have been taken by the Company are detailed on Pages from 60 to 63 this Annual Report.

21.2 System of Internal Control

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

The Audit Committee reviews the reports, policies and procedures on a regular basis, to ensure that a comprehensive internal control framework is in place. More detail in this regard can be seen on Page 75 of this Annual Report.

The Board has conducted a review of the internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of their effectiveness and successful adherence therewith for the period up to the date of signing the Financial Statements.

21.3 Audit Committee

The composition of the Audit Committee and their Report is given on Page 75 of this Annual Report.

22. CORPORATE GOVERNANCE

The Corporate Governance practices of the Company are set out from Pages from 52 to 59 of this Annual Report. The Directors acknowledge their responsibility for the Group's corporate governance and the system of internal control.

23. OPERATIONAL EXCELLENCE

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

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

24. APPOINTMENT OF AUDITORS

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

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

The Group audit fees paid for the year 2021/22 amounted to Rs. 2.02 Mn. Apart from that, the Company has engaged Messrs. B. R. De Silva & Co. Chartered Accountants, the external auditors to advice on accounting matters arising from the introduction of new Accounting Standards for the year under consideration. As far as the Directors are aware, the Auditors do not have any other relationship or interest in contracts with the Company.

26. ANNUAL GENERAL MEETING

The 76th Annual General Meeting of the Company will be held via an online platform at 4.00 p.m. on 28th June 2022.

27. NOTICE OF MEETING

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

28. ACKNOWLEDGEMENT OF THE CONTENTS OF THE REPORT

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

For and on behalf of the Board,



A. E. Tudawe
Chairman



U. D. Tudawe
Director

19th May 2022

STATEMENT OF DIRECTORS' RESPONSIBILITY

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

Section 150, 152 (1) and 153 (1) of the Companies Act No. 07 of 2007 require that the Directors prepare the financial statements and circulate it among the shareholders. These financial statements comprise a Statement of Comprehensive Income, which presents a true and fair view of the profit or loss of the Company for its financial year as well as a Statement of Financial Position, which presents a true and fair view of the state of affairs of the Company as at the end of its financial year.

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

In preparing the Financial Statements as disclosed on Pages from 80 to 87, the Directors consider that the Company and its subsidiaries have used appropriate accounting policies that have been applied consistently and supported by reasonable and prudent judgment and estimates, while all accounting standards considered to be applicable and relevant have been followed.

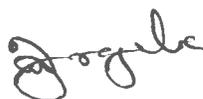
The Directors are responsible for ensuring that the Company and its subsidiaries maintain accounting records which disclose with reasonable accuracy, the financial position of the Company and its subsidiaries while complying with the provisions of the Companies Act No. 07 of 2007.

The Directors have a general responsibility to take reasonable steps in safeguarding the assets of the Company and its subsidiaries, provide proper consideration towards the establishment of appropriate internal control systems with a view to detecting and preventing frauds and other irregularities.

COMPLIANCE REPORT

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

By Order of the Board



Nexia Corporate Consultants (Pvt) Ltd
Secretaries

19th May 2022

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

OBJECTIVE

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

RESPONSIBILITY

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

Considering the foregoing the Committee conducts its meetings in compliance with the policy guidelines developed for the Company in this respect which is in line with Section 9 of the listing rules of CSE.

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

COMPOSITION OF THE COMMITTEE

The Committee comprises of the following Directors;

Mr. A.S. Abeyewardene

Chairman (Independent, Non-Executive Director)

Mr. A. D. B. Talwatte

Member (Independent, Non-Executive Director)

Mr. A. S M. Ismail

Member (Non-Executive Director) - Resigned w.e.f 31st January 2022

Mr. A. V. R. De S. Jayatilleke

Member (Independent, Non-Executive Director)

CONDUCT OF MEETINGS

The Committee meets at least once every quarter.

During the financial year ended 31st March 2022 the Committee held four meetings. The meeting attendance was as follows

Name	Attended/ Eligibility to Attend
Mr. A. S. Abeyewardene	4/4
Mr. A. D. B. Talwatte	4/4
Mr. A. S. M. Ismail	3/4
Mr. A.V.R. De S. Jayatilleke	4/4

At the quarterly RPTRC meeting, all recurrent transactions carried out with subsidiaries and associates are reported. The Committee reviewed and pre approved all proposed non current Related Party Transactions (RPTs) of the parent Ceylon Hospitals PLC and related parties. At quarterly RPTRC meetings, all recurrent transactions carried out with subsidiaries and other affiliates are reviewed and reported.

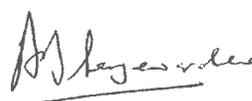
Mechanisms are in place for the KMPs' to declare RPTs, if any, that they are connected with as per the Company RPT policy guidelines.

ACTIVITIES DURING THE YEAR

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

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

The RPT Review Committee was satisfied that there were no other transactions to be reported in the Annual Report for the year ended 31st March 2022 other than those disclosed in the report under the Financial Statements Note 31. RPT disclosures are made in the Financial Statements as required by the Sri Lanka Accounting Standard (LKAS 24) on Related Party Disclosures.



A. S. Abeyewardene

Chairman - Related Party Transactions Review Committee

17th May 2022

REPORT OF THE REMUNERATION COMMITTEE

SCOPE OF THE COMMITTEE

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

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

REMUNERATION POLICY

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

The Responsibilities of the Remuneration Committee

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

The Remuneration Committee will seek the assistance of external agencies/ independent professionals to carry out salary surveys and other remuneration related advice, if and when necessary, to consider salaries paid by comparable companies, time commitment, responsibilities and employment conditions in the Group.

COMPOSITION OF THE COMMITTEE

The Committee comprise of the following Directors;

Mr. A. S. Abeyewardene

Chairman (Independent, Non-Executive Director)

Mr. A. D. B. Talwatte

Member (Independent, Non-Executive Director)

Mr. A. V. R. De S. Jayatilleke

Member (Independent, Non-Executive Director)

The quorum of the committee shall be two. The Committee held a meetings during the year under review.

ATTENDANCE AT MEETINGS

Name	Attended/ Eligibility to Attend
Mr. A. S. Abeyewardene	1/1
Mr. A. D. B. Talwatte	1/1
Mr. A. V. R. De S. Jayatilleke	1/1

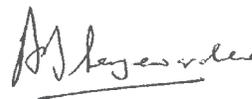
Activities of the Committee for the year 2021/22

- The Committee reviewed the succession plan prepared by the Management for the key Corporate Management positions.
- The Committee reviewed and determined the bonus payable for 2021/22 performance according to the 'Business Value Growth' index for the Executive Directors and senior management staff and recommended same to the Board for approval prior to payment.

The Committee continued to report on its activities and recommended to the Board for approval the matters discussed at its meetings. The annual management performance appraisal scheme, the calculation of short-term incentives was executed in accordance with the approvals given by the Board, based on discussions conducted by the Committee.

The Aggregate remuneration paid to Executive and Non-Executive Directors as required by Section 7.10.5 (c) to the Listing Rules of the Colombo Stock Exchange is given in Note 07 to the Financial Statements.

The Committee wishes to report that the Company has complied with the provisions of the Companies Act No. 07 of 2007 in relation to remuneration of Executive Directors.



A. S. Abeyewardene

Chairman - Remuneration Committee

17th May 2022

REPORT OF THE NOMINATIONS COMMITTEE

TERMS OF REFERENCE

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

The Board Nominations Committee was established by the Board to ensure Board's oversight and control over "Selection of Directors including Chairman, Chief Executive Officer".

AUTHORITY OF THE COMMITTEE

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

DUTIES OF THE COMMITTEE

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

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

COMPOSITION OF THE COMMITTEE

The Committee comprises of the following Directors;

Mr. A. S. Abeyewardene

Chairman (Independent, Non-Executive Director)

Mr. A. D. B. Talwatte

Member (Independent, Non-Executive Director)

Mr. A. S. M. Ismail

Member (Non-Executive Director) - Resigned w.e.f 31st January 2022

Mr. A. V. R. De S. Jayatilleke

Member (Independent, Non-Executive Director)

Mr. A. E. Tudawe

Member (Executive Chairman)

Mr. U. D. Tudawe

Member (Executive Vice President, Director)

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

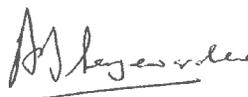
To hold a meeting there shall be a quorum of three members of the Committee who are Non-Executive Directors of whom at least one should be independent.

ACTIVITIES OF THE COMMITTEE IN 2021/22

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

MEETINGS AND ATTENDANCE

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



A. S. Abeyewardene

Chairman - Nominations Committee

17th May 2022

REPORT OF THE AUDIT COMMITTEE

ROLE OF THE COMMITTEE

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

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

The effectiveness of the Committee is evaluated annually by its members and feedback on same communicated to the Board of Directors at each year end.

COMPOSITION OF THE COMMITTEE

The Committee comprises of the following Directors;

Mr. A. S. Abeyewardene

Chairman (Independent, Non-Executive Director)

Mr. A. D. B. Talwatte

Member (Independent, Non-Executive Director)

Mr. A. S. M. Ismail

Member (Non-Executive Director) - Resigned w.e.f 31st January 2022

Mr. A. V. R. De S. Jayatilleke

Member (Independent, Non-Executive Director)

Profiles of the Committee Chairman and the Members are given on Pages 14 and 17 of this report.

The Committee held four meetings during the financial year ended 31st March 2022. Attendance of the Committee Members is given below;

Name	Attended/ Eligibility to Attend
Mr. A. S. Abeyewardene - Chairman	4/4
Mr. A. D. B. Talwatte - Member	4/4
Mr. A. S. M. Ismail - Member	3/4
Mr. A. V. R. De S. Jayatilleke	4/4

The Executive Chairman, the Chief Financial Officer, the External Auditors and Internal Auditors attended meetings by invitation as required. Other Senior Management team members of the Company also attended the meetings on a need basis. The Committee engaged with the management to review the key risks faced by the Group with a view of obtaining assurance that appropriate and effective risk mitigation strategies were in place. The activities and views of the Committee were communicated to the Board of Directors quarterly through verbal briefings.

FINANCIAL REPORTING

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

The Committee also discussed with the External Auditors and management any matters communicated to the Committee by the External Auditors in their reports to the Committee on the audit for the year.

The Committee obtained independent input from the External Auditors on the impact of several new Sri Lanka Accounting Standards that would come into effect in the current financial year and in the future and satisfied themselves that the necessary preparatory work was being undertaken to enable the Company and the Group to adopt them.

INTERNAL AUDIT, RISKS AND CONTROLS

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

REPORT OF THE AUDIT COMMITTEE

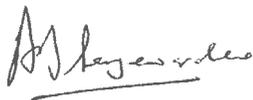
EXTERNAL AUDIT

The External Auditors' Letter of Engagement, including the scope of the audit, was reviewed and discussed by the Committee with the External Auditors and the management prior to the commencement of the audit.

The External Auditors kept the Committee advised regarding matters of significance that were pending resolution. Prior to the conclusion of the Audit, the Committee met with the External Auditors and Management to discuss all audit issues and to agree on their treatment. This included the discussion of formal reports from the External Auditors to the Committee. The Committee also met the External Auditors before finalisation of the financial statements in order to obtain their input on specific issues and to ascertain whether they had any areas of concern relating to their work. The External Auditors' final management reports on the audit of the Company and Group financial statements for the year 2021/22 were discussed with the management and the auditors.

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

The performance of the External Auditors has been evaluated and the Committee has recommended to the Board that Messrs. B. R. De Silva & Co. Chartered Accountants be re-appointed as the Auditors of the Company for the financial year ending 31st March 2023, subject to approval by the shareholders at the Annual General Meeting.



A. S. Abeyewardene
Chairman - Audit Committee

17th May 2022

INDEPENDENT AUDITOR'S REPORT



Private & Confidential

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CEYLON HOSPITALS PLC Report on the Audit of the Financial Statements

Opinion

We have audited the Consolidated Financial Statements of Ceylon Hospitals PLC ("the Company") and its subsidiaries ("the Group"), which comprise the Consolidated Statement of Financial Position as at 31 March 2022, and the Consolidated Statement of profit or loss, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying Financial Statements of the Company and the Group give a True and Fair view of, the Financial Position of the Company and the Group as at 31 March 2022, and of its Financial Performance and its Cash Flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis of Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current year. These matters were addressed in the context of our audit of the Consolidated and Separate Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

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

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INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	How the matter was Addressed
<p>1. RECOGNITION OF REVENUE</p> <p>The Company and the Group have recognized revenue of Rs. 5,075,574,545 and Rs. 7,840,800,948 respectively for the year ended 31st March 2022.</p> <p>Revenue is a key performance indicator used to evaluate the performance of the Company and the Group given the significance of the total value, the number of transactions, judgment involved in the timing of recognition and the reliance on IT systems for revenue recognition, the recognition of revenue was considered as a key area of focus.</p>	<ul style="list-style-type: none">• Our audit procedures in relation to revenue recognition included both tests of controls as well as substantive procedures.• Our testing of the company's manual and automated controls focused on controls around the timely & accurate recording of sales transactions.• We reviewed the group's accounting policies in respect of revenue recognition and found them to be in compliance with Sri Lanka Accounting Standards.• We performed analytical review procedures to assess whether the recognized revenue was in line with the expected level.• Checked a sample of invoices raised to patients, to ensure revenue is recognized and measured in accordance with the contractual terms of the contracts and the Group's accounting policies.• Discussed with management regarding the contractual arrangements where consultant medical personnel are involved, and tested the appropriateness of the recognition of revenue on a gross or net basis.• Performed substantive test in respect of cut off at the end of the year.• Assessed the adequacy of the disclosures in the financial statements.
<p>2. TRANSACTIONS HELD WITH RELATED PARTIES</p> <p>Related party balances and disclosure of the group are disclosed in notes (15), and (32) to the financial statements.</p> <p>The Group is engaged in related party transactions during the ordinary course of business. A considerable part of revenue, recurring expenditure and capital expenditure of the company have taken place through related companies.</p>	<ul style="list-style-type: none">• Evaluated the process established by the management in identifying and reporting related party transactions.• Reviewed the reports of related party transaction review committee.• Reviewed a sample of transactions and ensured that transactions are taken place on arm's length basis.• Critically examined the accuracy of intercompany reconciliations carried out by the management on a quarterly basis.• Checked the adequacy of disclosures made in the financial statements in accordance with Sri Lanka Accounting Standards.

Other information

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

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

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

audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing the independent auditor's report is FCA 2122.


B. R. DE SILVA & CO.
Chartered Accountants

Colombo 05.

19th May 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March,	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Revenue	(3)	7,840,800,948	5,545,520,697	5,075,574,545	3,518,805,279
Cost of Services		(2,880,148,105)	(2,051,797,956)	(1,889,251,316)	(1,260,971,897)
Gross Profit		4,960,652,843	3,493,722,741	3,186,323,229	2,257,833,382
Other Operating Income	(4)	25,570,448	62,559,408	39,984,171	45,555,138
Less: Expenses					
Administration Expenses		(2,853,962,393)	(2,337,358,057)	(2,016,681,413)	(1,610,285,893)
Other Operating Expenses		(770,782,598)	(579,085,355)	(489,776,446)	(367,843,598)
Finance Cost	(5)	(80,566,415)	(96,679,241)	(70,785,930)	(88,168,536)
Finance Income	(5.1)	81,821,811	50,308,199	253,212,867	216,541,227
		(3,623,489,596)	(2,962,814,455)	(2,324,030,922)	(1,849,756,800)
Share of Profit of an Equity Accounted Investee	(6)	11,724,076	102,871,053	-	-
Gain on Bargain Purchase	(11.2.1)	14,453,228	-	-	-
Profit Before Taxation	(7)	1,388,910,998	696,338,747	902,276,478	453,631,720
Less: Income Tax Expense	(8)	(279,384,498)	(96,080,038)	(131,726,125)	(7,513,385)
Net Profit after Taxation		1,109,526,500	600,258,708	770,550,353	446,118,335
Other Comprehensive Income					
Items that will not be reclassified to Profit or Loss					
Net Change in Fair Value on Equity Investments at Fair Value through Other Comprehensive Income		(2,351,104)	3,067,846	472,000	128,000
Actuarial Gain/(Loss) on Gratuity Valuation		56,265,109	33,234,605	54,509,633	31,089,631
Deferred Tax Reversal on Revaluation Gain		-	208,629,082	-	203,481,017
Deferred Tax Charge on Actuarial Gain /(Loss) on Gratuity Valuation		(6,010,409)	(7,617,870)	(7,631,349)	(4,352,548)
Other Comprehensive Income for the Year		47,903,596	237,313,663	47,350,284	230,346,100
Total Comprehensive Income for the Year		1,157,430,096	837,572,372	817,900,637	676,464,435

For the year ended 31st March,	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Profit Attributable to:					
Equity Holders of the Parent		982,324,231	560,348,637	770,550,353	446,118,335
Non-Controlling Interest		127,202,269	39,910,072	-	-
		1,109,526,500	600,258,709	770,550,353	446,118,335
Total Comprehensive Income Attributable to:					
Equity Holders of the Parent		1,029,378,311	796,596,949	817,900,637	676,464,435
Non-Controlling Interest		128,051,785	40,975,423	-	-
		1,157,430,096	837,572,372	817,900,637	676,464,435
Earnings Per Share - Basic	(9)	29.00	16.54	22.75	13.17

The Significant Accounting Policies and the Notes from Pages from 88 to 134 form an integral part of these Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March,	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	(10)	7,295,179,446	7,083,128,574	4,452,017,627	4,453,928,005
Capital Work in Progress	(10.3)	1,186,023,288	631,509,278	1,140,109,908	629,438,768
Right-of-Use Assets	(10.6)	288,954,105	214,543,912	288,954,105	214,543,912
Investments in Subsidiaries	(11)	-	-	1,457,821,384	1,457,591,424
Investment in an Equity Accounted Investee	(6)	-	109,374,480	-	229,960
Other Financial Assets	(12.2.3)	272,923,055	165,972,625	71,415,787	66,909,787
Prepaid Rent		889,953	989,952	-	-
		9,043,969,847	8,205,518,821	7,410,318,811	6,822,641,856
Current Assets					
Inventories	(13)	835,149,431	535,877,348	693,571,319	450,474,703
Trade and Other Receivables	(14)	306,454,190	237,949,899	214,955,620	157,209,413
Advances and Prepayments	(14.1)	252,440,452	155,456,368	195,052,981	121,193,915
Amounts due from Related Parties	(15.1)	1,934,171	2,417,729	75,920,638	82,769,157
Other Financial Assets	(12.2.3)	1,451,388,256	1,106,140,985	659,286,775	123,176,421
Tax Refund Due	(16.1)	13,277,775	13,259,585	13,259,585	13,259,585
Cash and Cash Equivalents	(17)	898,188,816	640,115,418	129,294,626	225,210,725
		3,758,833,091	2,691,217,332	1,981,341,544	1,173,293,919
Total Assets		12,802,802,938	10,896,736,152	9,391,660,355	7,995,935,774
EQUITY AND LIABILITIES					
Equity Attributable to Equity Holders of the Parent					
Stated Capital	(18)	916,366,104	916,366,104	916,366,104	916,366,104
Revaluation Reserve	(19)	2,691,662,322	2,691,662,322	2,134,543,796	2,134,543,796
Fair Value Reserve	(20)	65,867,579	68,435,952	600,000	128,000
Accumulated Profit	(21)	3,873,949,764	2,951,438,752	2,695,435,656	1,986,399,741
		7,547,845,769	6,627,903,130	5,746,945,556	5,037,437,641
Non-Controlling Interest	(22)	734,253,847	592,626,434	-	-
		8,282,099,616	7,220,529,564	5,746,945,556	5,037,437,641

As at 31st March,	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	(12.3)	1,701,500,729	823,144,131	1,606,246,925	784,444,131
Deferred Revenue	(23)	-	-	31,470,457	33,260,743
Retirement Benefit Obligations	(24)	177,997,736	242,881,507	156,789,659	217,078,158
Deferred Tax Liabilities	(25)	707,793,471	642,693,565	452,599,177	440,808,879
		2,587,291,936	1,708,719,203	2,247,106,218	1,475,591,911
Current Liabilities					
Bank Overdraft		246,765,452	221,736,551	94,526,628	72,893,970
Interest Bearing Loans and Borrowings	(12.3)	306,059,947	829,175,967	248,829,947	793,415,967
Trade and Other Payables	(26)	1,247,893,058	671,130,016	862,449,226	384,716,020
Taxation Payable	(16)	127,894,198	68,450,366	73,281,567	55,153,671
Amounts Due to Related Parties	(15.2)	4,798,731	176,994,487	118,521,213	176,726,594
		1,933,411,386	1,967,487,386	1,397,608,581	1,482,906,222
Total Equity and Liabilities		12,802,802,938	10,896,736,152	9,391,660,355	7,995,935,774

The Significant Accounting Policies and the Notes from Pages from 88 to 134 form an integral part of these Financial Statements.

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



Thusitha Rubasinghe
Chief Financial Officer

The Board of Directors are responsible for the preparation and presentation of these Financial Statements.

Signed for and on behalf of the Board by,



A. E. Tudawe
Chairman



U. D. Tudawe
Director

19th May 2022

STATEMENT OF CHANGES IN EQUITY

Group	Stated Capital	Revaluation Reserve	Fair Value Reserve	Accumulated Profit	Total	Non-Controlling Interest	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 31st March 2020	916,366,104	2,483,785,396	65,922,050	2,439,752,628	5,905,826,178	587,759,783	6,493,585,961
Net Profit for the Year	-	-	-	560,348,637	560,348,637	39,910,072	600,258,709
Other Comprehensive Income							
Deferred Tax Effect on Revaluation Gain	-	207,876,926	-	-	207,876,926	752,156	208,629,082
Actuarial Gain/ (Loss) on Gratuity Valuation	-	-	-	32,864,908	32,864,908	369,697	33,234,605
Deferred Tax Effect on Gratuity Valuation	-	-	-	(7,007,424)	(7,007,424)	(610,446)	(7,617,870)
Net Change in Fair Value on Equity Investments at FVOCI	-	-	2,513,902	-	2,513,902	553,944	3,067,846
Total Comprehensive Income for the Year	-	207,876,926	2,513,902	586,206,122	796,596,949	40,975,423	837,572,372
Transactions with Owners in their capacity as Owners							
Share of Additional Capital Attributable to NCI	-	-	-	-	-	1,750,000	1,750,000
Dividend Paid - Ordinary Shares	-	-	-	(74,519,997)	(74,519,997)	(37,858,772)	(112,378,769)
	-	-	-	(74,519,997)	(74,519,997)	(36,108,772)	(110,628,769)
Balance as at 31st March 2021	916,366,104	2,691,662,322	68,435,952	2,951,438,752	6,627,903,130	592,626,434	7,220,529,564
Net Profit for the Year	-	-	-	982,324,231	982,324,231	127,202,269	1,109,526,500
Other Comprehensive Income							
Actuarial Gain/ (Loss) on Gratuity Valuation	-	-	-	55,964,913	55,964,913	300,196	56,265,109
Deferred Tax Effect on Gratuity Valuation	-	-	-	(6,342,459)	(6,342,459)	332,050	(6,010,409)
Prior Year Adjustments - Inventory Written-off	-	-	-	(988,950)	(988,950)	(229,608)	(1,218,559)
Net Change in Fair Value on Equity Investments at FVOCI	-	-	(2,568,373)	-	(2,568,373)	217,270	(2,351,104)
Share Buy-back	-	-	-	(54,000)	(54,000)	-	(54,000)
Total Comprehensive Income for the Year	-	-	(2,568,373)	1,030,903,735	1,028,335,361	127,822,176	1,156,157,538
Transactions held with Owners in their capacity as Owners							
Non-Controlling Interest on Acquisition of Subsidiary	-	-	-	-	-	127,300,806	127,300,806
Dividend Paid - Ordinary Shares	-	-	-	(108,392,722)	(108,392,722)	(113,495,569)	(221,888,291)
	-	-	-	(108,392,722)	(108,392,722)	13,805,237	(94,587,485)
Balance as at 31st March 2022	916,366,104	2,691,662,322	65,867,579	3,873,949,764	7,547,845,769	734,253,847	8,282,099,616

Company	Stated Capital Rs.	Revaluation Reserve Rs.	Fair Value Reserve Rs.	Accumulated Profit Rs.	Total Rs.
Balance as at 31st March 2020	916,366,104	1,931,062,779	-	1,588,064,320	4,435,493,203
Net Profit for the Year	-	-	-	446,118,335	446,118,335
Other Comprehensive Income					
Deferred Tax Effect on Revaluation Gain	-	203,481,017	-	-	203,481,017
Actuarial Gain/ (Loss) on Gratuity Valuation	-	-	-	31,089,631	31,089,631
Deferred Tax Effect on Gratuity Valuation	-	-	-	(4,352,548)	(4,352,548)
Net Change in Fair Value on Equity Investments at FVOCI	-	-	128,000	-	128,000
Total Comprehensive Income for the Year	-	203,481,017	128,000	472,855,418	676,464,435
Transactions with Owners in their capacity as Owners					
Dividend Paid - Ordinary Shares	-	-	-	(74,519,997)	(74,519,997)
	-	-	-	(74,519,997)	(74,519,997)
Balance as at 31st March 2021	916,366,104	2,134,543,796	128,000	1,986,399,741	5,037,437,641
Net Profit for the Year	-	-	-	770,550,353	770,550,353
Other Comprehensive Income					
Actuarial Gain/ (Loss) on Gratuity Valuation	-	-	-	54,509,633	54,509,633
Deferred Tax Effect on Gratuity Valuation	-	-	-	(7,631,349)	(7,631,349)
Net Change in Fair Value on Equity Investments at FVOCI	-	-	472,000	-	472,000
Total Comprehensive Income for the Year	-	-	472,000	817,428,638	817,900,638
Transactions with Owners in their capacity as Owners					
Dividend Paid - Ordinary Shares	-	-	-	(108,392,723)	(108,392,723)
	-	-	-	(108,392,723)	(108,392,723)
Balance as at 31st March 2022	916,366,104	2,134,543,796	600,000	2,695,435,656	5,746,945,556

The Significant Accounting Policies and the Notes from Pages from 88 to 134 form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS

For the Year Ended 31st March,	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Cash Flows from/ (used in) Operating Activities					
Net Profit before Income Tax Expenses		1,388,910,998	696,338,747	902,276,478	453,631,720
Adjustments for					
Inventory Write-off/ (Write-in)		25,387,993	6,704,743	21,790,434	5,549,788
Bad Debts Write-off		19,489,460	11,335,291	12,010,309	3,545,328
Depreciation Charge for the Year	(10)	339,848,310	354,739,758	185,026,571	190,060,673
Amortisation of Right of Use Assets	(10.6)	108,031,074	101,892,081	108,031,074	101,892,081
Finance Income	(5.1)	(81,821,811)	(50,308,199)	(253,212,867)	(216,541,227)
Finance Cost	(5)	80,566,415	96,679,241	70,785,930	88,168,536
Amortisation of Deferred Rent		100,000	100,000	(1,790,286)	(1,790,286)
(Profit)/Loss on Disposal of Property, Plant and Equipment		(5,202,084)	(5,339,678)	(5,202,084)	(5,339,678)
(Increase)/ Decrease in Financial Instruments		(32,916,519)	5,412,191	472,000	128,000
Share of Profit of an Equity Accounted Investee	(6)	(11,724,076)	(102,871,053)	-	-
Provision for Defined Benefit Plans	(24.2)	28,948,254	49,844,622	25,088,722	43,503,922
Operating Profit before Working Capital Changes		1,859,618,015	1,164,527,745	1,065,276,280	662,808,858
(Increase)/ Decrease in Inventories	(13)	(324,660,076)	(162,832,821)	(264,887,049)	(147,103,025)
(Increase)/ Decrease in Trade and Other Receivables	(14)	(184,977,835)	80,106,344	(143,615,582)	42,131,421
Increase/ (Decrease) in Trade and Other Payables	(26)	576,763,042	160,668,899	477,733,206	92,446,595
Increase/ (Decrease) in Dues from Related Parties	(15.1)	(171,712,198)	219,127,452	(51,356,862)	(324,682,755)
Cash Generated from Operations		1,755,030,948	1,461,597,619	1,083,149,995	325,601,094
Finance Cost Paid		(51,361,096)	(70,134,683)	(41,580,611)	(61,623,977)
Defined Benefit Plan Cost Paid	(24.1)	(37,566,916)	(39,019,757)	(30,867,588)	(30,438,258)
Tax Paid	(16)	(160,869,359)	(87,932,461)	(109,439,280)	(15,945,697)
Net Cash from/ (used in) Operating Activities		1,505,233,576	1,264,510,718	901,262,515	217,593,161
Cash Flows from/ (used in) Investing Activities					
Acquisition of Property, Plant and Equipment		(1,109,961,109)	(384,556,339)	(697,335,249)	(299,170,421)
Proceeds from Sale of Property Plant and Equipment		8,750,000	13,944,783	8,750,000	13,654,783
(Acquisition)/ Disposal of Other Investments		(422,850,842)	(444,440,707)	(540,616,354)	(40,158,759)
Income from Investments	(5.1)	81,821,811	50,308,199	253,212,867	216,541,227
Net Cash Flows from/ (used in) Investing Activities		(1,442,240,141)	(764,744,064)	(975,988,736)	(109,133,169)

For the Year Ended 31st March,	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Cash Flows from/ (used in) Financing Activities					
Receipts from Interest Bearing Loans and Borrowings	(12.3.1)	1,019,152,614	915,630,028	900,908,810	890,630,028
Repayments of Interest Bearing Loans and Borrowings	(12.3.1)	(740,021,784)	(302,106,277)	(699,801,784)	(282,766,277)
Lease Rent Payment	(12.3.4)	(135,536,839)	(118,993,668)	(135,536,839)	(118,993,668)
Proceeds from the Issue of Shares		-	1,750,000	-	-
Share Buy-back		(54,000)	-	-	-
Non-Controlling Interest on Acquisition of Subsidiary		248,399,362	-	-	-
Dividends Paid		(221,888,291)	(112,378,769)	(108,392,723)	(74,519,997)
Net Cash Flows from/ (used in) Financing Activities		170,051,062	383,901,314	(42,822,536)	414,350,086
Net Increase/ (Decrease) in Cash and Cash Equivalents		233,044,496	883,667,967	(117,548,757)	522,810,077
Cash and Cash Equivalents at the beginning of the Year		418,378,868	(465,289,100)	152,316,755	(370,493,322)
Cash and Cash Equivalents at the end of the Year		651,423,364	418,378,867	34,767,998	152,316,755
Analysis of Cash & Cash Equivalents					
Bank Overdraft		(246,765,452)	(221,736,551)	(94,526,628)	(72,893,970)
Cash in Hand and at Bank	(17)	898,188,816	640,115,418	129,294,626	225,210,725
		651,423,364	418,378,867	34,767,998	152,316,755

The Significant Accounting Policies and the Notes from Pages from 88 to 134 form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 General

Ceylon Hospitals PLC ("the Company") is a Public Limited Liability Company, incorporated and domiciled in Sri Lanka under the provisions of companies Act No. 07 of 2007 and listed on the Colombo Stock Exchange. The registered office and the principal place of business are located at No. 03, Alfred Place, Colombo 03.

1.2 Parent Enterprise and Ultimate Parent Enterprise

The Consolidated Financial Statements of the Company for the year ended 31st March 2022 comprise the Company (Parent company) and its Subsidiaries. (together referred to as the "Group" and individually as "Group entities")

The Company's parent undertaking is Durdans Management Services Ltd which is incorporated and domiciled in Sri Lanka.

1.3 Principal business activities and Nature of Operations

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

Name of the Company	Nature of the Business
Ceylon Hospitals PLC	Providing Healthcare Services and Laboratory Services
Durdans Heart Centre (Pvt) Ltd	Providing Preventive Cardiac Care Services and Cardiac Surgical Care
Durdans Medical and Surgical Hospital (Pvt) Ltd	Providing Healthcare Services
Amrak Institute of Medical Sciences (Pvt) Ltd	Providing allied Medical Science Courses
Ceygen Biotech (Pvt) Ltd	Supplying of Molecular Biological, Biochemical, Biotechnological Reagents, Kits, Equipment and Accessories for Molecular Diagnostics and Research

1.4 Date of Authorization for issue

The financial statements of Ceylon Hospitals PLC and its subsidiaries for the year ended 31st March 2022 was authorized for issue in accordance with a resolution of the Board of Directors on 19th May 2022.

1.5 Number of Employees

The Staff strength of the Group as at 31st March 2022 was 1,973 (As at 31st March 2021 -2,060)

1.6 Companies in the Group

Subsidiaries

The Group Financial Statements include the results of the Durdans Heart Centre (Pvt) Ltd., Durdans Medical and Surgical Hospital (Pvt) Ltd., Amrak Institute of Medical Sciences (Pvt) Ltd and Ceygen

Biotech (Pvt) Ltd which are subsidiaries of the company. The details of subsidiaries are as follows:

Company Name	Year of Incorporation	Ownership Percentage
Subsidiary Companies		
Durdans Heart Centre (Pvt) Ltd	1999/00	81.16%
Durdans Medical and Surgical Hospital (Pvt) Ltd	2007/08	85.39%
Amrak Institute of Medical Sciences (Pvt) Ltd	2017/18	52.51%
Ceygen Biotech (Pvt) Ltd	2009/10	51.57%

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Basis of Preparation of Financial Statements

2.1.1 Basis of Preparation

The Consolidated Financial Statements of the Group and separate Financial Statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka ("CASL") and in compliance with the requirements of the Companies Act No. 07 of 2007 and provide appropriate disclosures as required by the Listing Rules of the CSE.

These Financial Statements presented in Sri Lanka Rupees have been prepared on a historical cost basis except for the revaluation of certain property, plant and equipment, financial instruments at fair value and derivative financial instruments that have been measured at fair value. The retirement benefit obligations are measured at the present value of the defined benefit obligation. All these measures are explained in the respective notes to the financial statements. These Financial Statements, except for information on cash flows have been prepared following the accrual basis of accounting.

2.1.2 Statement of Compliance

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

2.1.3 Responsibility for Financial Statements

The Board of Directors of the Company is responsible for the preparation and presentation of the Financial Statements of the Group and the Company as per the provisions of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards.

The Board of Directors acknowledges their responsibility for Financial Statements as set out in the Annual Report of the Board of Directors, Statement of Directors' Responsibility, and the certification on the Statement of Financial Position.

These Financial Statements include the following components:

- i. An Income Statement and a Statement of Profit or Loss and Other Comprehensive income.
- ii. A Statement of Financial Position.
- iii. A Statement of Changes in Equity.
- iv. A Statement of Cash Flows.
- v. Notes to the Financial Statements comprising significant Accounting Policies and other explanatory information.

2.1.4 Going Concern

The management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future.

The Directors having assessed the existing and probable impact of COVID-19 on the Company and the Group's business on a range of factors such as normalization of revenue streams, cost management efforts implemented, ability to differ capital expenses and debt repayments, availability of cash reserves and the confidence to source financing to continue the operations with least possible impact was satisfied that the Company and its subsidiaries and associates have adequate resources to continue in operation for the foreseeable future.

Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, financial statements of the Group continue to be prepared on a going concern basis.

2.1.5 Functional Currency and Presentation Currency

The Consolidated Financial Statements are presented in Sri Lankan Rupees, which is the Group's functional and presentation currency. All financial information presented in Rupees has been rounded to the nearest Rupee.

2.1.6 Use of Estimates and Judgments.

The preparation of the financial statements in conformity with SLFRSs and LKASs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, judgments and estimates based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence, actual results may differ from those estimates and judgemental decisions.

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

2.1.6.1 Judgment

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements.

2.1.6.2 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the year ended 31st March 2022 is included in the following notes:

Note 24 - Measurement of defined benefit obligations: Key actuarial assumptions;

Note 25 - Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used:

Note 10 - Measurement of useful lifetime of Property, Plant and Equipment

Note 28 - Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources; and

Note 12 - Fair Valuation of Investments classified as FVTOCI

2.1.7 Comparative Information

The Financial Statements for the comparative periods comprise results for the 12 months' periods from 1st April 2020 to 31st March 2021.

In this circumstance, the comparative information for the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flow and related notes are comparable with the current period.

Comparative Information has been reclassified, wherever necessary, to conform to the current year's presentation and classification. Such reclassifications were made to improve the quality of presentation and do not affect previously reported profit or equity.

2.1.8 Measurement of Fair Value

A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities. The Group regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, the Group assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SLFRS, including the level in the fair value hierarchy in which such

NOTES TO THE FINANCIAL STATEMENTS

valuations should be classified. When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

2.2. Significant Accounting Policies

2.2.1 Basis of Consolidation

2.2.1.1 Business Combination

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

2.2.1.2 Subsidiaries

Subsidiaries are those enterprises controlled by the Group. Control is achieved when the Group is exposed or has right to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group controls an investee if, and only if the Group has:

- Power over the investee (i.e.; Existing rights that give it the current ability to direct the relevant activities of the investee.)
- Exposure, or right to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its return.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which the control commences until the date that on which control ceases.

A listing of the Group's significant subsidiaries is set out in Note 1.3 to the financial statements.

2.2.1.3 Non-Controlling Interests

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

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

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

2.2.1.4 Investment in Equity Accounted Investee

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

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

The Statement of Comprehensive Income reflects the share of the results of operations of the equity accounted investee. Where there has been a change recognised directly in the equity of the equity accounted investee, the Group recognises its share of any changes and discloses this, when applicable, in the Statement of Changes in Equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the equity accounted investee.

The share of profit of an equity accounted investee is shown on the face of the income statement. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group. After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its equity accounted investee. The Group determines at each reporting date whether there is any objective evidence that the investment in the equity accounted investee is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the equity accounted investee and its carrying value and recognises the amount in the 'share of profit from equity accounted investee' in the income statement.

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

2.2.1.5 Transactions Eliminated on Consolidation

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

2.2.1.6 Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to groups of cash-generating units that are expected to benefit from the synergies of the combination.

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

2.2.1.7 Reporting date

Group's subsidiaries have the same reporting period as the parent company, which ends on 31st March.

2.2.2 Foreign Currency Transactions

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

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates

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

2.3 Valuation of Assets and their Measurement Bases

2.3.1 Inventories

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

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

2.3.2 Property, Plant and Equipment

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

2.3.2.1 Recognition

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

2.3.2.2 Measurement

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

All other repair and maintenance costs are recognised in the income statement as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

2.3.2.3 Subsequent Expenditure

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

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

2.3.2.4 Revaluation of Land and Buildings

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

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

The Company policy is to revalue the Company land and building between 3-5 years.

2.3.2.5 Depreciation

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

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

Durdans Heart Centre (Pvt) Ltd		
Cardiac Catheterisation Laboratory	-	10%
Theatre & SICU Equipment	-	10%
Furniture & Fittings	-	20%
Computer Equipment	-	25%
Electrical & Other Equipment	-	20%
Motor Vehicles	-	20%

Durdans Medical and Surgical Hospital (Pvt) Ltd		
Buildings	-	2.5%
Computer Equipment	-	20%
Medical Equipment	-	10%
Furniture & Fittings	-	5%
Curtaining & Linen	-	50%
Other Equipment	-	10%

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

2.3.2.6 Borrowing Cost

Borrowing cost directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets, until such time the assets are substantially ready for their intended use.

2.3.2.7 Restoration Cost

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

2.3.2.8 Capital Work-in-Progress

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

2.3.2.9 Impairment of Property, Plant and Equipment

The carrying value of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceed the estimated recoverable amount the assets are written down to

their recoverable amount. Impairment losses are recognised in the Profit or Loss unless it reverses a previous revaluation surplus for the same asset.

2.3.2.10 De-recognition

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 de-recognition of the asset calculated as the difference between the net disposal proceeds and the carrying amount. Gains or losses on de-recognition are recognised in profit or loss and gains are not classified as revenue.

2.3.3 Intangible Assets

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

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

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

Software Licenses – Over four years

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

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

2.3.4 Right of Use Assets

2.3.4.1 Basis of recognition

The Group applies Sri Lanka Accounting Standard (SLFRS 16) on Leases in accounting for all lease hold rights except for short term leases, which are held for use in the provision for services.

2.3.4.2 Basis of Measurement

The Group recognises right-of-use assets at the date of commencement of the lease, which is the present value of lease payments to be made over the lease term. Right-of-Use assets are measured at cost less any accumulated amortisation and impairment losses and adjusted for any re-measurement of lease liabilities. The cost of the right-of-use assets includes the amount

of lease liabilities recognised, initial direct cost incurred and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are amortised on the straight-line basis over the lease term.

2.3.4.3 Lease Liability

At the commencement date of the lease, the bank recognises lease liabilities, measured at present value of lease payments to be made over the lease term.

The present value of lease commitments has been calculated using weighted average incremental borrowing rate. The Group applied modified retrospective approach in accordance with SLFRS 16 when accounting for right-of-use assets and operating lease liabilities.

2.3.5 Financial Instruments - Recognition and measurement

2.3.5.1 Recognition and Initial Measurement

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

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

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

2.3.5.2 Classification and Subsequent Measurement of Financial Assets

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

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

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

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

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

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

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

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

a) *Financial assets – Business Model Assessment*

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

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

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

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable rate features;
- Prepayment and extension features; and
- Terms that limits the Group's claim to cash flows from specified assets (e.g. non-recourse features).

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

c) *Financial assets – Subsequent Measurement and Gains and Losses*

i) *Financial Assets at Fair Value through Profit or Loss*

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

ii) Financial Assets at Amortised Cost

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

iii) Debt Investments at Fair Value through Other Comprehensive Income

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

iv) Equity Investments at Fair Value through Other Comprehensive Income

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

d) De-recognition - Financial Assets

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

i) The rights to receive cash flows from the asset have expired

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

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

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

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

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

2.3.5.3 Classification and Subsequent Measurement of Financial Liabilities

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

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

a) Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

b) Financial Liabilities Designated at Fair Value through Profit or Loss

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

- i) The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis, or
- ii) A group of financial liabilities are managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided on that basis to entity's key management personnel, or
- iii) The liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

c) Financial Liabilities Measured at Amortised Cost

After initial recognition, such financial liabilities are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

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d) *De-recognition - Financial liabilities*

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

2.3.5.4 *Offsetting*

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

2.3.5.5 *Fair value of Financial Instruments*

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

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

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 12.5.

a) *Impairment of Non-Derivative Financial Assets*

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

- Financial assets measured at amortised cost;
- Debt investments measured at FVOCI; and
- Contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

Debt securities that are determined to have low credit risk at the reporting date; and other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without

undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

b) *Measurement of ECLs*

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

c) *Credit-Impaired Financial Assets*

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

d) *Presentation of Allowance for ECL in the Statement of Financial Position*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

e) **Written-off**

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of written-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

f) **Impairment of Non-Financial Assets**

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, if asset could not be tested for impairment on an individual basis, then assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

2.4 Liabilities and Provisions

Liabilities classified as current liabilities on the reporting date are those, which fall due for payment on demand or within one year from the reporting date. Non-current liabilities are those balances that fall due for payment after one year from the reporting date.

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable

estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

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

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

2.4.1 Retirement Benefit Obligations

2.4.1.1 Defined Benefit Plan – Gratuity

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

The actuarial gains and losses are charged or credited to Other Comprehensive Income in the period in which they arise. The assumptions based on which the results of the actuarial valuation were determined as at 31st March 2022 are given below. However, according to the Payment of Gratuities Act No. 12 of 1983, the liability for the gratuity payment to an employee arises only on the completion of 5 years of continued service with the Company.

- Average Rate of Interest - 13% (Per annum)
- Average Rate of Salary Increase - 5%
- Average Retirement Age - 55 years
- Employee Turnover rate - 30%-37% across the board up to age 54 and zero thereafter
- The company will continue in business as a going concern

The liability is not externally funded.

2.4.1.2 Defined Contribution Plans - Employees' Provident Fund & Employees' Trust Fund

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

2.4.2 Capital Commitments and Contingencies

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not

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probable or cannot be reliably measured. Capital commitment and contingent liabilities of the Group are disclosed in the respective notes to the Financial Statements.

2.4.3 Events Subsequent to the Reporting Period

The materiality of the events after the reporting period has been considered and appropriate adjustments and provisions have been made in the financial statements wherever necessary.

2.5 Statement of Profit or Loss and other Comprehensive Income

2.5.1 Revenue from Contracts with Customer

Revenue is recognised when the obligation to provide goods and services is satisfied in accordance with Sri Lanka Accounting Standards (SLFRS 15) on Revenue from Contracts with Customers. The consideration is determined with reference to the amount the group expects to be entitled in exchange for transferring the promised goods or services to the customer.

i) *Rendering of Services*

Revenue from rendering of Healthcare services is recognised over time.

ii) *Sale of Medicine and Related Products*

Revenue from the sale of medicine and related products is recognised at the point of sale.

iii) *Interest*

Interest Income is recognised on an accrual basis. Interest on financial instruments measured at amortised cost is recognised using effective interest rate.

iv) *Dividends*

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

v) *Rental Income*

Rental income is recognised on an accrual basis.

vi) *Other Income*

Other Income is recognised on an accrual basis.

vii) *Gains or Losses on the disposal of Property, Plant and Equipment*

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

2.5.2 Expenditure Recognition

Expenses are recognised in the Statement of Comprehensive Income on the basis of a direct association between the cost incurred and the earning of specific items of income. All

expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

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

2.5.3 Taxation

2.5.3.1 Current Taxes

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017.

2.5.3.2 Deferred Taxation

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

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

2.5.4 Earnings per Share

The Financial Statements present basic earnings per share ("EPS") data for its ordinary shareholders. The EPS is calculated by dividing the Profit or Loss attributable to ordinary shareholders of the Company by the number of ordinary shares in issue.

2.5.5 Dividend on Ordinary Shares

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

2.6 The Statements of Cash Flows

2.6.1 Cash and Cash Equivalents

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

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

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

2.6.1 Cash and Cash Equivalents (Cont'd)

The cash flow statements are prepared using the "Indirect Method" in accordance with the Sri Lanka Accounting Standard (LKAS 7) on Statement of Cash Flows, whereby gross cash receipts and gross cash payments on operating activities, investing activities and financial activities are recognised.

Standards Issued but not yet Effective

The new and amended standards and interpretations that are issued, but not yet effective, to the date of issuance of the financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The following amendments and improvements are not expected to have a significant impact on the Company's financial statements.

These amendments to various standards are effective for the annual reporting periods beginning on or after 01 January 2022.

- Amendments to LKAS 1: Classification of liabilities as Current or Non-current
- Amendments to SLFRS 3: Reference to the Conceptual Framework
- Amendments to LKAS 16: Property, Plant & Equipment - Proceeds before Intended Use
- Amendments to LKAS 37: Onerous Contracts - Cost of Fulfilling a Contract

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March,	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
3 REVENUE				
Healthcare Services	7,840,800,948	5,545,520,697	5,075,574,545	3,518,805,279
4 OTHER OPERATING INCOME				
Deferred Income of Residential Fees	-	-	1,790,286	1,790,286
Sundry Income	53,284,883	51,807,540	32,991,801	38,425,175
Fair Value Gain on Financial Assets at Fair Value through Profit or Loss	(32,916,519)	5,412,191	-	-
Profit/ (Loss) on Disposal of Property, Plant and Equipment	5,202,084	5,339,678	5,202,084	5,339,678
	25,570,448	62,559,408	39,984,171	45,555,138
5 FINANCE COST				
Loan Interest	47,017,691	46,257,136	38,796,496	39,712,427
Interest Expenses on Overdrafts	337,330	20,204,293	196,578	18,900,842
Interest on Leases	29,205,319	26,544,558	29,205,319	26,544,558
Bank Charges	4,006,075	3,673,254	2,587,537	3,010,708
	80,566,415	96,679,241	70,785,930	88,168,536
5.1 Finance Income				
Interest Income	78,584,644	49,678,472	11,877,497	9,444,128
Dividend Income	3,237,167	629,727	241,335,371	207,097,100
	81,821,811	50,308,199	253,212,867	216,541,227

6 INVESTMENT IN EQUITY ACCOUNTED INVESTEE

Ceygen Biotech (Pvt) Ltd, which is engaged in the production and supply of reagents for Molecular Biology, Biochemistry and Biotechnology for Molecular Diagnostic and research purposes.

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

For the year ended 31st March,	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
6.1 Carrying amount of Equity Accounted Investee as at the end of Year is made up as follows;				
Balance at the beginning of the Year	109,374,480	6,503,427	229,960	229,960
Share of Profit from Equity Accounted Investee	11,724,076	102,871,053	-	-
Acquisition of Investee (Note 11.2.1)	(121,098,556)	-	(229,960)	-
Balance at the end of the Year	-	109,374,480	-	229,960

7 PROFIT/ (LOSS) FROM ORDINARY ACTIVITIES BEFORE TAXATION

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

For the year ended 31st March,	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Directors' Fees and Remuneration	74,242,058	57,654,518	70,669,908	54,854,518
Auditors Remuneration - Internal	602,100	1,991,608	367,400	1,304,759
- External	2,020,000	1,980,000	1,050,000	950,000
Depreciation	339,848,311	354,739,758	185,026,571	190,060,673
Defined Benefit Plan Cost - Gratuity	28,948,254	49,844,623	25,088,722	43,503,923
Legal Fees	5,504,814	5,229,991	2,524,264	1,668,171
Salaries	1,222,200,960	1,160,282,329	783,950,740	810,625,193
Employee's Provident Fund	95,110,648	89,702,244	80,498,260	74,515,898
Employee's Trust Fund	22,973,170	23,146,235	18,711,017	18,782,468

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March,	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
8 INCOME TAX EXPENSE				
Income Tax (Note 8.1)	186,508,049	133,502,504	93,780,224	38,952,465
Dividend Tax	33,786,952	28,420,947	33,786,952	28,420,947
Deferred Tax				
Decrease/ (Increase) in Deferred Tax Assets	11,476,759	27,622,435	11,802,198	23,115,432
(Decrease)/ Increase in Deferred Tax Liabilities	51,965,285	(93,465,847)	(3,290,700)	(82,975,459)
Adjustment to Deferred Tax	(4,352,548)		(4,352,548)	
Deferred Taxation Charge/ (Reversal)	59,089,497	(65,843,413)	4,158,949	(59,860,027)
Income Tax Expense	279,384,498	96,080,038	131,726,125	7,513,385
8.1 Reconciliation between Current Tax Expense and the Accounting Profit				
Accounting Profit Before Taxation	1,388,910,998	696,338,747	902,276,478	453,631,720
Consolidation Adjustments	213,193,449	110,363,593	-	-
Income not subject to Taxation	(98,520,424)	(286,523,082)	(23,797,834)	(6,819,967)
Aggregated Disallowed Expenses	594,060,856	584,252,237	386,367,801	395,683,256
Aggregated Allowed Expenses	(898,880,298)	(551,061,302)	(654,919,722)	(586,478,505)
Taxable Profit	1,198,764,581	553,370,193	609,926,723	256,016,504
Statutory Tax - Business Income	191,469,888	122,426,556	85,139,907	36,662,354
Statutory Tax - Other Income	53,137,829	11,075,948	38,065,977	2,290,111
Adjustment of Provision for Income Tax	(24,312,717)	-	4,361,292	-
Income Tax Provision	220,295,001	133,502,504	127,567,176	38,952,465

Parent Company - Ceylon Hospitals PLC

The Company is liable for Income Tax for the Year of Assessment 2021/22 at the rate of 14%

Durdans Heart Centre (Pvt) Ltd.

The Company is liable for Income Tax for the Year of Assessment 2021/22 at the rate of 14%

Durdans Medical & Surgical Hospital (Pvt) Ltd

The Company is liable for Income Tax for the Year of Assessment 2021/22 at the rate of 14%

Amrak Institute of Medical Sciences (Pvt) Ltd

The Company is liable for Income Tax for the Year of Assessment 2021/22 at the rate of 14%

Ceygen Biotech (Pvt) Ltd

The Company is liable for Income Tax for the Year of Assessment 2021/22 at the rate of 18% and 24%

9 EARNINGS PER SHARE

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

For the year ended 31st March,	Group		Company	
	2022	2021	2022	2021
Profit Attributable to Equity Holders of the Parent (Rs.)	982,324,231	560,348,637	770,550,353	446,118,335
Weighted Average Number of Shares Outstanding during the Year	33,872,726	33,872,726	33,872,726	33,872,726
Earnings Per Share (Rs.)	29.00	16.54	22.75	13.17

10 PROPERTY, PLANT AND EQUIPMENT

10.1 Group

	Freehold Land	Buildings and Fittings	Medical and Other Equipment	Furniture and Fittings	Computer Equipment	Motor Vehicles	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost/ Valuation							
Balance as at 31st March 2020	3,745,540,000	2,237,194,734	3,365,425,868	262,933,081	241,500,356	122,568,495	9,975,162,535
Additions	-	960,950	164,936,245	11,297,441	27,926,869	21,525,000	226,646,505
Disposals/ Transfers	-	-	(4,798,563)	-	-	(21,780,000)	(26,578,563)
Balance as at 31st March 2021	3,745,540,000	2,238,155,684	3,525,563,550	274,230,522	269,427,226	122,313,495	10,175,230,477
Additions	-	81,475,577	409,106,274	7,359,031	44,285,231	11,685,000	553,911,114
Disposals/ Transfers	-	-	(1,498,675)	-	59,000	(6,550,000)	(7,989,675)
Balance as at 31st March 2022	3,745,540,000	2,319,631,261	3,933,171,149	281,589,553	313,771,457	127,448,495	10,721,151,916
Accumulated Depreciation							
Balance as at 01st April 2020	-	79,057,185	2,231,345,061	176,329,670	204,602,419	64,291,268	2,755,625,602
Depreciation Charge for the Year	-	97,354,646	202,017,927	19,322,397	22,219,607	13,825,182	354,739,758
Disposals/ Transfers	-	-	(3,525,779)	-	-	(14,737,679)	(18,263,458)
Balance as at 31st March 2021	-	176,411,830	2,429,837,209	195,652,067	226,822,026	63,378,771	3,092,101,902
Depreciation Charge for the Year	-	93,436,477	197,277,567	11,237,578	26,037,593	11,859,096	339,848,311
Disposals/ Transfers	-	-	(3,009,022)	-	33,363	(3,002,083)	(5,977,743)
Balance as at 31st March 2022	-	269,848,307	2,624,105,753	206,889,645	252,892,982	72,235,783	3,425,972,470
Net Book Value							
At 31st March 2021	3,745,540,000	2,061,743,853	1,095,726,341	78,578,455	42,605,200	58,934,724	7,083,128,574
At 31st March 2022	3,745,540,000	2,049,782,954	1,309,065,396	74,699,909	60,878,476	55,212,712	7,295,179,446

NOTES TO THE FINANCIAL STATEMENTS

10 PROPERTY, PLANT AND EQUIPMENT CONTD.

10.2 Company

	Freehold Land	Buildings and Fittings	Medical and Other Equipment	Furniture and Fittings	Computer Equipment	Motor Vehicles	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost/ Valuation							
Balance as at 31st March 2020	2,814,040,000	1,049,254,564	1,686,406,445	173,325,251	227,097,256	66,063,885	6,016,187,398
Additions	-	960,950	81,317,242	10,884,720	27,732,513	21,525,000	142,420,425
Disposals/ Transfers	-	-	(4,798,563)	-	-	(21,780,000)	(26,578,563)
Balance as at 31st March 2021	2,814,040,000	1,050,215,514	1,762,925,123	184,209,970	254,829,769	65,808,885	6,132,029,260
Additions	-	3,343,664	125,135,855	4,097,759	42,401,832	11,685,000	186,664,110
Disposals/ Transfers	-	-	(5,381,348)	-	-	(6,550,000)	(11,931,348)
Balance as at 31st March 2022	2,814,040,000	1,053,559,178	1,882,679,630	188,307,739	297,231,601	70,943,885	6,306,762,022
Accumulated Depreciation							
Balance as at 31st March 2020	-	75,498,160	1,080,964,070	135,410,894	185,401,047	29,029,869	1,506,304,040
Depreciation Charge for the Year	-	56,575,918	91,043,083	14,843,596	20,860,395	6,737,680	190,060,673
Disposals/ Transfers	-	-	(3,525,779)	-	-	(14,737,679)	(18,263,458)
Balance as at 31st March 2021	-	132,074,078	1,168,481,374	150,254,490	206,261,443	21,029,871	1,678,101,255
Depreciation Charge for the Year	-	50,959,483	95,063,970	6,717,031	25,023,574	7,262,513	185,026,571
Disposals/ Transfers	-	-	(5,381,348)	-	-	(3,002,083)	(8,383,430)
Balance as at 31st March 2022	-	183,033,561	1,258,163,996	156,971,521	231,285,016	25,290,301	1,854,744,395
Net Book Value							
At 31st March 2021	2,814,040,000	918,141,435	594,443,750	33,955,480	48,568,326	44,779,015	4,453,928,005
At 31st March 2022	2,814,040,000	870,525,617	624,515,634	31,336,209	65,946,585	45,653,585	4,452,017,627

10.3 Capital Work-in-Progress

	Group	Company
	Rs.	Rs.
Cost/ Valuation		
Balance as at 31st March 2020	473,889,444	472,688,772
Additions	157,619,834	156,749,996
Balance as at 31st March 2021	631,509,278	629,438,768
Additions	554,514,010	510,671,140
Balance as at 31st March 2022	1,186,023,288	1,140,109,908

10.4 Revaluation of Land and Buildings

The Company uses the revaluation model of measurement to account for land and buildings. In this regard, the Company engaged Mr. P. B. Kalugalgedera, an independent, Chartered Valuer and Surveyor to determine the fair value of its land and buildings.

Valuation is done as defined in the Sri Lanka Accounting Standards (SLFRS 13) on Fair Value Measurement. The valuation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market or in the most advantageous market at the measurement date under current market conditions.

The Carrying Value of the Assets if revaluation has not been carried out would be as follows.

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Description				
Land	1,029,843,737	1,029,843,737	613,150,237	613,150,237
Building	2,097,966,032	1,658,075,393	870,525,616	777,162,312
Total	3,127,809,769	2,687,919,130	1,483,675,853	1,390,312,549

10.5 The following properties are fair valued and recorded under freehold land and buildings. Fair value measurement disclosure for revalued land and buildings based on unobservable inputs are as follows

Company	Property	Location	Number of Buildings per Land	Extent	Independent Valuer	Valuation Input	Significant Unobservable Input	Effective date of Revaluation	Range Rs.	Fair Value Rs.
Ceylon Hospitals PLC	Land	No 03, Alfred Place, Colombo 03	01	0A-3R-30.24P	Mr. P. B. Kalugalgedera	Open market based evidence	Land value per perch	31st March 2020	15,000,000 - 18,000,000	2,323,840,000
		No 05, Alfred Place, Colombo 03	01	0A-0R-32.68P	Mr. P. B. Kalugalgedera	Open market based evidence	Land value per perch	31st March 2020	14,000,000 - 16,000,000	490,200,000
	Building	No 03, Alfred Place, Colombo 03		71,714 sq.ft.	Mr. P. B. Kalugalgedera	Direct Capital Comparison method adopting the depreciated value of building	Rate per sq.ft.	31st March 2020	2,550 - 5,750	315,387,000
		No 05, Alfred Place, Colombo 03		68,280 sq.ft.	Mr. P. B. Kalugalgedera	Direct Capital Comparison method adopting the depreciated value of building	Rate per sq.ft.	31st March 2020	8,000	546,240,000
Durdans Medical and Surgical Hospital (Pvt) Ltd	Land	No 03, Alfred Place, Colombo 03	01	0A-1R-26.54 - No 04, 6th Lane	Mr. P. B. Kalugalgedera	Open market based evidence	Land value per perch	31st March 2020	14,000,000 - 15,000,000	931,560,000
	Building	No 03, Alfred Place, Colombo 03		211,552 sq.ft.	Mr. P. B. Kalugalgedera	Direct Capital Comparison method adopting the depreciated value of building	Rate per sq.ft.	31st March 2020	5,850	1,237,579,200

The surplus arising from the revaluation net of deferred tax is recognised in the Other Comprehensive Income and transferred to Revaluation Reserve in Equity.

NOTES TO THE FINANCIAL STATEMENTS

10 PROPERTY, PLANT AND EQUIPMENT CONTD.

10.6 Right-of-Use Assets

10.6.1 Group

	Cost			Amortisation			WDV	
	Balance as at 31.03.2021	Additions	Balance as at 31.03.2022	Balance as at 31.03.2021	Additions	Balance as at 31.03.2022	As At 31.03.2022	As At 31.03.2021
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Freehold Assets								
Right-of-Use Assets	399,044,000	182,441,267	581,485,267	184,500,088	108,031,074	292,531,162	288,954,105	214,543,912
Total	399,044,000	182,441,267	581,485,267	184,500,088	108,031,074	292,531,162	288,954,105	214,543,912

10.6.2 Company

	Cost			Amortisation			WDV	
	Balance as at 31.03.2021	Additions	Balance as at 31.03.2022	Balance as at 31.03.2021	Additions	Balance as at 31.03.2022	As At 31.03.2022	As At 31.03.2021
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Freehold Assets								
Right-of-Use Assets	399,044,000	182,441,267	581,485,267	184,500,088	108,031,074	292,531,162	288,954,105	214,543,912
Total	399,044,000	182,441,267	581,485,267	184,500,088	108,031,074	292,531,162	288,954,105	214,543,912

Basis of Recognition

The Group applies Sri Lanka Accounting Standard (SLFRS 16) on Leases in accounting for all lease hold rights except for short term leases, which are held for use in the provision of services.

Basis of Measurement

The Group recognises right-of-use assets at the date of commencement of the lease, which is the present value of lease payments to be made over the lease term. Right-of-Use assets are measured at cost less any accumulated amortisation and impairment losses and adjusted for any re-measurement of lease liabilities. The cost of the right-of-use assets includes the amount of lease liabilities recognised, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are amortised on the straight line basis over the lease term.

11 INVESTMENTS IN SUBSIDIARIES

11.1 Company

	2022				2021			
	Number of Shares	Holding %	Carrying Value Rs.	Directors Valuation Rs.	Number of Shares	Holding %	Carrying Value Rs.	Directors Valuation Rs.
Durdans Heart Centre (Pvt) Ltd	11,362,035	81.16	130,091,410	130,091,410	11,362,035	81.16	130,091,410	130,091,410
Durdans Medical and Surgical Hospital (Pvt) Ltd	120,896,033	83.30	1,327,500,014	1,327,500,014	120,896,033	83.30	1,327,500,014	1,327,500,014
Ceygen Biotech (Pvt) Ltd	23,000	51.57	229,960	229,960	-	-	-	-
	132,281,068		1,457,821,384	1,457,821,384	132,258,068		1,457,591,424	1,457,591,424

11.2. Obtaining Control of Subsidiaries

The Group's Investment in Associate is accounted for using the Equity Method until 21st May 2021. The Group Management re-assessed the control and operating structure of Ceygen Biotech (Pvt) Ltd following which it was determined a subsidiary of Ceylon Hospitals PLC group (with 51.57% Direct shareholding) effective 21st May 2021.

Assets and Liabilities of Ceygen Biotech (Pvt) Ltd at the Acquisition,

Total Assets	Rs.
Total Assets	
Property, Plant & Equipment	1,535,985
Fixed Deposits	1,200,000
Other Investments	847,190
Inventories	8,468,297
Debtors & Other Receivables	58,114,870
Amounts Due from Related Parties	162,963,756
Cash & Cash Equivalents	83,212,990
	316,343,088
Total Liabilities	
Deferred Tax Liability	308,145
Trade & Other Payables	24,571,952
Taxation Payable	28,610,402
	53,490,499
Net Identifiable Assets	262,852,589

NOTES TO THE FINANCIAL STATEMENTS

11 INVESTMENTS IN SUBSIDIARIES CONTD.

11.2.1 Investment in Associate

	Rs.
Retained Earnings of Associate as at 1st April 2021	109,374,480
Profit Share of Associate from 1st April 2021 to 21st May 2021	11,724,076
Non-Controlling Interest at Net Asset	127,300,805
	248,399,361
Net Assets as at 1st May 2021	(262,852,589)
Gain on Bargaining Purchase	(14,453,228)

11.2.2 Investment in Associate

As at 31st March	2022 Rs.	2021 Rs.
Equity Investment In Ceygen Biotech (Pvt) Ltd	-	229,960
	-	229,960

12 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

12.1 Summary of Financial Assets and Liabilities

As at 31st March	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Financial Assets					
Financial Assets at Amortised Cost					
Trade and Other Receivables	(14)	306,454,190	237,949,899	214,955,620	157,209,413
Other Financial Assets at Amortised Cost	(12.2.1)	1,508,919,233	1,166,122,196	715,970,562	175,826,208
Cash and Cash Equivalents	(17)	898,188,816	640,115,418	129,294,626	225,210,725
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)	(12.2.2)	215,392,078	105,991,414	14,732,000	14,260,000
		2,928,954,317	2,150,178,927	1,074,952,808	572,506,346
Financial Liabilities					
Financial Liabilities at Amortised Cost					
Interest Bearing Loans and Borrowings	(12.3)	2,007,560,676	1,652,320,099	1,855,076,872	1,577,860,099
Trade Payables	(26)	445,099,373	315,310,555	257,663,223	160,706,183
Other Payables	(26)	802,793,684	355,819,460	604,786,003	224,009,836
		3,255,453,733	2,323,450,114	2,717,526,098	1,962,576,118

The Group's exposure to various risks associated with the financial instruments is discussed in note 34. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

12.2 Financial Assets

12.2.1 Financial Assets at Amortised Cost

Classification of Financial Assets at Amortised Cost

The Group classifies its Financial Assets at Amortised Cost only if both of the following criteria are met:

1. The asset is held within a business model whose objective is to collect the contractual cash flows, and
2. The contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, these are subsequently measured at amortised cost (gross carrying amount using the Effective Interest Rate, less provision for impairment). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the Effective Interest Rate ("EIR"). The amortisation is included in "Interest Income" while the losses arising from impairment are recognised in "impairment charges for loans and other losses" in the Income Statement.

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Financial Assets at Amortised Cost				
Refundable Deposits	57,530,977	59,981,211	56,683,787	52,649,787
Deposits in Financial Institutions	1,451,388,256	1,106,140,985	659,286,775	123,176,421
Total Financial Assets at Amortised Cost	1,508,919,233	1,166,122,196	715,970,562	175,826,208

12.2.2 Financial Assets at Fair Value through Other Comprehensive Income

Classification of Financial Assets at Fair Value through Other Comprehensive Income

Upon initial recognition, the Group elects to classify irrevocably some of its equity investments held for strategic purpose, as equity instruments at FVOCI when they meet the definition of Equity under Sri Lanka Accounting Standard (LKAS 32) on Financial Instruments: Presentation and are not held for trading. These are strategic investments and the Group considers this classification to be more relevant. Gains and losses on these equity instruments are never recycled to profit or loss, instead directly transferred to retained earnings at the time of derecognition. Dividends are recognised in profit or loss as Finance Income when the right of the payment has been established. Equity instruments at FVOCI are not subject to an impairment assessment.

These instruments comprise quoted and unquoted shares that had been previously classified as Available-for-Sale under LKAS 39.

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Financial Assets at FVOCI				
Equity Shares in Listed Companies	16,633,335	16,681,724	1,232,000	760,000
Equity Shares in Non-Listed Companies	14,364,972	14,309,690	13,500,000	13,500,000
Investment in Debentures	184,393,771	75,000,000	-	-
Total Financial Assets at FVOCI	215,392,078	105,991,414	14,732,000	14,260,000

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12.2.3 Other Financial Assets

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Current Financial Assets				
Deposits in Financial Institutions	1,451,388,256	1,106,140,985	659,286,775	123,176,421
Total Current Financial Assets	1,451,388,256	1,106,140,985	659,286,775	123,176,421
Non-Current Financial Assets				
Refundable Deposits	57,530,977	59,981,211	56,683,787	52,649,787
Equity Shares in Listed Companies	16,633,335	16,681,724	1,232,000	760,000
Equity Shares in Non-Listed Companies	14,364,972	14,309,690	13,500,000	13,500,000
Investment in Debentures	184,393,771	75,000,000	-	-
Total Non-Current Financial Assets	272,923,055	165,972,625	71,415,787	66,909,787
Total Other Financial Assets	1,724,311,311	1,272,113,610	730,702,562	190,086,208

Risk Exposure and Fair Value Measurements

Information about the Group's exposure to price risk is provided in note 34.5.3.

12.3 Interest Bearing Loans and Borrowings

Group	Note	2022			2021		
		Repayable within One Year Rs.	Repayable after One Year Rs.	Total Rs.	Repayable within One Year Rs.	Repayable after One Year Rs.	Total Rs.
Bank Loans	12.3.1	206,410,891	1,482,164,042	1,688,574,933	722,691,900	686,752,203	1,409,444,103
Finance Lease	12.3.2	99,649,056	219,336,687	318,985,743	106,484,067	136,391,928	242,875,996
		306,059,947	1,701,500,729	2,007,560,676	829,175,967	823,144,131	1,652,320,099

12.3.1 Bank Loans - Group

	Balance at the beginning of the Year	Loans Obtained	Repayment	Balance at the end of the Year
DFCC Bank PLC	521,687,055	200,944,859	(126,275,736)	596,356,178
National Development Bank PLC - Revolving Loan	350,000,000	-	(350,000,000)	-
Commercial Bank of Ceylon PLC	486,734,302	818,207,755	(212,723,302)	1,092,218,755
People's Bank	51,022,746	-	(51,022,746)	-
	1,409,444,103	1,019,152,614	(740,021,784)	1,688,574,933

12.3.2 Leases - Group

	Balance at the beginning of the Year Rs.	Lease Obtained Rs.	Lease Interest Rs.	Repayment Rs.	Balance at the end of the Year Rs.
Lease Creditors	242,875,996	182,441,267	29,205,319	(135,536,839)	318,985,743
	242,875,996	182,441,267	29,205,319	(135,536,839)	318,985,743

Lease Liability

At the commencement date of the lease, the Group recognises lease liabilities, measured at present value of future lease payments to be made over the lease term.

The present value of lease commitments as at 31st March 2022 has been calculated using weighted average incremental borrowing rate of 10%.

The Group applied modified retrospective approach in accordance with SLFRS 16 when accounting for right-of-use assets and operating leases liabilities.

12.4 Interest Bearing Loans and Borrowings

Company	Note	2022			2021		
		Repayable within One Year Rs.	Repayable after One Year Rs.	Total Rs.	Repayable within One Year Rs.	Repayable after One Year Rs.	Total Rs.
Bank Loans	12.4.1	149,180,891	1,386,910,238	1,536,091,129	686,931,900	648,052,203	1,334,984,103
Lease Creditors	12.4.2	99,649,056	219,336,687	318,985,743	106,484,067	136,391,928	242,875,996
		248,829,947	1,606,246,925	1,855,076,872	793,415,967	784,444,131	1,577,860,099

12.4.1 Bank Loans - Company

	Balance at the beginning of the Year	Loans Obtained	Repayment	Balance at the end of the Year
DFCC Bank PLC	468,087,055	200,944,859	(107,075,736)	561,956,178
National Development Bank PLC - Revolving Loan	350,000,000	-	(350,000,000)	-
Commercial Bank of Ceylon PLC	465,874,302	699,963,951	(191,703,302)	974,134,951
People's Bank	51,022,746	-	(51,022,746)	-
	1,334,984,103	900,908,810	(699,801,784)	1,536,091,129

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12.4.2 Leases - Company

	Balance at the beginning of the Year Rs.	Lease Obtained Rs.	Lease Interest Rs.	Repayment Rs.	Balance at the end of the Year Rs.
Lease Creditors	242,875,996	182,441,267	29,205,319	(135,536,839)	318,985,743
	242,875,996	182,441,267	29,205,319	(135,536,839)	318,985,743

Lease Liability

At the commencement date of the lease, the Company recognises lease liabilities, measured at present value of future lease payments to be made over the lease term.

The present value of lease commitments as at 31st March 2022 has been calculated using weighted average incremental borrowing rate of 10%.

The Company applied modified retrospective approach in accordance with SLFRS 16 when accounting for right-of-use assets and operating leases liabilities.

12.5 Bank Loans - Group

Lender	Total Outstanding Rs.	Date Obtained	Repayment Terms	Security
DFCC Bank PLC				
- 36 Mn	11,400,000	09th April 2018	In 60 equal monthly capital instalments of Rs. 600,000 commencing after a grace period of 6 months	Mortgage over Equipment financed by the Loan
- 60 Mn	23,000,000	09th April 2018	In 60 equal monthly capital instalments of Rs. 1,000,000 commencing after a grace period of 6 months	Loan agreement for Rs. 60 Mn
- 75 Mn	17,380,508	19th July 2018	In 48 equal monthly instalments of Rs. 1,563,000 from the date of first disbursement	Loan agreement for Rs. 75 Mn
- 750 Mn	544,575,670	10th April 2018	In 72 equal monthly instalments of Rs.5,555,556 commencing after a grace period of 24 months from the date of first disbursement	Corporate Guarantee from Durdans Medical and Surgical Hospital (Pvt) Ltd for Rs. 750 Mn
Commercial Bank of Ceylon				
- 1000 Mn	699,963,951	15th Jan 2021	In 71 equal monthly capital instalments of Rs.13,810,000 plus Rs.13,810,000 final instalment with interest including a grace period of 24 months.	Loan agreement for Rs. 1000 Mn
- 350 Mn	274,171,000	15th Mar 2021	In 53 equal monthly capital instalments of Rs. 6,485,000 plus final instalment of RS.6,295,000 with interest including a grace period of 06 months.	Loan agreement for Rs. 350 Mn
- 85 Mn	85,253,250	12th Nov 2021	In 45 equal monthly capital instalments of Rs. 1,850,000 plus final instalment of RS.2,003,250 with interest including a grace period of 06 months.	Loan agreement for Rs. 85 Mn
- 33 Mn	28,530,554	30th June 2021	Rs.1,115,000/-x 53 months + Rs.905,000/- (Final) with interest including a grace period of 6 months, interest to be serviced during the grace period	Loan agreement for Rs. 33 Mn
- 25 Mn	4,300,000	8th July 2020	In 17 equal monthly capital instalments of Rs. 1,380,000 plus final instalment of RS.1,540,000 with interest including a grace period of 06 months.	Loan agreement for Rs. 25 Mn
Total	1,688,574,933			

12.6 Bank Loans - Company

Lender	Total Outstanding Rs.	Date Obtained	Repayment Terms	Security
DFCC Bank PLC				
- 75 Mn	17,380,508	19th July 2018	In 48 equal monthly instalments of Rs. 1,563,000 from the date of first disbursement	Loan agreement for Rs. 75 Mn
- 750 Mn	544,575,670	10th April 2018	In 72 equal monthly instalments of Rs. 10,416,666 commencing after a grace period of 24 months from the date of first disbursement	Corporate Guarantee from Durdans Medical and Surgical Hospital (Pvt) Ltd for Rs. 750 Mn
Commercial Bank of Ceylon				
- 1000 Mn	699,963,951	15th Jan 2021	In 71 equal monthly capital instalments of Rs.13,810,000 plus Rs.13,810,000 final instalment with interest including a grace period of 24 months.	Loan agreement for Rs. 1000 Mn
- 350 Mn	274,171,000	15th Mar 2021	In 53 equal monthly capital instalments of Rs. 6,485,000 plus final instalment of RS.6,295,000 with interest including a grace period of 06 months.	Loan agreement for Rs. 350 Mn
Total	1,536,091,129			

12.7 Fair Value - Group

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

As at 31st March 2022	Notes	Carrying Amount 2022			Fair Value
		Amortised Cost	Fair Value through Other Comprehensive Income	Total	Total
		Rs.	Rs.	Rs.	Rs.
Financial Assets					
Trade and Other Receivables	14	306,454,190	-	306,454,190	306,454,190
Prepayments	14.1	252,440,452	-	252,440,452	252,440,452
Other Financial Assets	12.2.1	1,508,919,233	215,392,078	1,724,311,311	1,724,311,311
Cash and Cash Equivalents	17	898,188,816	-	898,188,816	898,188,816
		2,966,002,691	215,392,078	3,181,394,769	3,181,394,769
Financial Liabilities					
Interest Bearing Loans and Borrowings	12.3.1	1,688,574,933	-	1,688,574,933	1,688,574,933
Trade and Other Payables	26	1,247,893,058	-	1,247,893,058	1,247,893,058
Bank Overdraft		246,765,452	-	246,765,452	246,765,452
		3,183,233,443	-	3,183,233,443	3,183,233,443

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12.7 Fair Value - Group

As at 31st March 2021	Notes	Carrying Amount 2021			Fair Value
		Amortised Cost	Fair Value through Other Comprehensive Income	Total	Total
		Rs.	Rs.	Rs.	Rs.
Financial Assets					
Trade and Other Receivables	(14)	237,949,899	-	237,949,899	237,949,899
Prepayments	(14.1)	155,456,368	-	155,456,368	155,456,368
Other Financial Assets	(12.2.1)	1,166,122,196	30,991,414	1,197,113,610	1,197,113,610
Cash and Cash Equivalents	(17)	640,115,418	-	640,115,418	640,115,418
		2,199,643,881	30,991,414	2,230,635,295	2,230,635,295
Financial Liabilities					
Interest Bearing Loans and Borrowings	(12.3.1)	1,409,444,103	-	1,409,444,103	1,409,444,103
Trade and Other Payables	(26)	671,130,016	-	671,130,016	671,130,016
Bank Overdraft		221,736,551	-	221,736,551	221,736,551
		2,302,310,670	-	2,302,310,670	2,302,310,670

12.8 Fair Value - Company

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

As at 31st March 2022	Notes	Carrying Amount 2022			Fair Value
		Amortised Cost	Fair Value through Other Comprehensive Income	Total	Total
		Rs.	Rs.	Rs.	Rs.
Financial Assets					
Trade and Other Receivables	(14)	214,955,620	-	214,955,620	214,955,620
Prepayments	(14.1)	195,052,981	-	195,052,981	195,052,981
Other Financial Assets	(12.2.1)	715,970,562	14,732,000	730,702,562	730,702,562
Cash and Cash Equivalents	(17)	129,294,626	-	129,294,626	129,294,626
		1,255,273,789	14,732,000	1,270,005,789	1,270,005,789
Financial Liabilities					
Interest Bearing Loans and Borrowings	(12.4.1)	1,536,091,129	-	1,536,091,129	1,536,091,129
Trade and Other Payables	(26)	862,449,226	-	862,449,226	862,449,226
Bank Overdraft		94,526,628	-	94,526,628	94,526,628
		2,493,066,983	-	2,493,066,983	2,493,066,983

As at 31st March 2021	Notes	Carrying Amount 2021			Fair Value Total
		Amortised Cost	Fair Value through Other Comprehensive Income	Total	
		Rs.	Rs.	Rs.	Rs.
Financial Assets					
Trade and Other Receivables	(14)	157,209,413	-	157,209,413	157,209,413
Prepayments	(14.1)	121,193,915	-	121,193,915	121,193,915
Other Financial Assets	(12.2.1)	175,826,208	14,260,000	190,086,208	190,086,208
Cash and Cash Equivalents	(17)	225,210,725	-	225,210,725	225,210,725
		679,440,261	14,260,000	693,700,261	693,700,261
Financial Liabilities					
Interest Bearing Loans and Borrowings	(12.4.1)	1,334,984,103	-	1,334,984,103	1,334,984,103
Trade and Other Payables	(26)	384,716,020	-	384,716,020	384,716,020
Bank Overdraft		72,893,970	-	72,893,970	72,893,970
		1,792,594,093	-	1,792,594,093	1,792,594,093

Fair Value of Financial Assets and Liabilities

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

Due to short-term nature, carrying amount of Cash and Cash Equivalents, Trade Receivables and Payables and Other Current Liabilities approximate as their Fair Value Amount.

The Fair Value of Loans from banks and Other Financial Liabilities, Obligations under Finance Leases, as well as Other Non-Current Financial Liabilities is estimated by discounting future Cash Flows using rates currently available for Debt on similar terms, Credit Risk and remaining maturities.

Fair value of the Financial Assets at Fair value through Other Comprehensive Income is derived from quoted market prices in active markets, if available.

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12.9 Fair Value Hierarchy

The Judgments and Estimates made in determining the Fair Values of the Financial Instruments that are recognised and measured at Fair Value in the Financial Statements are explained below. To provide an indication about the reliability of the inputs used in determining Fair Value, the Group has classified its Financial Instruments into the three levels prescribed under the Accounting Standards. An explanation of each level follows underneath the table.

Recurring Fair Value Measurement	Group				Company			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
As at 31st March 2022	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Fair Value through Other Comprehensive Income								
Equity Shares in Listed Companies	16,633,335	-	-	16,633,335	1,232,000	-	-	1,232,000
Equity Shares in Non-Listed Companies	-	-	14,364,972	14,364,972	-	-	13,500,000	13,500,000
Investment in Debentures	-	184,393,771	-	184,393,771	-	-	-	-
	16,633,335	184,393,771	14,364,972	215,392,078	1,232,000	-	13,500,000	14,732,000

Recurring Fair Value Measurement	Group				Company			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
As at 31st March 2021	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Fair Value through Other Comprehensive Income								
Equity Shares in Listed Companies	16,681,724	-	-	16,681,724	760,000	-	-	760,000
Equity Shares in Non-Listed Companies	-	-	14,309,690	14,309,690	-	-	13,500,000	13,500,000
Investment in Debentures	-	-	75,000,000	75,000,000	-	-	-	-
	16,681,724	-	14,309,690	105,991,414	760,000	-	13,500,000	14,260,000

12.10 Recognised Fair Value Measurement

The Group uses the following hierarchy for determining and disclosing the Fair Value of Financial Instruments by valuation techniques :

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for Financial Assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

*The Group has not disclosed the fair values for financial instruments such as Cash and Short-Term Deposits, Trade Receivables, Trade Payables because their carrying amounts are a reasonable approximation of fair value.

12.11 Transfers between Levels of Fair Value Hierarchy

There were no transfers between Level 1, Level 2 and Level 3 during the Year.

12.12 Valuation Techniques used to Determine Fair Values

Specific valuation techniques used to value financial instruments include:

- The use of Quoted Market Prices or dealer quotes for similar instruments
- For Other Financial Instruments - Discounted Cash Flow Analysis

All of the resulting Fair Value estimates are included in level 1 except for unlisted equity securities, where the Fair Values have been determined based on Present Values and the Discount Rates used were adjusted for Counterparty or own Credit Risk.

12.13 Fair Value measurement using Significant Unobservable Input

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Balance at the beginning of the Year	14,309,690	13,576,940	13,500,000	13,500,000
Acquisitions	55,282	732,750	-	-
Balance at the end of the Year	14,364,972	14,309,690	13,500,000	13,500,000

12.14 Valuation Inputs and Relationships to Fair Value

The following table summarises the quantitative information about the Significant Unobservable Inputs used in level 3 Fair Value measurements.

Description	Fair Value		Un- Observable Input	Relationship of Unobservable Input to Fair Value
	2022 Rs.	2021 Rs.		
Unlisted Equity Security	14,364,972	14,309,690	Earning Growth Rate Risk adjusted Discount Factor	Estimated Fair value would increase/ (decrease) if net cash inflow and discount rate increase/(decrease)

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As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
13 INVENTORIES				
Drugs and Dressings	138,504,105	115,912,908	39,704,172	33,208,847
Lab Reagents and Consumables	647,890,614	388,637,553	620,607,614	388,637,553
Pantry Stocks	16,278,842	6,165,159	4,162,687	1,881,178
General Stocks	51,333,323	32,713,076	45,417,221	32,713,076
Less: Provision for Slow Moving and Obsolete Stock	(18,857,453)	(7,551,348)	(16,320,375)	(5,965,950)
	835,149,431	535,877,348	693,571,319	450,474,703
14 TRADE AND OTHER RECEIVABLES				
Trade Debtors	296,927,354	214,476,730	197,254,885	130,798,258
Other Receivables	30,157,193	27,256,043	29,257,113	26,697,065
Less : Impairment Allowance for Trade Debtors	(20,630,357)	(3,782,874)	(11,556,378)	(285,910)
	306,454,190	237,949,899	214,955,620	157,209,413
14.1 Advances and Prepayments				
Advances	193,926,569	97,981,061	158,503,035	79,125,381
Prepayments	58,513,883	57,475,307	36,549,946	42,068,534
	252,440,452	155,456,368	195,052,981	121,193,915

14.2 Classification of Trade and Other Receivables

Trade receivables are amounts due from customers for services rendered in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 34.3.1.

14.3 Fair Value of Trade and Other Receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

14.4 Impairment and Risk Exposure

Information about the impairment of trade receivables and the Group's exposure to credit risk can be found in note 34.3.1.

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
15 RELATED PARTY TRANSACTIONS				
15.1 Amounts Due From Related Parties				
Durdans Management Services Ltd	1,934,171	61,644	-	-
Durdans Heart Centre (Pvt) Ltd	-	-	65,962,043	41,590,524
Durdans Medical and Surgical Hospital (Pvt) Ltd	-	-	1,290,027	38,822,548
Amrak Institute of Medical Sciences (Pvt) Ltd	-	-	3,176,996	-
Ceygen Biotech (Pvt) Ltd	-	2,356,085	5,491,572	2,356,085
	1,934,171	2,417,729	75,920,638	82,769,157
15.2 Amounts Due To Related Parties				
Durdans Management Services Ltd	4,798,731	267,893	4,171,661	-
Durdans Heart Centre (Pvt) Ltd	-	-	15,803,318	-
Durdans Medical and Surgical Hospital (Pvt) Ltd	-	-	98,545,734	-
Amrak Institute of Medical Sciences (Pvt) Ltd	-	-	500	-
Ceygen Biotech (Pvt) Ltd	-	176,726,594	-	176,726,594
	4,798,731	176,994,487	118,521,213	176,726,594
16 TAXATION PAYABLE				
Balance at the beginning of the Year	68,450,366	(5,540,635)	55,153,671	3,725,956
Provision for the Year	182,229,024	133,502,504	89,501,199	38,952,465
Dividend Tax	38,065,977	28,420,947	38,065,977	28,420,947
Payments during the Year	(160,851,169)	(87,932,451)	(109,439,280)	(15,945,697)
Balance at the end of the Year	127,894,198	68,450,365	73,281,567	55,153,671
16.1 Taxation Receivable				
Income Tax Receivable	13,259,585	13,259,585	13,259,585	13,259,585
WHT Receivable	18,190	-	-	-
	13,277,775	13,259,585	13,259,585	13,259,585
17 CASH AND CASH EQUIVALENTS				
Favourable Cash and Cash Equivalent Balances	898,188,816	640,115,418	129,294,626	225,210,725
18 STATED CAPITAL				
33,872,726 Shares	916,366,104	916,366,104	916,366,104	916,366,104

NOTES TO THE FINANCIAL STATEMENTS

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
19 REVALUATION RESERVE				
Revaluation Reserve	2,691,662,322	2,691,662,322	2,134,543,796	2,134,543,796
	2,691,662,322	2,691,662,322	2,134,543,796	2,134,543,796

The Revaluation Reserve relates to revaluation of freehold land and buildings and represents the fair value changes of the freehold lands and buildings as at the date of revaluation.

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
20 FAIR VALUE RESERVE				
Fair Value Reserve	65,867,579	68,435,952	600,000	128,000
	65,867,579	68,435,952	600,000	128,000

Fair Value Reserve represents the changes in fair value of financial investments designated as Financial Assets at Fair Value through Other Comprehensive Income.

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
21 REVENUE RESERVE				
21.1 Accumulated Profits				
Balance at the beginning of the Year	2,951,438,752	2,439,752,628	1,986,399,741	1,588,064,320
Profit for the Year	982,324,231	560,348,637	770,550,353	446,118,335
Dividend Paid				
- Ordinary Shares	(108,392,722)	(74,519,997)	(108,392,723)	(74,519,997)
Other Comprehensive Income				
- Net Change in Fair Value on Equity Investments at FVOCI	(988,951)	-	-	-
- Actuarial Gain/ (Loss) from Gratuity Valuation	49,622,454	25,857,484	46,878,285	26,737,083
- Share Buy-back	(54,000)	-	-	-
Balance at the end of the Year	3,873,949,764	2,951,438,752	2,695,435,656	1,986,399,741

		Company	
		2022	2021
		%	%
22	NON-CONTROLLING INTEREST		
22.1	Proportion of Equity Interest held by Non-Controlling Interest		
	Company Name		
	Durdans Heart Centre (Pvt) Ltd	18.84	18.84
	Durdans Medical and Surgical Hospital (Pvt) Ltd	16.70	16.70
	Amrak Institute of Medical Sciences (Pvt) Ltd	47.49	47.49
	Ceygen Biotech (Pvt) Ltd	48.43	-

		Company	
		2022	2021
		Rs.	Rs.
22.2	Accumulated Balances of Material Non-Controlling Interest		
	Balance at the beginning of the Year	592,626,434	587,759,783
	Profit for the Year	127,202,269	39,910,072
	Increase/ (Decrease) in the Share of Minority Interest	127,300,805	1,750,000
	Other Comprehensive Income		
	- Prior Year Adjustments	(229,608)	
	- Net Gain/ (Loss) on Land and Building Valuation	-	-
	- Deferred Tax Effect on Revaluation Gain	-	752,156
	- Actuarial Gain/ (Loss) from Gratuity Valuation	632,246	(240,749)
	- Net Gain/ (Loss) on Available for Sale Financial Assets	217,270	553,944
	Dividend Paid	(113,495,569)	(37,858,772)
	Balance at the end of the Year	734,253,847	592,626,434

22.3 Financial Information of Subsidiaries that have Material Non-Controlling Interests
Summarised Statement of Total Comprehensive Income for year ended 31st March 2022

	Durdans Medical and Surgical Hospital (Pvt) Ltd Rs.	Durdans Heart Centre (Pvt) Ltd Rs.	Amrak Institute of Medical Sciences (Pvt) Ltd Rs.	Ceygen Biotech (Pvt) Ltd Rs.
Total Comprehensive Income attributable to Non-Controlling Interest	60,814,734	2,257,056	(780,432)	65,760,427

NOTES TO THE FINANCIAL STATEMENTS

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
23 DEFERRED REVENUE				
Balance at the beginning of the Year	-	-	33,260,743	35,051,029
Less: Amortised during the Year	-	-	(1,790,286)	(1,790,286)
Balance at the end of the Year	-	-	31,470,457	33,260,743

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
24 RETIREMENT BENEFIT OBLIGATIONS				
24.1 Retirement Benefit Obligations - Provision for the Year				
Balance at the beginning of the Year	242,881,507	265,291,247	217,078,158	235,102,125
Provision for the Year	(27,316,855)	16,610,017	(29,420,911)	12,414,291
	215,564,652	281,901,264	187,657,247	247,516,416
Payments made during the Year	(37,566,916)	(39,019,757)	(30,867,588)	(30,438,258)
Balance at the end of the Year	177,997,736	242,881,507	156,789,659	217,078,158

24.2 Movement in Net Defined Benefit Obligation

The following table shows a reconciliation from the balance from the beginning of the Year to the end of the Year for Net Defined Benefit Obligations and its components.

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Balance at the beginning of the Year	242,881,507	265,291,247	217,078,158	235,102,125
Expenses Recognised in Profit or Loss				
Current Service Cost	11,946,549	26,529,125	9,893,251	23,510,213
Interest Cost	17,001,705	23,315,498	15,195,471	19,993,710
	28,948,254	49,844,623	25,088,722	43,503,923
Expenses Recognised in Other Comprehensive Income				
Actuarial (Gain) / Loss	(56,265,109)	(33,234,605)	(54,509,633)	(31,089,631)
Other				
Benefits paid during the Year	(37,566,916)	(39,019,757)	(30,867,588)	(30,438,258)
Balance at the end of the Year	177,997,736	242,881,507	156,789,659	217,078,158

Messers Actuarial and Management Consultants (Pvt) Ltd, Actuary, carried out an Actuarial valuation of defined benefit obligation for Ceylon Hospitals PLC, Durdans Medical and Surgical Hospital (Pvt) Ltd and Durdans Heart Centre (Pvt) Ltd as at 31st March 2022. The liability is not externally funded. The actuarial valuation is performed annually.

24.3 Actuarial Assumptions

The following were the principal actuarial assumptions at the reporting date.

As at 31st March	Group		Company	
	2022	2021	2022	2021
Discount Rate	13%	7%	13%	7%
Salary Increment Rate	5%	5%	5%	5%
Staff Turnover Rate - Up to 54 years	30% - 37%	28% - 30%	37%	30%
Disability Rate	10%	10%	10%	10%
Retirement Age	55 years	55 years	55 years	55 years

24.4 Sensitivity Analysis

The following table demonstrates the sensitivity to reasonably possible changes at the reporting date in the key assumptions employed with all other variables held constant in the employment benefit liability measurement.

The sensitivity of the statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the employment benefit obligations for the year.

As at 31st March	Group		Company	
	2022	2021	2022	2021
Discount Rate				
1% Increase	(3,399,614)	(5,745,351)	(2,931,283)	(5,037,314)
1% Decrease	3,564,807	6,096,539	3,070,925	5,343,805
Salary Increments				
1% Increase	4,669,587	7,364,015	4,042,421	6,486,540
1% Decrease	(4,518,284)	(7,064,859)	(3,914,963)	(6,225,642)

24.5 Maturity Analysis of the Payments

The following payments are expected on employee benefit plan - gratuity in future years.

As at 31st March	Group	Company
	2022	2022
	Rs.	Rs.
Within the next 12 months	68,770,217	61,564,303
Between 1 and 2 years	64,851,104	57,294,665
Between 2 and 5 years	31,876,155	27,493,225
Between 5 and 10 years	11,577,880	9,790,178
Beyond 10 years	922,381	647,289
Total Expected Payments	177,997,737	156,789,660
Weighted average duration (years) of defined benefit obligations	2.41	2.15

NOTES TO THE FINANCIAL STATEMENTS

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
25 DEFERRED TAXATION				
25.1 Deferred Tax Provision				
Balance at the beginning of the Year	642,693,565	909,548,190	440,808,879	699,797,374
Provision/(Reversal) for the Year	65,099,906	(266,854,625)	11,790,298	(258,988,495)
Balance at the end of the Year	707,793,471	642,693,565	452,599,177	440,808,879

Deferred Tax Provision as at the end of Year is made up as follows;

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Deferred Tax Provision from:				
Temporary Difference of Property, Plant and Equipment	297,269,967	295,330,634	112,378,935	119,363,399
Temporary Difference of Retirement Benefit Obligations	(18,341,353)	(27,238,056)	(16,571,704)	(26,038,394)
Temporary Difference of Revaluation of Property, Plant and Equipment	428,864,857	374,600,987	356,791,946	347,483,874
	707,793,471	642,693,565	452,599,177	440,808,879

25.2 Movement in Tax Effect of Temporary Differences - Group

	Balance at the beginning of the Year	Recognised in Profit or Loss	Recognised in Other Comprehensive Income	Balance at the end of the Year
Deferred Tax Assets				
Defined Benefit Obligations	(32,852,365)	8,500,603	6,010,409	(18,341,353)
	(32,852,365)	8,500,603	6,010,409	(18,341,353)
Deferred Tax Liability				
Property, Plant and Equipment	291,636,871	5,633,096	-	297,269,967
Revaluation Gain on Land and Building	383,909,059	44,955,797	-	428,864,856
	675,545,930	50,588,893	-	726,134,823
Net Deferred Tax Liability	642,693,565	59,089,496	6,010,409	707,793,471

25.3 Movement in Tax Effect of Temporary Differences - Company

	Balance at the beginning of the Year	Recognised in Profit or Loss	Recognised in Other Comprehensive Income	Balance at the end of the Year
Deferred Tax Assets				
Defined Benefit Obligations	(31,652,702)	7,449,650	7,631,349	(16,571,704)
	(31,652,702)	7,449,650	7,631,349	(16,571,704)
Deferred Tax Liability				
Property, Plant and Equipment	115,669,636	(3,290,700)	-	112,378,935
Revaluation Gain on Land and Building	356,791,946	-	-	356,791,946
	472,461,581	(3,290,700)	-	469,170,881
Net Deferred Tax Liability	440,808,879	4,158,950	7,631,349	452,599,177

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
26 TRADE AND OTHER PAYABLES				
Trade Creditors	445,099,374	315,310,556	257,663,224	160,706,184
Accrued Expenses and Sundry Payables	802,793,684	355,819,460	604,786,002	224,009,836
	1,247,893,058	671,130,016	862,449,226	384,716,020

27 CAPITAL COMMITMENTS

The Company entered into a Construction contract with Tudawe Brothers (Pvt) Ltd for a total value of Rs. 2,347,831,977 (excluding VAT) in respect of the Durdans 2022 remodeling and reconstruction project.

Payments are made to the contractor on a progressive basis based on a certificate of work done collectively issued by the designated Chartered Architect and Chief Quality Surveyor to the project.

28 CONTINGENT LIABILITIES

There were no contingent liabilities as at 31st March 2022 that require adjustment to or disclosure in the Financial Statements.

29 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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

29.1 Interim Dividend Declaration

The Board of Directors has recommended an interim dividend of Rs. 5.00 per share amounting to Rs. 169,363,630 on the issued capital of both Voting (Class N) and Non-Voting (Class X) shares for the year ended 31st March 2022, which is payable on 20th June 2022. As required by section 56 of the Companies Act No. 07 of 2007, the Board of Directors of the Company satisfied the solvency test in accordance with section 57, prior to declaring the interim dividend. The interim dividend has not been recognized as a liability in the financial statements as at 31st March 2022. Other than the above, no events have occurred after the reporting date, which would require adjustments to or disclosure in the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

30 EMPLOYEE AND INDUSTRIAL RELATIONS

There were no material issues pertaining to employee and industrial relations that require disclosure in Financial Statements.

31 DIVIDENDS

This represents the first and final dividends paid at the rate of Rs.3.20 per share for the year 2020/21.

32 RELATED PARTY DISCLOSURE

A Related Party Transaction is transfer of Resources, Services or Obligations between Related Parties, regardless of whether a price is charged.

The Company carries out transactions in the ordinary course of its business on an arm's length basis with parties who are defined as Related Parties in Sri Lanka Accounting Standard (LKAS 24) on Related Party Transactions.

32.1 Substantial Shareholding, Immediate and Ultimate Parent Company

The Company's immediate parent company is Durdans Management Services Ltd, which holds 68.38% of the issued Ordinary Shares (Voting) of the Company as at the reporting date.

32.2 Recurrent Related Party Transactions

There were recurrent related party transactions which in aggregation exceeded 10% of gross revenue of the Company as per 31st March 2022 Audited Financial Statements, which are disclosed in Note 32.7 as required by CSE rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission directive issued Section 13 (C) of Securities and Exchange Commission Act.

32.3 Non-Recurrent Related Party Transactions

There were no non-recurrent related party transactions which in aggregation exceeded 10% of equity or 5% of the total asset of the Company as per 31st March 2022 Audited Financial Statements, which is required to be disclosed in 2021/22 annual report under CSE rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission directive issued Section 13 (C) of Securities and Exchange Commission Act.

32.4 Key Management Personnel Information

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

32.5 Transactions held with Key Management Personnel (KMP)

32.5.1 Compensation for Key Management Personnel

For the year ended 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Short-term Employee Benefits	74,242,058	57,654,518	70,669,908	54,854,518
	74,242,058	57,654,518	70,669,908	54,854,518

The short-term employee benefits include emoluments paid to the Executive Directors and director fee paid for Board attendance to all Directors.

Emoluments to the Directors of the Company and Group are disclosed in Note 7 to the Financial Statements.

32.5.2 Loans to Directors

No loans have been given to Directors of the Company or its Parent Company.

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

32.6 Transactions held with Related Entities

The Directors/ Key Management Personnel of the Company as at 31st March 2022 were Directors of following Companies as set out below and transactions are included in Note 32.7.1 carried out with such companies during the Year.

Name of the Director	Durdans Management Services Ltd	Commercial Marketing and Distributors (Pvt) Ltd	Tudawe Brothers (Pvt) Ltd	Tudawe Engineering Services (Pvt) Ltd	Durdans Medical and Surgical Hospital (Pvt) Ltd	Durdans Heart Centre (Pvt) Ltd	Amrak Institute of Medical Sciences (Pvt) Ltd	Ceygen Biotech (Pvt) Ltd
Mr. A. E. Tudawe	✓		✓	✓	✓	✓		
Mr. U. D. Tudawe	✓	✓	✓	✓	✓	✓		✓
Dr. A. D. P. A. Wijegoonewardena	✓				✓	✓		
Mr. Y. N. R. Piyasena	✓				✓	✓		
Mr. A. S. Abeywardene					✓			
Mr. A. D. B. Talwatte								
Mr. A. S. Tudawe	✓				✓	✓	✓	
Mr. A. V. R. De S. Jayatilleke							✓	

Name of the Company	Relationship
Ceylon Hospital PLC	Company
Durdans Management Services Ltd	Immediate/ Ultimate Parent Company
Durdans Medical and Surgical Hospital (Pvt) Ltd	Subsidiary
Durdans Heart Centre (Pvt) Ltd	Subsidiary
Amrak Institute of Medical Sciences (Pvt) Ltd	Subsidiary
Ceygen Biotech (Pvt) Ltd	Subsidiary
Tudawe Brothers (Pvt) Ltd	Affiliate
Tudawe Engineering Services (Pvt) Ltd	Affiliate
Commercial Marketing Distributors (Pvt) Ltd	Affiliate

NOTES TO THE FINANCIAL STATEMENTS

32 RELATED PARTY DISCLOSURE

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

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

32.7.1 Transactions held between Ceylon Hospitals PLC and Related Companies

Name of the Related Party	Relationship	Transactions	Nature	Aggregate Value of Related Party Transactions	Aggregate Value of Related Party Transactions as a % of Revenue
Durdans Management Services Ltd	Ultimate Parent	Management fee	Recurrent	51,552,820	
		Total		51,552,820	1.02
Durdans Medical and Surgical Hospital (Pvt) Ltd	Subsidiary	Sales of drugs and consumables	Recurrent	32,577,257	
		Rendering of medical services	Recurrent	325,265,500	
		Providing of utilities and other costs	Recurrent	417,296,341	
		Purchases of drugs and consumables	Recurrent	31,680,801	
		Receiving of medical services	Recurrent	624,333,599	
		Receiving of utilities and other costs	Recurrent	30,113,028	
Total		1,461,266,527		28.79	
Durdans Heart Centre (Pvt) Ltd	Subsidiary	Sales of drugs and consumables	Recurrent	3,034,000	
		Rendering of medical services	Recurrent	106,247,455	
		Providing of utilities and other costs	Recurrent	82,719,139	
		Purchases of drugs and consumables	Recurrent	9,060,637	
		Receiving of medical services	Recurrent	74,685,810	
		Receiving of utilities and other costs	Recurrent	8,955,693	
Total		284,702,735		5.61	
Amrak Institute of Medical Sciences (Pvt) Ltd	Subsidiary	Receiving of utilities and other cost	Recurrent	1,607,324	
		Total		1,607,324	0.03
Ceygen Biotech (Pvt) Ltd	Subsidiary	Purchases of drugs and consumables	Recurrent	289,547,686	
		Total		289,547,686	5.70
Commercial Marketing Distributors (Pvt) Ltd	Affiliate	Purchases of drugs and consumables	Recurrent	114,918,620	
		Total		114,918,620	2.26
Tudawe Brothers (Pvt) Ltd	Affiliate	Rendering of medical services	Recurrent	1,402,721	
		Total		1,402,721	0.03
Tudawe Brothers (Pvt) Ltd	Affiliate	Project 2022 construction cost	Non Recurrent	285,502,303	
		Total		285,502,303	3.62

33 ASSETS PLEDGED AS COLLATERALS

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

Durdans Heart Centre (Pvt) Ltd

DFCC Bank	Term Loan	36 Mn	Mortgage over equipment financed
Commercial Bank	Bank Overdrafts	10 Mn	Over the Company inventories and trade debtors balance

34 FINANCIAL RISK MANAGEMENT

34.1 Overview

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

The Group has exposure mainly to following risks from its use of Financial Instruments.

- Credit Risk
- Liquidity Risk
- Market Risk

34.2 Risk Management Framework

The Board of Directors have the overall responsibility for establishment and oversight of the Group Risk Management Framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

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

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and group activities. The Group through its training and management standards and procedures, aim to develop a discipline and constructive environment in which all employees understand their roles and obligations.

34.3 Credit Risk

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

NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL RISK MANAGEMENT CONTD.

34.3.1 Credit Risk Exposure

The Group's maximum exposure to credit risk as at the end of year based on the carrying value of Financial Assets in the statement of Financial Position is given below.

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Financial Assets at Amortised Cost				
Trade and Other Receivables	306,454,190	237,949,899	214,955,620	157,209,413
Other Financial Assets at Amortised Cost	1,508,919,233	1,166,122,196	715,970,562	175,826,208
Cash and Cash Equivalents	898,188,816	640,115,418	129,294,626	225,210,725
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)	215,392,078	30,991,414	14,732,000	14,260,000
	2,928,954,317	2,075,178,927	1,074,952,808	572,506,346

34.3.2 Credit Risk Exposure on Trade Receivables

The Group's maximum exposure to credit risk on trade receivables as at the end of the year based on the carrying value in the Statement of Financial Position.

As at 31st March	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Trade Receivables	(14)	296,927,354	214,476,730	197,254,885	130,798,258

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers various statistics of the Group's customer base including default risk, business relationship with due attention given to past performances, stability of industry and credit worthiness.

Customer credit risk is managed by each business unit subject to the Group's established policies, procedures and controls relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit evaluation and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and the Letter of Guarantees are obtained from patients who are admitted to the hospital through corporate customers.

34.3.3 Impairment Losses

The requirement for an impairment is analysed at each reporting date on an individual basis for major clients. The Group applies the SLFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31st March 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the inflation rate of healthcare sector to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factor.

On that basis, the loss allowance as at 31st March 2022 was determined as follows for trade receivables.

Company	31 - 60	61 - 90	91 - 120	121-180	Over 180
Expected Loss Rate (%)	2 - 20	5 - 36	10 - 74	15 - 100	24 - 100
Loss Allowance (Rs.)	1,422,162	855,745	693,493	5,798,647	1,054,482

Group	31 - 60	61 - 90	91 - 120	121-180	Over 180
Expected Loss Rate (%)	1 - 2	2 - 5	6 - 11	12 - 18	19 - 35
Loss Allowance (Rs.)	2,153,309	3,315,097	4,801,521	6,811,215	3,549,215

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to make repayment after long due period.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

34.4 Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations with its liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure that, it will have sufficient liquid assets to settle liabilities when it is due, without breaching any loan covenant and incurring undesirable losses.

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

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

	On Demand Rs.	Less than 03 Months Rs.	03 to 12 Months Rs.	01 to 05 Years Rs.	More than 05 Years Rs.	Total Rs.
Year ended 31st March 2022						
Interest Bearing Loans and Borrowings	-	-	17,380,508	426,654,804	1,244,539,621	1,688,574,933
Trade and Other Payables	-	420,494,421	827,398,636	-	-	1,247,893,057
Amounts Due to Related Parties	-	4,798,731	-	-	-	4,798,731
Bank Overdrafts	246,765,452	-	-	-	-	246,765,452
	246,765,452	425,293,152	844,779,144	426,654,804	1,244,539,621	3,188,032,173
Year ended 31st March 2021						
Interest Bearing Loans and Borrowings	-	350,000,000	-	660,388,962	399,055,141	1,409,444,103
Trade and other Payables	-	315,316,996	355,813,020	-	-	671,130,016
Amounts Due to Related Parties	-	176,994,487	-	-	-	176,994,487
Bank Overdrafts	221,736,551	-	-	-	-	221,736,551
	221,736,551	842,311,483	355,813,020	660,388,962	399,055,141	2,479,305,157

NOTES TO THE FINANCIAL STATEMENTS

34.5 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument which will fluctuate because of changes in market prices. Market prices comprise two types of risk interest rate risk and other price risks, such as equity price risk. Financial instruments affected by market risk include Loans and Borrowings, Deposits, Other Financial Assets measured at fair value through Profit or Loss or Other Comprehensive Income and Derivative Financial Instruments.

34.5.1 Foreign Exchange Risk

The Group being provided healthcare services to international patients exposed to foreign exchange risk, which primarily to US Dollars. However, having lower value of debtor balances outstanding impact on financials is minimum.

34.5.2 Interest Rate Risk

Interest rate risk is the risk that the fluctuation of fair value or future cash flows of a financial instrument which will fluctuate because of changes in market interest rates.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates such as Average Weighted Deposit Rate ("AWDR"), Average Weighted Prime Lending Rate ("AWPLR")

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

	Increase/ Decrease in Basis Points	Effect on Profit before Tax Rs.
2022		
Interest Bearing Loans and Borrowings	+ 100 bp	(20,641,914)
	- 100 bp	20,641,914
2021		
Interest Bearing Loans and Borrowings	+ 100 bp	(17,469,478)
	- 100 bp	17,469,478

34.5.3 Price Risk

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the Statement of Financial Position either as at Fair Value Through Other Comprehensive Income (FVOCI) or at Fair Value Through Profit or Loss.

The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

The table below summarises the impact of increases/decreases of these two indexes on the Group's equity and post tax profit for the period. The analysis is based on the assumption that the equity indexes had changed by 1% with all other variables held constant, and that all the Group's equity instruments moved in line with the indexes.

	Increase/ Decrease in Basis Points	Effect on Equity Rs.
2022		
Equity Investment at Fair Value through Other Comprehensive Income	+ 100 bp	166,333
	- 100 bp	(166,333)

35 CAPITAL MANAGEMENT

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

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

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

No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March 2022 and 31st March 2021.

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

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Interest Bearing Loans and Borrowings	2,007,560,676	1,652,320,099	1,855,076,872	1,577,860,099
Trade and Other Payables	1,247,893,058	671,130,016	862,449,226	384,716,020
Bank Overdrafts	246,765,452	221,736,551	94,526,628	72,893,970
Less: Cash and Cash Equivalents	(898,188,816)	(640,115,418)	(129,294,626)	(225,210,725)
	2,604,030,370	1,905,071,248	2,682,758,100	1,810,259,363
Equity	7,547,845,769	6,627,903,130	5,746,945,556	5,037,437,641
Capital and Net Debt	10,151,876,139	8,532,974,378	8,429,703,656	6,847,697,004
Gearing Ratio	26%	22%	32%	26%

NOTES TO THE FINANCIAL STATEMENTS

36 COVID-19 IMPACT

Impact on the Business and Operations of the Group:

In March 2020 the World Health Organisation (WHO) declared the novel coronavirus ("COVID-19") outbreak as a pandemic and it continues to pose a serious public health threat and global economic downturn. The impact of COVID-19 and measures to prevent its spread are still affecting the local economies and these have triggered significant disruptions to businesses worldwide, resulting in economic slowdown in many countries, including Sri Lanka.

Subsequent to the outbreak of COVID-19, the Company and its subsidiaries have taken appropriate measures to safeguard the health and safety of all our employees and ensure compliance with various guidelines issued by the Health Authorities in Sri Lanka.

The Company and its subsidiaries are still witnessing the volatility in patient volumes and activity levels due to the challenges posed by the COVID -19 pandemic.

The utmost importance has been given to the health and safety of its employees and clients and providing stability for all stakeholders in the value chain. Accordingly, core operational staff have been deployed at the hospital to provide critical service areas subject to the required health and safety precautions. The outpatient pharmacy at the hospital has been made operational 24/7 to assist the clients to purchase medicines during the lockdown period.

The foregoing circumstances have compelled the management to take conscious measures to reduce costs and curtail expenses, whilst maintaining the service delivery quality levels at the expected norms.

Despite challenges posed on the business operations by pandemic, the Group recorded an increase turnover and resulting profitability in reporting year 2021/22 partially contributed by the increase in demand for laboratory testing connected with COVID-19 pandemic. This was remarkable and was witnessed at constant level most parts of the financial year.

The Group's Responses to the Impacts:

Where possible the Group continues to implement remote consultation services and connecting medical consultants with patients over digital platforms that was initiated in 2020 as a measure to deal with effects of COVID – 19 pandemic thereby reducing the need for hospital visits to obtain essential medical advices.

The facilities set up by the Group to assist the Government of Sri Lanka (GoSL) in controlling the spread of the COVID-19 virus, is continued to provide PCR testing facilities to the public.

The Group remains committed to complete the Vision 2022 Project - the planned hospital re-development and refurbishment project embarked by the Group in 2018, which is now expected to be completed by the end of the third quarter of 2022/23.



SUPPLEMENTARY INFORMATION

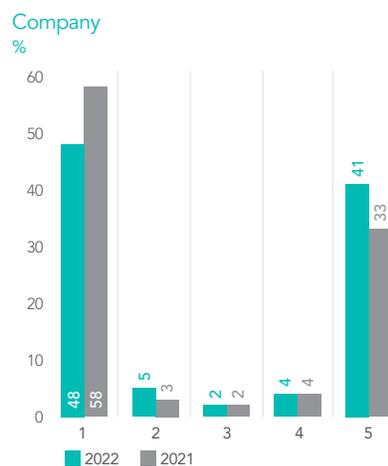
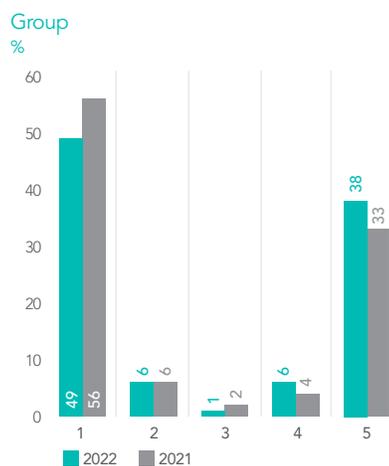
We remain positive that with the increased footfall resulting from the re-development and refurbishment of infrastructure facilities and the introduction of our new disciplines we are poised to achieve greater results in the year ahead.



VALUE ADDED STATEMENT

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Value Added				
Turnover	7,840,800,948	5,545,520,697	5,075,574,545	3,518,805,279
Cost of Material and Services	(4,238,696,834)	(2,723,377,239)	(2,640,933,151)	(1,573,054,388)
Other Income	25,570,448	62,559,408	39,984,171	45,555,138
	3,627,674,562	2,884,702,867	2,474,625,566	1,991,306,030
Distribution of Value Added				
To Employees				
Salaries and Others	1,767,721,533	1,623,197,631	1,197,413,962	1,146,784,102
To Government				
Income Tax	220,295,001	161,923,451	127,567,176	67,373,412
To Capital Providers				
Interest on Loans	47,017,691	46,257,136	38,796,495	39,712,427
To Shareholders				
Dividend	221,888,291	112,378,769	108,392,723	74,519,997
To Expansion and Growth				
Depreciation	339,848,312	354,739,758	185,026,571	190,060,673
Retained Profit	1,030,903,735	586,206,122	817,428,638	472,855,418
	3,627,674,562	2,884,702,867	2,474,625,566	1,991,306,030

	Group		Company	
	2022	2021	2022	2021
To Employees	49%	56%	48%	58%
To Government	6%	6%	5%	3%
To Capital Providers	1%	2%	2%	2%
To Shareholders	6%	4%	4%	4%
To Expansion and Growth	38%	33%	41%	33%



KEY

1. To Employees
2. To Government
3. To Capital Providers
4. To Shareholders
5. To Expansion and Growth

TEN YEAR SUMMARY

	Group									
	2021/22 Rs. Mn	2020/21 Rs. Mn	2019/20 Rs. Mn	2018/19 Rs. Mn	2017/18 Rs. Mn	2016/17 Rs. Mn	2015/16 Rs. Mn	2014/15 Rs. Mn	2013/14 Rs. Mn	2012/13 Rs. Mn
Operating Results										
Total Income	7,840	5,546	5,976	5,806	5,733	5,289	4,728	4,083	3,961	3,830
Other Income	25	63	53	56	35	34	38	51	53	34
Finance Cost	80	97	141	136	122	98	86	125	187	182
Profit Before Tax	1,388	696	576	549	603	525	557	266	261	308
Income Tax	279	96	109	173	115	136	57	42	32	30
Profit After Tax	1,109	600	467	376	488	389	500	224	229	278
Dividend (Company)	108	75	122	122	122	122	91	68	-	135
Balance Sheet										
Assets										
Property, Plant and Equipment	7,295	7,083	7,220	6,682	6,500	6,077	4,128	4,107	4,158	4,240
WIP - Building in Construction	1,186	631	474	276	39	368	158	-	-	-
Other Financial Assets	1,724	1,272	830	736	666	572	380	266	242	170
Right-of-Use Assets	289	215	191	-	-	-	-	-	-	-
Investment in an Equity Accounted Investee	-	109	7	5	5	4	3	3	2	1
Inventories	835	536	380	309	305	319	256	230	255	216
Receivables	561	397	544	365	358	461	275	245	194	185
Tax refund Due	13	-	19	21	17	-	-	-	-	-
Cash and Cash Equivalents	898	640	149	403	203	138	166	81	48	97
	12,802	10,883	9,814	8,797	8,093	7,939	5,366	4,932	4,899	4,909
Equity and Liabilities										
Stated Capital	916	916	916	916	916	916	916	916	916	916
Reserves	6,631	5,712	4,989	4,227	4,093	4,282	2,171	1,861	1,737	1,617
Non-Controlling Interest	734	593	588	565	561	529	408	362	349	494
Interest-Bearing Borrowings	2,008	1,652	1,005	815	708	855	878	908	1,072	1,086
Provisions and Other Liabilities	2,266	1,789	1,702	1,519	1,375	987	707	570	490	546
Overdrafts	247	221	614	755	440	370	286	315	335	250
	12,802	10,883	9,814	8,797	8,093	7,939	5,366	4,932	4,899	4,909

	Company									
	2021/22 Rs. Mn	2020/21 Rs. Mn	2019/20 Rs. Mn	2018/19 Rs. Mn	2017/18 Rs. Mn	2016/17 Rs. Mn	2015/16 Rs. Mn	2014/15 Rs. Mn	2013/14 Rs. Mn	2012/13 Rs. Mn
Financial Indices										
Earnings Per Share (Rs.)	22.75	13.17	6.42	6.25	4.76	6.25	6.41	4.52	5.49	6.23
Dividend Per Share (Rs.)	5.00	3.20	2.20	3.60	3.60	3.60	3.60	2.70	2.00	-
Dividend Payout Ratio (%)	21.98	24.30	34.28	57.62	75.57	57.60	56.16	59.73	36.43	-
Net Assets Per Share (Rs.)	169.66	148.72	130.95	117.59	115.46	125.97	81.16	78.24	75.92	71.49
Return On Equity (%)	13.41	9.05	7.91	7.31	9.74	7.48	16.20	8.07	8.63	10.98
Return On Assets (%)	8.20	5.59	4.76	4.30	6.03	4.90	9.32	4.54	4.67	5.66

SHARE INFORMATION

VOTING SHARES

Distribution of Shareholders

Shareholding	Resident			Non-Resident		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1 - 1,000	1,950	458,975	1.80	16	4,533	0.02
1,001 - 10,000	314	970,717	3.80	11	38,620	0.15
10,001 - 100,000	50	1,443,288	5.66	2	79,243	0.31
100,001 - 1,000,000	17	5,075,389	19.88	-	-	-
Over 1,000,000	1	17,456,507	68.38	-	-	-
Total	2,332	25,404,876	99.52	29	122,396	0.48

Categories of Shareholders

	No. of Shareholders	No. of Shares
Individual	2,263	6,397,212
Institutional	98	19,130,060
	2,361	25,527,272

NON-VOTING SHARES

Distribution of Shareholders

Shareholding	Resident			Non-Resident		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1 - 1,000	853	214,468	2.57	5	1,240	0.01
1,001 - 10,000	340	979,629	11.74	8	31,068	0.37
10,001 - 100,000	70	1,920,559	23.01	5	163,123	1.95
100,001 - 1,000,000	4	1,214,745	14.57	-	-	-
Over 1,000,000	2	3,820,622	45.78	-	-	-
Total	1,269	8,150,023	97.67	18	195,431	2.33

Categories of Shareholders

	No. of Shareholders	No. of Shares
Individual	1,213	2,792,162
Institutional	74	5,553,292
	1,287	8,345,454

Public Shareholding

	2022		2021	
	Voting	Non-Voting	Voting	Non-Voting
Number of shareholders	2,337	1,271	2,272	1,244
Holding percentage (%)	23.63	51.32	23.46	51.88
Market Capitalization (Rs. Mn)	2,667	686	2,585	744
Float Adjusted Market Capitalization (Rs. Mn)	630	-	606	-
Float Adjusted Market Capitalization Option	Less than Rs. 2.5 Bn (Option 5)		Less than Rs. 2.5 Bn (Option 5)	

Investor Ratios

	2022	2021
Earnings Per Share (Rs.)	22.75	13.17
Dividend Per Share (Rs.)	5.00	3.20
Net Assets Per Share (Rs.)	169.66	148.72
Dividend Payout Ratio (%)	22	24

MARKET ACTIVITIES

Market Value Per Share

	2022			2021		
	Highest Traded Price Rs.	Lowest Traded Price Rs.	Last Traded Price Rs.	Highest Traded Price Rs.	Lowest Traded Price Rs.	Last Traded Price Rs.
Voting	235.00	101.50	104.50	123.00	75.00	101.25
	02nd February 2022	30th March 2022	31th March 2022	07th January 2021	13th May 2020	31st March 2021
Non-Voting	160.00	80.50	82.20	114.90	67.10	89.10
	02nd February 2022	30th March 2022	31th March 2022	07th January 2021	13th May 2020/ 24th March 2021	30th March 2021

Share Trading Information

	2022		2021	
	Shares Traded Number	Turnover Rs.	Shares Traded Number	Turnover Rs.
Voting	1,958,203	254,885,142	1,690,329	168,258,102
Non-Voting	491,066	55,151,408	891,839	69,129,179

SHARE INFORMATION

TOP 20 SHAREHOLDERS LISTED

Voting Shareholders

Name of the Shareholder	Country of Residence	As at 31st March 2022	
		Number of Shares	Holding %
Durdans Management Services Ltd	Sri Lanka	17,456,507	68.38
Lawrance Tudawe Management Services (Pvt) Ltd	do	600,077	2.35
Mr Y N R Piyasena	do	501,000	1.96
Mr Deen Mohamed Fazal Aslam	do	475,000	1.86
Guardian Capital Partners PLC	do	400,000	1.57
Mr Merill J Fernando	do	367,530	1.44
Mr S P Tudawe (Deceased)	do	307,936	1.21
Cargo Boat Development Company PLC	do	305,485	1.20
MJF Holdings Ltd	do	270,981	1.06
Mr D G Wijemanna	do	243,830	0.96
Mr R P Weerasooriya	do	235,316	0.92
Mr A D P A Wijegoonewardene	do	220,582	0.86
Mr A E Tudawe	do	215,052	0.84
Mrs H K Weerasinghe	do	200,000	0.78
Mrs L I Weerasinghe	do	200,000	0.78
Mrs T T Weerasinghe	do	200,000	0.78
Mr U D Tudawe	do	170,616	0.67
Mr A D Tudawe	do	161,984	0.63
Mr R R Tudawe	do	100,000	0.39
Mr A H Munasinghe	do	86,326	0.34
Total		22,718,222	89.00

Non-Voting Shareholders

Name of the Shareholder	Country of Residence	As at 31st March 2021	
		Number of Shares	Holding %
Durdans Management Services Ltd	Sri Lanka	2,666,251	31.95
Employee Provident Fund	do	1,154,371	13.83
MJF Holdings Ltd	do	598,646	7.17
E W Balasuriya & Co (Pvt) Ltd	do	330,619	3.96
Mr D Ratnayake	do	146,866	1.76
Mr A H Munasinghe	do	138,614	1.66
Tudawe Engineering Services (Pvt) Ltd	do	91,986	1.10
Mr D A Cabraal	do	82,500	0.99
Mr S S Sithambaranathan	do	77,753	0.93
Mr P S De Mel	do	70,822	0.85
Mr A D Tudawe	do	70,151	0.84
Ms T T Weerasinghe	do	68,485	0.82
Peoples Leasing & Finance PLC /Mr P A I S Perera	do	65,454	0.78
Commercial Bank of Ceylon PLC A/C No 04	do	61,100	0.73
Mr D P L De Mel	do	58,908	0.71
Saman Villas Limited	do	58,462	0.70
Mr H A Cabraal	do	50,000	0.60
G.D.M. Ranasinghe	do	50,000	0.60
Mr U D Wickremesooriya Jt Mrs S F Wickremesooriya	do	50,000	0.60
Hallsville Trading Group Inc	do	49,123	0.59
Total		5,940,111	71.18

NOTICE OF MEETING

Notice is hereby given that the 76th Annual General Meeting of the Shareholders of Ceylon Hospitals PLC will be held on 28th June 2022 at 4.00 p.m. at the Durdans Auditorium (11th floor) on a virtual platform.

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

1. To receive and consider the Annual Report of the Directors and the Statement of Accounts for the year ended 31st March 2022 with the Report of the Auditors thereon. (Resolution 1)
2. To re-elect Mr. A.V.R. De S. Jayatilleke, who retires by rotation in terms of Article No. 58 of the Articles of Association and being eligible offers himself for re-election. (Resolution 2)
3. To re-appoint Mr. A. S. Abeyewardene, Director who vacates office in terms of Section 210 of the Companies Act No. 07 of 2007 and for this purpose to pass the following resolution as an Ordinary Resolution.

"Resolved that the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. A. S. Abeyewardene who is more than 70 years, and that he be appointed a Director of the Board in terms of Section 211 of the Companies Act No. 07 of 2007". (Resolution 3)

4. To re-appoint Dr. A. D. P. A. Wijegoonewardene, Director who vacates office in terms of Section 210 of the Companies Act No. 07 of 2007 and for this purpose to pass the following resolution as an Ordinary Resolution.

"Resolved that the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Dr. A. D. P. A. Wijegoonewardene who is more than 70 years, and that he be appointed a Director of the Board in terms of Section 211 of the Companies Act No. 07 of 2007." (Resolution 4)

5. To re-appoint Mr. Y. N. R. Piyasena, Director who vacates office in terms of Section 210 of the Companies Act No. 07 of 2007 and for this purpose to pass the following resolution as an Ordinary Resolution.

"Resolved that the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. Y. N. R. Piyasena who is more than 70 years, and that he be appointed a Director of the Board in terms of Section 211 of the Companies Act No. 07 of 2007." (Resolution 5)

6. To re-appoint Messrs. B. R. De Silva & Co. Chartered Accountants, the retiring Auditors who have expressed their willingness to continue in office as Company's Auditors for the ensuing year and to authorise the Board of Directors to determine their remuneration. (Resolution 6)
7. To authorise the Directors to determine donations for the year 2021/22. (Resolutions 7)

By Order of the Board

Sgd.
Nexia Corporate Consultants (Pvt) Ltd
Secretaries

19th May 2022

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

FORM A

Registration of Shareholder Details for Online Meeting

1. Full Name of the Principal Shareholder:.....
2. Residential Address:
3. NIC No./ Passport No./ Company Registration No :
4. Contact No (Residence) : (Mobile)
5. Email Address:
6. Names of the Joint Holder(s) (If any)
(i)
- (ii)
7. National Identify Card Number(s) of Joint holder(s) (i)
- (ii)

In the event a proxy holder is appointed by the Shareholder, following details are to be furnished;

8. Full Name :
9. Residential Address:.....
10. NIC No./ Passport No. :
11. Contact No (Residence) : (Mobile) :
12. Email Address.....

Participation in the AGM - Please tick the cage below

I/ My Proxy holder am/ is willing to participate at the AGM via the online platform

Signature(s)
Principal Shareholder 01st Joint Holder 02nd Joint Holder

Date

Notes:

- Shareholders are requested to provide their email address in the space provided in order to forward the web link/ username/ Password/ necessary instructions, if they wish to attend the meeting through an online platform.
- In the case of a company/ corporation, the shareholder details form must be under its Common Seal which should be affixed and
- Attested in the manner prescribed by its Articles of Association.

In the case of a Power of Attorney, this form signed by the Power of Attorney must be deposited at the Registered Office of the Company for registration.

FORM OF PROXY

VOTING SHAREHOLDERS

I/ We, Mr./ Mrs./ Missof

(address) being a member of Ceylon Hospitals PLC, hereby appoint

Mr. A. E. Tudawe or failing him
Dr. A. D. P. A. Wijegoonewardene or failing him
Mr. U. D. Tudawe or failing him
Mr. Y. N. R. Piyasena or failing him
Mr. A. S. Abeyewardene or failing him
Mr. A. D. B. Talwatte or failing him
Mr. A. S. Tudawe or failing him
Mr. A. V. R. De S. Jayatilleke or failing him

Mr./ Mrs./ Miss of

(address) as my/ our proxy to attend (and vote for me/ us) on my/ our behalf at the 76th Annual General Meeting of the Company to be held on 28th June 2022 and at any adjournment thereof.

NOTE

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

Resolutions	For	Against
1. To adopt the Statement of Accounts for the year ended 31st March 2022	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Mr. A. V. R. De S. Jayatilleke	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-appoint Mr. A. S. Abeyewardene	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint Dr. A. D. P. A. Wijegoonewardene	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint Mr. Y. N. R. Piyasena	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-appoint Auditors	<input type="checkbox"/>	<input type="checkbox"/>
7. To authorise the Board of Directors to determine donations	<input type="checkbox"/>	<input type="checkbox"/>

Mark your preference with "X"

Signed on this day of 2022

Signature

INSTRUCTIONS TO COMPLETE THE FORM OF PROXY

1. Kindly perfect the Form of Proxy after filling legibly your full name and address, by signing in the space provided and dating same.
2. If the Proxy Form is signed by an Attorney, the relative Power of Attorney should also accompany the completed form of proxy, if it has not already been registered with the Company.
3. The completed Form of Proxy should be deposited at the Registered Office of the Company at No. 3, Alfred Place. Colombo 03. (not less than 72 hours before the time appointed for the holding of the meeting).
4. A member is entitled to appoint a proxy to attend instead of himself and a proxy need not be a member of the Company.

FORM OF PROXY

NON-VOTING SHAREHOLDERS

I/ We, Mr./ Mrs./ Miss of

.....
(address) being a member of Ceylon Hospitals PLC, hereby appoint

Mr. A. E. Tudawe or failing him

Dr. A. D. P. A. Wijegoonewardene or failing him

Mr. U. D. Tudawe or failing him

Mr. Y. N. R. Piyasena or failing him

Mr. A. S. Abeyewardene or failing him

Mr. A. D. B. Talwatte or failing him

Mr. A. S. Tudawe or failing him

Mr. A. V. R. De S. Jayatilleke or failing him

Mr./ Mrs./ Miss of

.....
(address) as my/ our proxy to attend on my/ our behalf at the 76th Annual General Meeting of the Company to be held on 28th June 2022 and at any adjournment thereof.

NOTE

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

Signed on this day of 2022

.....
Signature

INSTRUCTIONS TO COMPLETE THE FORM OF PROXY

1. Kindly perfect the Form of Proxy after filling legibly your full name and address, by signing in the space provided and dating same.
2. If the Proxy Form is signed by an Attorney, the relative Power of Attorney should also accompany the completed form of proxy, if it has not already been registered with the Company.
3. The completed Form of Proxy should be deposited at the Registered Office of the Company at No. 3, Alfred Place. Colombo 03. (not less than 72 hours before the time appointed for the holding of the meeting).
4. A member is entitled to appoint a proxy to attend instead of himself and a proxy need not be a member of the Company.

CORPORATE INFORMATION

NAME OF COMPANY

Ceylon Hospitals PLC

BRAND NAME

DURDANS

LEGAL FORM

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

COMPANY REGISTRATION NUMBER

PQ 113

STOCK EXCHANGE LISTING

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

REGISTERED OFFICE

No. 03, Alfred Place, Colombo 03

BANKERS

Commercial Bank of Ceylon PLC
Bank of Ceylon
DFCC Bank PLC
Union Bank PLC
National Development Bank PLC
Nations Trust Bank PLC
Seylan Bank PLC
Sampath Bank PLC
Hatton National Bank PLC
People's Bank
Cargills Bank Ltd

AUDITORS

B. R. De Silva & Co. Chartered Accountants
No. 22/4, Vijaya Kumaranatunga Mawatha
Colombo 05

LAWYERS

Mr. D. F. R. Jayamaha
Hector Jayamaha Law Office
No. 228, Thimbirigasyaya Road
Colombo 05

SECRETARIES

Nexia Corporate Consultants (Pvt) Ltd
No. 181, Nawala Road
Narahenpita

REGISTRARS

SSP Corporate Services (Pvt) Ltd
No. 546, Galle Road
Colombo 03



DURDANS
HOSPITAL

CEYLON HOSPITALS PLC

No. 03, Alfred Place, Colombo 03

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