



Yardstick of quality

Annual Report 2014/2015



DURDANS HOSPITAL
A Heritage Built On Values And Expertise

Durdans Hospital is an established and respected tertiary healthcare provider in Sri Lanka, focusing above all on patient care above all for Sri Lankan and overseas patients. It is a modern, multi-speciality private hospital with state-of-the-art medical facilities, conveniently located in the heart of Colombo. Since 1945, generations of Sri Lankans have been cared for by Durdans Hospital, a trusted and recognised name for patient healing. Today, it is synonymous with the medical expertise, trusted nursing care and modern facilities that has become our tradition: it's all about caring.



Vision

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

Mission

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

Core Values

Compassion

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

Innovation

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

Excellence

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

Transparency and Integrity

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

Team Spirit

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

Collective Awareness

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

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Be a yardstick of quality. Some people aren't used to an environment where excellence is expected.

- Steve Jobs -

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Yardstick of quality

For seventy years, Durdans has set the standard of quality in the local healthcare industry, delivering world-class clinical expertise, state-of-the-art technology and warm patient care to the thousands of Sri Lankans who place their faith in us each day.

This year we increase our stature yet again as we become the first Sri Lankan private hospital to win the Gold Seal of Approval from the Joint Commission International (JCI) - the world's biggest healthcare accreditation institution. With this achievement we proudly reinforce our position as the nation's yardstick of quality in healthcare, a position we intend to strengthen and build upon now and in the years to come.



Joint Commission International (JCI) identifies, measures and shares best practices in quality and patient safety with the world. We provide leadership and innovative solutions to help healthcare organisations across all settings improve performance and outcomes. Our expert team works with hospitals and other healthcare organisations, health systems, government ministries, public health agencies, academic institutions and businesses to achieve peak performance in patient care.

The mission of JCI is to continuously improve the safety and quality of care in the international community through the provision of education and advisory services and international accreditation and certification.

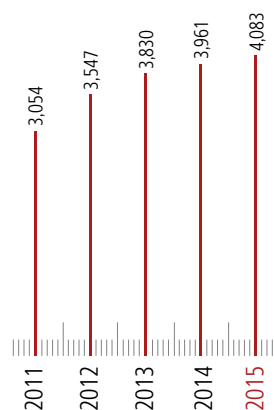
A quality performance

OPERATIONAL AND FINANCIAL HIGHLIGHTS

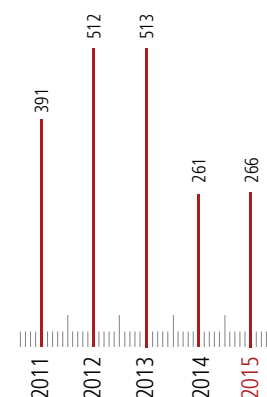
Group	2011	2012	2013	2014	2015
Turnover (Rs. Mn)	3,054	3,547	3,830	3,961	4,083
Profit Before Interest and Tax (Rs. Mn)	391	512	513	261	266
Profit After Interest and Tax (Rs. Mn)	158	286	300	229	224
Fixed Assets - NBV (Rs. Mn)	4,000	4,310	4,239	4,158	4,107
Net Assets (Rs. Mn)	2,441	2,917	3,050	3,002	3,140
Earnings Per Share (EPS) Rs.	3.78	7.35	7.81	5.66	5.91
Dividend Per Share (DPS) Rs.	1.50	2.00	2.00	2.00	2.70
Annual Income Growth (%)	24.60	16.14	8.00	3.00	3.00
Interest Cover (times)	2.59	2.73	2.64	2.20	3.10
Net Asset Per Share (Rs.)	60.27	71.70	75.46	75.92	78.24

Total Assets
4.9 Bn

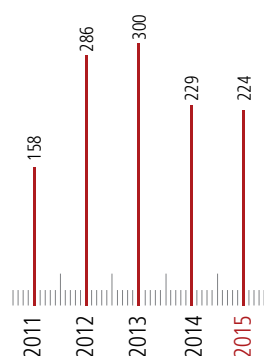
Turnover (Rs. Mn)



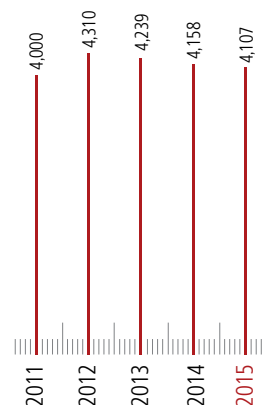
Profit Before Interest and Tax (Rs. Mn)



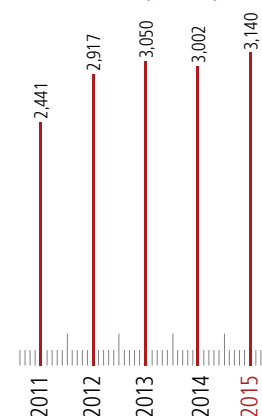
Profit After Interest and Tax (Rs. Mn)



Fixed Assets - NBV (Rs. Mn)



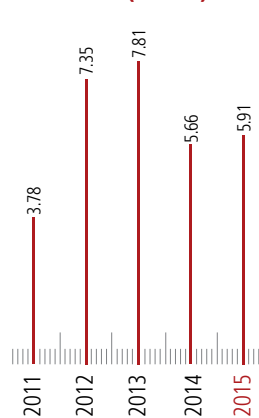
Net Assets (Rs. Mn)



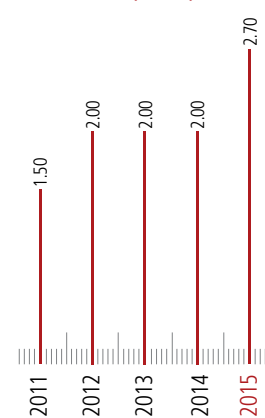
“ At Durdans we drive value for shareholders by putting long-term success over short-term gain... ”


Total Equity
3.1
 Bn

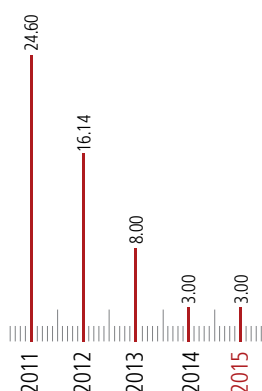
Earnings Per Share (EPS) Rs.



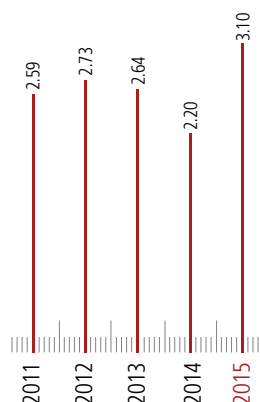
Dividend Per Share (DPS) Rs.



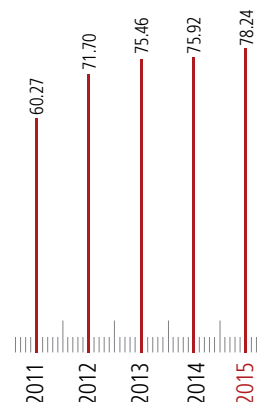
Annual Income Growth (%)



Interest Cover (Times)



Net Asset Per Share (Rs. Mn)



The journey to world-class quality

LANDMARKS OF ACHIEVEMENT



1939

A Military Hospital commences to serve British Military Personnel stationed in the colony of Ceylon, where “Durdans” now stands.

1997

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

1998

Commences five year Remodelling and Modernisation Programme for the hospital.

1999

Heart Command Centre and Heart Station become operational.

2000

Commences Cardiac Surgical Operations and Invasive and Interventional Cardiac Procedures.

1945

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

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

1968

Maternity Ward and OPD opens with the purpose of providing highest quality services.

1982

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

1984

Introduces Radiology Services to the public.

1993

Opens formal Intensive Care Unit.

1995

Sets up Endoscopy Unit.

1996

Pathological Laboratory and Blood Bank commence operation.

2001

Formal Emergency Treatment Unit is set up.

2002

Completes the five year Modernisation Programme and Modernisation of the Theatre Complex.

2003

Company listed on the Colombo Stock Exchange.

2004

Establishment of Neonatal Unit and Dialysis Unit.

Commencement of Phase I of the Durdans expansion project.

2005

Embarks on Advanced Eye Surgery.

Implements ERP system for the Group.

Pioneers Cochlear Implant Surgery in the country.

2006

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

2007

Commences Phase II of the Expansion Project.

2008

Incorporated the new subsidiary company Durdans Medical & Surgical Hospital (Pvt) Ltd (Sixth Lane Wing) as a BOI approved entity and commenced construction.

2012

Commenced the operation of a Diabetes & Endocrinology Centre and Dental Unit.

Launched a new technology for Cardiac Fractional Flow Reserve (FFR) Measurement System, which is used to evaluate the inner diameter of a blood vessel.

A Medical Centre in Negombo and a new Satellite Laboratory in Rathnapura were launched.

2013

Established the Neuro Centre.



2009

Commences operation of Medical and Surgical Hospital (Pvt) Ltd (Sixth Lane Wing)

Successfully implemented web-based ERP system.

2010

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

2011

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

2014

Two new Mini Satellite Laboratories opened in Kalutara and Gampaha Districts, and three new collecting centres established in Chilaw, Kahatagasdigiya and Kebithigollewa.

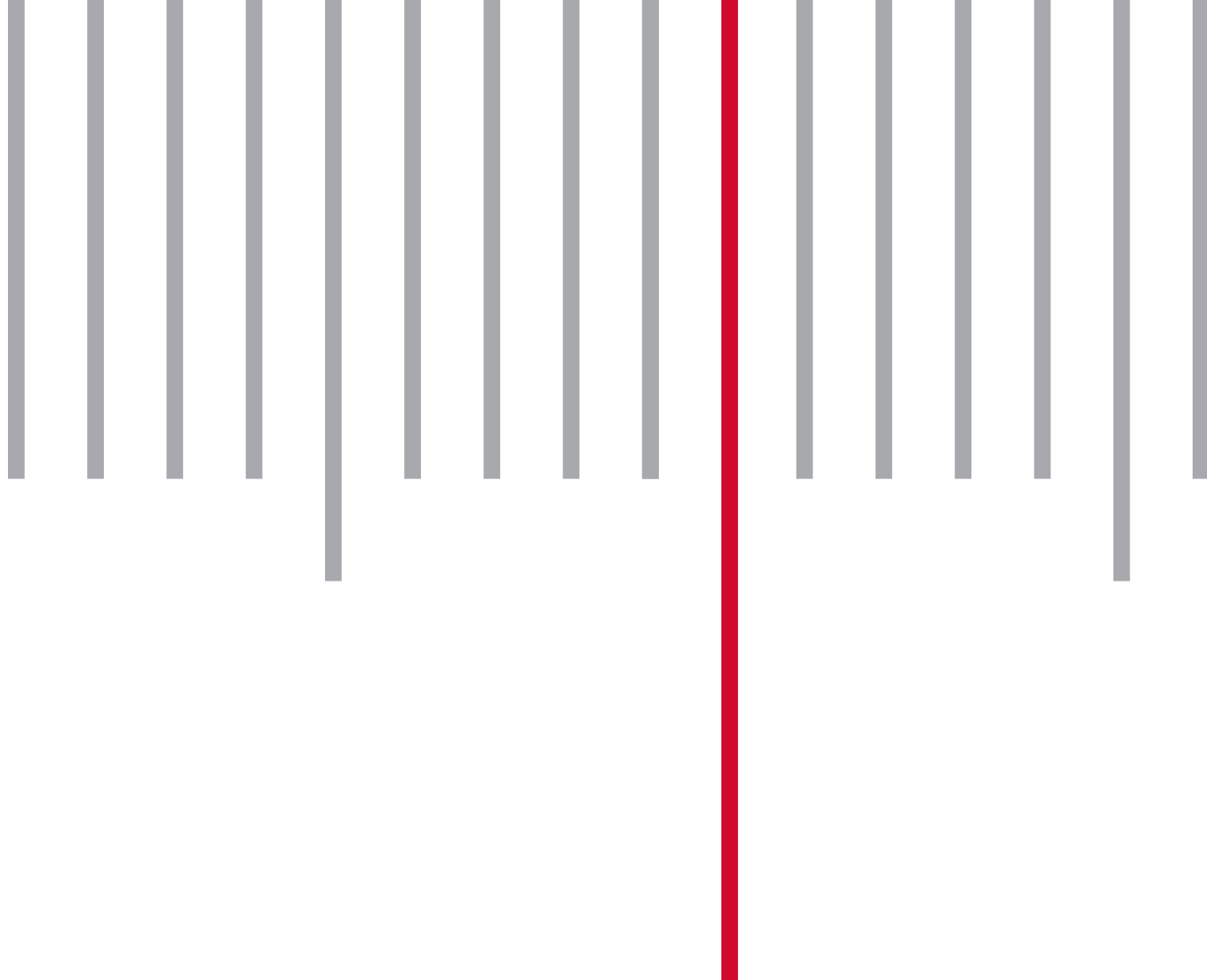
2015

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

Launched the “Women’s Wellness Centre”.

Installed Phillips Allura Clarity Cardiac and Angiography System with Advanced Ultrasound Phillips Epiq 7.

Introduced the Sleep Lab Test services and Autologous Platelet Rich Plasma Liquid Procedure (A-PRP) as new services during the year.



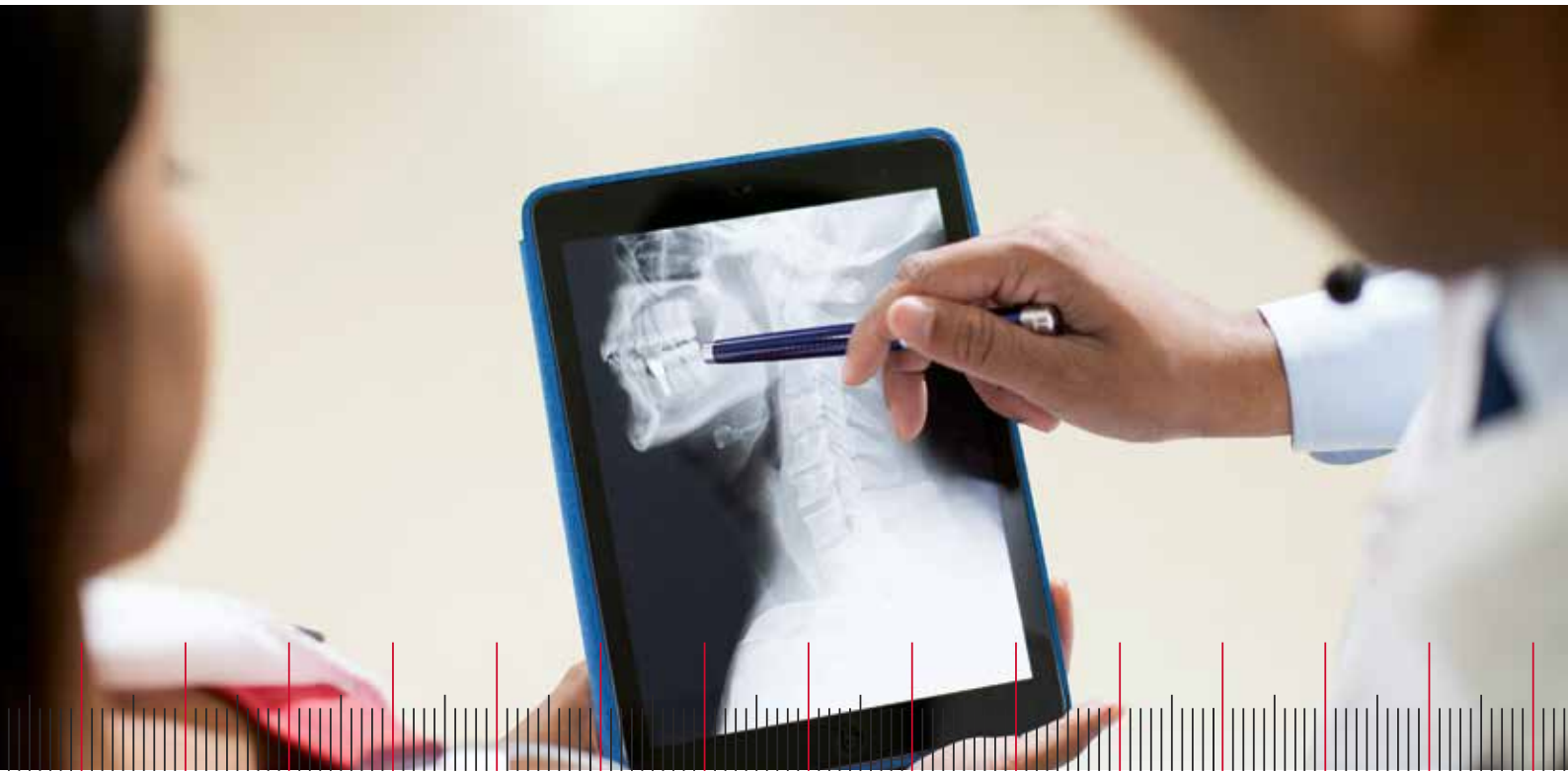


Operational Information

“Durdans becomes the first healthcare institution in Sri Lanka to be bestowed with the highest accreditation in healthcare delivery - the “Gold Seal of Approval” by the Joint Commission International (JCI) of USA for patient safety and delivery of quality healthcare.”

Becoming the yardstick of quality

CHAIRMAN'S STATEMENT



“ We shall be committed to expand our talent pool by investing in employees’ training and development and building leadership abilities among team members for a more committed and professional service of care giving at all levels. ”



11%

Sri Lanka's expenditure on healthcare has grown steadily, and based on available statistics the total expenditure on health has grown at a compound annual growth rate of 11% in the past 5 years.

Dear Shareholder,

It is with great pride that I present this Annual Report to you this year as Durdans becomes the first healthcare institution in Sri Lanka to be bestowed with the highest accreditation in healthcare delivery – the “Gold Seal of Approval” by the Joint Commission International (JCI) of USA for patient safety and delivery of quality healthcare. This benchmark achievement propels Sri Lanka’s entire healthcare industry to a higher standard. The accreditation comes on the eve of our seventieth anniversary and stands testament to a long history of business excellence.

The entire team at Durdans is delighted to receive this acknowledgement of their dedication to quality, safety and service, which is the ethos they live and breathe everyday. To them, nothing is more important than ensuring the highest quality of care for all our patients each time they entrust their health to us. Our team’s hard work and firm commitment to excellence will make us an even more formidable force in the future.

Economic outlook

Even though Sri Lanka’s healthcare is largely provided by the Government sector, the inadequate capacity, limited access to specialist treatment, inconsistent service standards, non-availability of complex surgical procedures and specialist care have resulted in a growing demand for private healthcare services. Although major Government hospitals such as the National Hospital Colombo and other large hospitals in major cities are well equipped, they are primarily limited to focusing on providing curative care rather than preventive care.

Sri Lanka’s expenditure on healthcare has grown steadily, and based on available statistics the total expenditure on health has grown at a compound annual growth rate of 11% in the past 5 years. As per the Annual Report of the Central Bank of Sri Lanka the private consumption expenditure on health continued to grow in nominal terms by 11.6% in 2014 compared to 11% in the year before. The increased expenditure reflected the change in consumer demand towards private health services. Factors such as convenience, preference towards high quality services, increased availability and customised services supported the increased demand towards private health services.

Healthcare spending is likely to increase in the years to come owing to changes in lifestyles and demographics. The share of population aged 65 years or older has risen to around 14% from around 8% in 2013. As the population ages, the demand for healthcare will increase and it will require changes to the current system which is heavily geared to improving maternal and child health and fighting infectious diseases.

The increase in non-communicable diseases (NCDs) will also stress the existing system and will challenge the Government’s continuing ability to deliver universal low-cost healthcare. NCDs such as heart disease, diabetes, cancer and asthma are becoming more frequent among the population with the rise in aging population, urbanisation and prevalent sedentary lifestyles. According to World Bank statistics, over the past 50 years, the share of deaths from cardiovascular disease has increased from 3% to 24% in 2013.

The shortage of skilled medical professionals and trained nursing staff is also a constraint faced by the healthcare sector in general.

Therefore there is an opportunity for private healthcare providers to capture the population having higher income levels and expand their services to other major cities thereby capturing the outstation population who will find the sector more attractive with perceived benefits of faster, cleaner and more flexible service delivery. The private healthcare sector also has the

Chairman's Statement

opportunity of benefitting from increased opportunities available in the area of medical tourism which is still at its infancy in Sri Lanka.

Industry outlook

The private healthcare sector in Sri Lanka is a growing force due to greater investment from private players as well as greater demand from the population. Hence, I believe a more effective engagement by the private healthcare providers can ensure that citizens have access to quality health services, whilst stimulating economic growth.

The private healthcare industry dynamics are driven by a range of factors. They include patient volumes, level of competition and changes in technology - to name a few. Statistics indicate in-patient admissions at private hospitals have increased more than 3 times and out-patient admissions by more than 10 times over the past decade. On the other hand, competition has intensified in the industry, particularly in the capital, where supply is largely concentrated due to the number and quality of resident and visiting medical practitioners and the quality of services offered.

The Sri Lankan private healthcare industry is essentially doctor-centric as patients seek out services of a particular medical professional and patronise hospitals at which they serve. Therefore patient volumes are largely dependent on the number and the quality of the consultants visiting the hospital which in turn depend on factors such as location, convenience and facilities.

Our performance

During the year under review your Company achieved a turnover of Rs. 2,737Mn recording a marginal increase of 3% compared to the turnover reported last year. The turnover of the Group amounted to Rs. 4,083Mn compared to the turnover of Rs. 3,961Mn in the year before.

The total overheads incurred by the Company for the year was Rs. 1,460Mn and this was a marginal increase of 2% compared to the year before. Increase in overheads was mainly attributable to the increase in administration costs. A significant reduction was observed in finance cost incurred by the Company during the year due to substantial amount of loans being repaid and also due to the interest rates that prevailed in the market during the year under review. The finance cost incurred by the Company for the current year amounted to Rs. 89Mn compared to the Rs. 127Mn in the year before reducing the cost of finance by approximately 30%.

“ The private healthcare sector in Sri Lanka is a growing force due to greater investment from private players as well as greater demand from the population. ”

The total finance cost of the group stood at Rs. 125Mn for the year under review compared to the Rs. 187Mn reported in the year before.

Net profit (after tax) recorded by the Company for the year amounted to Rs.153Mn with a net margin of 6%. The net profit after tax for the Group was Rs. 224Mn compared to Rs. 229Mn reported in the year before. The net margin at Group level was 6% for the financial year ended 31st March 2015.

Value creation

During the year, your Company introduced two specialised units of service, namely the 'Sleep Lab Unit' and the 'Women's Wellness Centre,' focusing on providing value added services to the line of services offered by the hospital to improve the overall profitability of the Company and return on investment to shareholders. The results of both units will be visible in the financial year 2015/16 as these two units are still in their infancy.

During this financial year, your Company established a partnership with MyClinic Maldives to conduct channel consultations by the hospital's resident as well as visiting consultants on identified core disciplines. The aim of this partnership is to promote our brand name in Maldives and to attract more patients from Maldives. Two successful trips have been made so far and the hospital is witnessing the subsequent positive feedback that is being received from the Maldivian community.

Having identified the vehicle parking issue as one of the limiting factors affecting the hospital's performance, your Company has embarked on a project to build a car park adjacent to the hospital premises to provide more convenience to its patrons. The project is expected to commence in mid-2015 and be ready for use before the end of the next financial year.

Quality is never an accident; it is always the result of high intention, sincere effort, intelligent direction and skillful execution; it represents the wise choice of many alternatives
- William A Foster

Our priorities for the year ahead

Working closely with the Senior Management Team the Board has identified a series of key priorities for the ensuing financial year. We shall be committed to expanding our talent pool by investing in employees' training and development and building leadership abilities among team members for a more committed and professional service of care giving at all levels.

We will continue to explore new markets outside Sri Lanka resulting from the successful partnership we have established with MyClinic Maldives. Opportunities are being explored in other countries where medical tourism initiatives can be made.

Emphasis will also be given to improve the information technology platform of the Group as it is the backbone of our operations and key to the growth of business in future. Improving our in-house developed ERP system will enable us to realise new levels of cost efficiencies whilst improving our service delivery dramatically.

Several new value added services are already lined up for implementation during the year 2015, thereby indicating the ability to witness improved business profitability in the year to come.

In a competitive industry, a competitive edge over the others is achieved via cost management and cost controls. With 'Strategy into Action 2020 (SIA 2020)' focusing on improvements in all aspects including cost savings and cost controls, we believe that we can improve our cost management functions to gain that competitive advantage over the other players in the industry.

Appreciation

Dr N Y Wijemanne who has extended yeomen service as Non-Executive Director over the last five and a half years retires from the Board after the Annual General Meeting. Dr Wijemanne brought to the Board his exceptional medical and surgical insight gained from an illustrious career in his own field of specialisation. He has been a tower of strength and on behalf of the Board,



I extend our deep appreciation for the services rendered and wish him great contentment in his retirement.

My sincere thanks go to the Board of Directors for their invaluable guidance and worthy contribution to our progress.

The management team and staff have worked tirelessly not only to achieve the international accreditation, but also to maintain the quality standards achieved, and on behalf of the Board, I thank each and every one of them for their contribution. While driving performance improvements, they have also collectively worked towards ensuring the long term sustainability of the organisation. The results of their collective efforts are evident throughout this report and in the countless appreciative notes from our patrons. The Board is fortunate to have a team of this calibre that shares in the vision we have for the Group.

I take this opportunity to thank the thousands of patients who have trusted us at their moments of need; their continuing loyalty and faith in our abilities propels us forward. It is important that I also extend my appreciation to the many partners we work with – especially the medical fraternity – for their unstinted support.

Finally I thank you, our shareholders, for the part you have played in our journey and trust that you will stay on board as we move forward, constantly delivering enduring value.

Ajith E Tudawe

Ajith E Tudawe
Executive Chairman

Because quality matters

BUSINESS PORTFOLIO



“ Our modern healthcare facilities are backed by a dedicated team of doctors, nursing staff, paramedics and support staff exceeding 2000. ”



Durdans is not a random connection but a continuous relationship that delivers a service focused on health and wellbeing.

We have set the trend and have shaped the way private healthcare is delivered in Sri Lanka making it possible to provide the ultimate experience in clinical care for the people of this nation.

With a history spanning 70 years, we have constantly evolved and improved our offerings to deliver the best in private healthcare that can be easily benchmarked with international service providers. Our modern healthcare facilities are backed by a dedicated team of doctors, nursing staff, paramedics and support staff exceeding 2000.

Patrons have access to over 275 visiting consultants covering almost all the disciplines. These specialists, together with our dedicated and competent team, are able to offer the best in clinical care to all who seek medical services. Hence for most, the association with Durdans is not a random connection but a continuous relationship that delivers a service focused on health and wellbeing.

For Durdans it is always 'quality of service and patient care'.



CARDIAC CARE

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

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

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

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

- A Heart Station equipped with ultra modern facilities and supported by renowned Cardio Thoracic Surgeons and Cardiologists including dedicated consultation chambers.
- A state-of-the-art Cardiac Operating Theatre fitted with ultra modern ventilators, vein harvesting machine, heart-lung machines and intra-aortic balloon pumps with round the clock support by a dedicated residential team.
- A Cardiac Surgical Intensive Care Unit (CSICU) with 15 beds, including facilities for paediatric cardiac surgical procedures.
- A state-of-the-art Alura Clarity Cardiac Catheterisation Laboratory emitting 80% less radiation than any other in the health sector is equipped with interventional X-ray system, the ultra clarity IQ technology to handle angiogram, angioplasty (stent placement), valvuloplasty and pacemaker implantation.
- A Digital Cath Lab to support intricate procedures.
- Heart Command Centre (HCC) with 15 bedded facility set up with CCU monitoring systems as well as all the modern technology available to handle any acute cardiac related issue. The team supporting the unit can be benchmarked with such teams practicing in the most advanced cardiac centres in any developed country.

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



Case Study

MR ROSHAN COOK



Rotablation (high speed drilling through calcium) assisted leftmainstem/LAD/Lcx PTCA (coronary stenting)- 1st of its kind in Sri Lanka and a unique case in South Asia.

Mrs Vishaka Nancy Cook (patient) and Mr Roshan Cook (her son) were getting ready to leave hospital when we visited her room barely 48hrs after this unique procedure.

Mrs Cook, at the age of 84 is a person who had travelled frequently overseas as her sons live around the world. She was an ex-journalist for the Daily News paper which she mentioned proudly to us. She looked a strong nice little lady. Next to her was her strong and tall son who was beaming in happiness to see his mother up on her feet and happy.

On the night of 23rd of September 2014, Mrs Cook experienced tightness in the chest and palpitations and was investigated urgently by referral to Dr Pandula Athaudaarachchi, Resident Consultant interventional Cardiologist at Durdans. It was identified that she had a cardiac rhythm problem brought on by lack of blood supply to the heart. A coronary angiogram undertaken had shown heavily calcified (hardened) and severely narrowed left main and main branch narrowings upto 90%. She had Diabetes and Hypertension with other complications.

Under normal circumstances, a bypass operation may have been the only suitable option available, but joint heart team review was conducted due to the complexity of the case; Dr Kesava Dev presented the pros and cons of open heart surgery and Dr Pandula Athaudaarachchi had given the perspective of novel interventional cardiology procedure of rotablation assisted percutaneous coronary intervention (PTCA) in the left main artery. Both had spoken to Mrs Cook and the family. With her medical conditions and age, the interventional approach, despite the technical challenges, had a lower risk and a quicker return to normalcy and was accepted.

Dr Pandula Athaudaarachchi had performed many such complex procedures in many years of his overseas training in UK both as an interventional fellow and a consultant. He is formally recognised in UK as a trained consultant operator in this complex procedure.

He detailed out the plans A, B, C to the family and safety nets should a difficulty arise, which made the family very confident to proceed with the new technique.

Rotablation assisted leftmainstem / LAD / Lcx PTCA (stenting) was conducted under the support of a intra-aortic balloon pump and impressively the patient was awake throughout the procedure and comfortable with local anaesthesia.

Dr Dushyanthi Perera, Consultant Anaesthetist was on standby if a need arises for ventilatory support, but the procedure was carried out seamlessly and precisely, within 2 hours without any complication- the left main, and its two big branches had all been drilled, expanded and 3 stents deployed with precision to achieve a perfect result within these 2 hours.

The patient could eat and drink immediately afterwards and the balloon pump could be removed after 6 hours. The patient could walk within 24 hours and was ready for discharge next day. This procedure was a huge success given the technical complexity and was an impressive quick recovery for the 84 year old lady.

'Really fantastic staff! They were all very helpful. Both doctors explained the procedure and its risk factors very well. Mainly, because of Dr Pandula's excellent planning and methodical ways of handling this complex procedure, we were assured and confident in going ahead with the right decision' were the concluding words from Mr Roshan Cook.

Dr Pandula Athaudaarachchi Commented "The skill and technology for such complex procedures is here and I am glad that I can offer our patients state-of-the-art coronary treatment on par with the world's developed countries, so that they do not have to travel overseas to get such treatment at a huge cost and risking their lives. I wish more such patients will be sent in by their physicians for treatment-many people did not have such options for a long time".

Before I left her room, Mrs Cook stood for a photograph with Dr Pandula and her son, with a lot of joy in her sparkling eyes.



PAEDIATRIC CARE

“ Our strengths have evolved over generations and the capabilities have been sharpened with the advancing technology and development. ”

Paediatric care is under the ‘Core Competency Category’, thus we operate a ‘Center of Excellence’. Our strengths have evolved over generations and the capabilities have been sharpened with the advancing technology and development. This speciality binds families with the service provider resulting in long term relationships that nurture the wellbeing of children.

We always ensure that the support systems available are the best the country offers. Our teams work extensively to upgrade our standards with evolving knowledge and technical discoveries. Today the facility offers a paediatric care unit along with paediatric rooms equipped with centrally distributed gas lines as well as suckers. We are able to handle any paediatric need across age groups effectively and efficiently. Anything from a simple vaccination to a complex surgery will be handled by our team with dedication and commitment. The patrons will experience the high standard of our quality care, whether they visit us as an out-patient for diagnostics or as an in-patient.

Our quality paediatric care is moulded by our strengths

- Our team includes Senior Paediatric Specialists and a support team consisting of specialists in paediatric health care nurses, dieticians, physiotherapists as well as specially trained diagnostics staff.
- Highly advanced infrastructure with High Dependency Unit (HDU), dedicated beds and a treatment room including monitoring facilities.
- A special Neonatal Intensive Care Unit (NICU) with ventilators and Pioneering Triple Photo Therapy.
- A child friendly dedicated out-patient area for speedy consultation.
- Capability to provide any advanced surgical procedure under the most sophisticated facilities.
- Unit is equipped with an ambulatory incubator for neonatal transfers.



OBSTETRICS AND GYNAECOLOGY

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

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

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

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

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



WOMEN'S WELLNESS

“ As the primary caregivers in a family, it makes sense for women to be responsible for maintaining their own good health in order to look after others well. ”

Women, who often attend to the health and wellbeing of their families tend to neglect their own health while multi-tasking in an increasingly fast-paced world. As the primary caregivers in a family, it makes sense for women to be responsible for maintaining their own good health in order to look after others well.

Neglecting one's health can often lead to serious and irrevocable consequences, especially in the case of life threatening diseases. Regular check-ups are advised to identify common problems and avert fatal illnesses.

Clinicians and medical staff at the Durdans Hospital Women's Wellness Centre are committed to getting women well and keeping them healthy. We offer four women's wellness packages that give attention to all aspects of women's health in a comfortable and reassuring atmosphere. These packages are affordable and restore peace of mind with assured confidentiality.

Special attention is given to identifying pre-cancerous conditions such as breast lumps, vaginal discharge and infections. Post-menopausal conditions such as high blood pressure, osteoporosis and high cholesterol conditions are also addressed and monitored. Additionally our expert Gynaecologists also address concerns on family planning and hormone replacement therapy or fertility issues.



OPHTHALMOLOGY

“ The specialist trained support team, catering to the needs of the many who seek our expertise is guided by a renowned Surgeon and his team of experts. ”

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

The specialist trained support team, catering to the needs of the many who seek our expertise, is guided by a renowned Surgeon and his team of experts. With the trust placed in our team and the high level of precision delivery, it is not a surprise that we lead the industry.

Our success is strengthened by the capabilities we possess

- A spacious eye clinic with customised architecture to improve the process efficiency, together with a seating capacity for 100.
- A Laser Therapy Unit to perform advanced ophthalmology procedures.
- A Carl Zeiss Operating Microscope and accessories.
- Ocular CT machine with advanced technology.



GENERAL SURGERY

The need to enhance the General Surgical capabilities at Durdans was identified a few years ago. However at that point, the lack of space prevented it from becoming a reality. With the expansion of the business and the setting up of the Sixth Lane Wing the need was fulfilled and round the clock surgical support became functional. The facility not only handles planned surgical procedure but is able to successfully handle emergency procedures. Expansion of the General Surgical facilities was a pressing need for our business. The state-of-the-art surgical complex with multiple theatres is managed by a team of exceptionally competent Surgeons, nursing staff and technicians who are committed to deliver a superior service. Post surgical recuperation is facilitated at dedicated surgical wards with the ideal ambiance for faster recovery. The personnel dedicated to the units are the best in the industry and are therefore capable of meeting all expectations.

Our Surgical capabilities are supported by

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



DIAGNOSTICS

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

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

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

Our strengths in Diagnostics is supported by

- Renowned Consultant Pathologists and competent technical staff.
- The Path Lab with advanced clinical analysers, endorsed by two internationally recognised organisations in the USA, for quality assurance.
- The collection network that spans the country, supported by strategically placed fully fledged laboratories.
- The technologically advanced Radiology Department providing comprehensive interventional radiology through highly experienced, competent Radiologists.
- State-of-the-art, contemporary ultrasound equipment and scans to support Endoscopy, Videoendoscopy, Colonoscopy, Sigmoidoscopy and Bronchoscopy.
- Diagnostic centres with Echo, ECG and Treadmill ECG services etc., in central locations.
- Consultation facilities in identified centers to support required needs.
- Continuous upgrading of equipment in line with technology and service standards to support the emerging needs and knowledge.
- The Digital Neuro diagnostic unit which performs EEG, NCS, Polysomnography with exceptional quality to meet the needs of clinicians.



ENT SURGERY

“ Durdans is renowned for its ENT
Surgical capabilities supported by
the most sophisticated equipment...”

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

- A state-of-the-art Carl Zeiss ENT Microscope is utilised to perform highly intricate ENT surgical procedures.
- We also pay attention to enhancing ‘Audiology’ as an integral component of our path to growth.



RENAL CARE UNIT

“ Renal care is progressively being sought by many to prevent quality of life being compromised. ”

Kidney related complications are becoming common and frequent phenomenon. Whilst the debate continues on the reasons it is evident that today's fast paced lifestyle is not contributing positively to perfect health and wellbeing.

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

The modern Renal Care unit is equipped with dialysis facilities provided to patients with ultimate care.

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



GENITO - URINARY CENTRE

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

We are the first private healthcare institution to introduce the modern stone laser machine for minimally invasive procedures relating to the removal of Kidney stones quickly and pain-free.

Our strengths include technical and clinical capabilities

- The Stone Laser machine as well as the high definition semi rigid Ureteroscope and Cystoscope.
- Renowned GU surgeons supported by highly trained and qualified nurses and technical staff make up the passionate 'Stone Management Team' of Durdans.
- A dedicated GU Theatre with state-of-the-art equipment.



Case Study

MR M B M UVAISAR



ඩර්ඩන්ස් රෝහල,

2014 දෙවන මාසයේ පටන් නිතර නිතරම මා කී. මී. 3 පමණ දුරක ඇවිදීමේ ව්‍යායාම කළෙමි. ඉන් මාසයකට පසුව වේගයෙන් ඇවිදින විට මාගේ දකුණු පපුව ප්‍රදේශයේ වේදනාවක් ඇතිවිය. මෙය විටින් විට ඇතිවන නිසා මා වෛද්‍යවරයකු හමුවී මේ බව දැනුවත් කළෙමි.

එම වෛද්‍යවරයා මා හට ECG පරීක්ෂාවක් කරන ලෙස දැනුවත් කළේය. ඔහුගේ යෝජනාව පරිදි මා එම පරීක්ෂාව කර එම වාර්තාව සමග නැවත එම වෛද්‍යවරයා හමුවිය.

එවිට ඔහු මාගේ හෘදයේ ක්‍රියාකාරීත්වයේ කිසිදු අසාමාන්‍ය තත්ත්වයක් නොමැති බව ප්‍රකාශ කළේය.

ඉන් අනතුරුව මා එම ECG පරීක්ෂණ වාර්තාව සමග කොළඹ ජාතික රෝහලේ OPD වෛද්‍යවරයා හමුවී මා හට දියවැඩියා රෝගය තිබෙන බව පැවසුවෙමි. ඉන් පසුව තුන්වන මස 10 වන දින කාමර අංක 45 හි සිටින වෛද්‍යවරයා වන වෛද්‍ය එම්. සිවප්‍රගාසම් මහත්මිය හට මේ බව පැවසුවෙමි. ඉන් අනතුරුව මා හෘදරෝග විශේෂඥ වෛද්‍ය ජේ. ඩී. ජයවර්ධන ජූලි 10 වන දින හමුවුණෙමි.

ඔහු විසින් මා Angiogram පරීක්ෂණය සඳහා යොමු කළේය. ඉන් පසුව එම වාර්තාව තුලින් මාගේ හෘදයේ Block 5 ක් තිබෙන බව වෛද්‍ය එම්. ඩී. එල්. රත්නමාන් විසින් මා හට පැවසුවේය.

අවසානයේ හෘද වේදනාව දරාගත නොහැකි හෙයින් මම ඩර්ඩන්ස් රෝහලේ හෘද සත්කාර විශේෂඥයකු වන වෛද්‍ය කේ. දේවී හමුවුණෙමි. ඔහු මාගේ පරීක්ෂණ වාර්තා බලා 2014 දෙසැම්බර් 23 වන දින දහවල් 2.30 හෘද ශල්‍යකර්මය සිදුකළේය. ශල්‍යකර්මය සාර්ථකව නිමවීමෙන් පසුව දින 9 ක් දැඩි සත්කාර ඒකකයේ සිටියෙමි. ඉන් අනතුරුව කාමර අංක 809 හි දින 4 ක් ප්‍රතිකාර ලබා 2015 ජනවාරි 08 දින නිවසට පැමිණියෙමි.



DIABETES AND ENDOCRINOLOGY CENTRE

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

The complete process covers detailed diagnostics, understanding the individual need, based on the status and support to manage the condition. Regular health checkups are an integral part of the process .

Optimum foot care is an important component in the management of the condition. The procedure includes total foot checkup, complete foot tests, special footwear and foot treatment procedures under the supervision and guidance of a professional Podiatrist.

Consultation and lifestyle management is conducted by a team consisting of an Endocrinologist or Physician which may include referrals to a Nephrologist, Ophthalmologist, Vascular Surgeon, Cardiologist, Neurologist or a Nutritionist where necessary.

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



ACCIDENT & EMERGENCY CARE UNIT

“ Our A & EC unit is geared to handle medical or surgical emergencies round the clock providing the best clinical care required. ”

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



ORTHOPAEDIC

“ Our team led by the most renowned Orthopaedic Surgeons in the country, supported by a specially trained, dedicated team of clinical staff...”

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

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

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

Our strengths are based on our resources

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



DENTAL CARE

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

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

The Dental Surgery Unit at Durdans also offers the specialist services of an Oro-Maxillofacial surgeons for the prevention, diagnosis, treatment of diseases and irregularities involving the teeth, gums and other tissues of the mouth. In addition, injuries and defects, both functional and aesthetic, of the oral and facial region are also treated with advanced technology by the experts in our team.



Case Study

DR M G M S ZURFICK

The Words That Heal at Durdans Hospital

All my life I've been a sportsman. To say that sports has been the centre of my life is not an exaggeration. My name is Dr M G M S Zurfick and this is how a simple man was able to heal me with his words and his medicine. A sportsman who has represented Sri Lanka in a plethora of sports like wrestling, power lifting, boxing, archery, athletics, billiards, snooker and motor racing. I was also called upon to represent many of the sporting bodies for these sports throughout my illustrious career. A gem merchant and investment consultant by profession, I also had the privilege of taking Sri Lanka's valuable treasures to the world and was entrusted by the Government of Sri Lanka to carry with me one of our island's most precious gemstones to Japan. I endeavoured much to see trade ties between Sri Lanka and countries like Japan, Korea and Pakistan increase significantly. Another passion was to be a voice for the voiceless, and I also spent much of my life campaigning for stroke prevention, cancer, crime prevention and most recently for the freedom of Rizana Nafeek, a young woman wrongfully convicted and subsequently executed in Saudi Arabia for the murder of a four-month-old who was under her care.

At the age of 70 and having had such an active lifestyle, I did not expect illness to strike. When the chest pains continued I consulted a well-known surgeon who after many tests revealed that there were at least 7 significant blocks in my heart which were causing severe blockages. This particular doctor took one look at my reports and simply said, "I'm sorry but in this state, you might just drop dead while walking". I was appalled at the way this particular doctor handled the situation. When you go to see a doctor with such a serious situation, you expect them to help you and give you some comfort. I don't mean that doctors need to lie about a patient's condition, but even if it is life threatening, there is a way to break the news.

Disappointed by the first opinion, I then heard of Cardio Thoracic Surgeon Dr Kesava Dev at the Durdans Hospital. Before going to see Dr Dev, I researched in to his career and found that Dr Dev carried with him over



11 years of experience, and had treated and healed many patients in Hyderabad, India before moving to Sri Lanka to carry on his work.

My first impression of Dr Dev was "what a simple man". He looked at my reports and was very positive about the situation right from the start. When I first went to him, I was afraid of what might happen after surgery. My lifestyle was an active one that I feared being bedridden and a burden to my family. The first time I was asked to get myself admitted for the surgery, I went to Dr. Dev and told him I couldn't go through with it because I had fever. Instead of getting angry with me, Dr Dev just said that's ok, you can come back when you're ready. But he was also very firm in letting me know the consequences of delaying my surgery. When I finally did go in, Dr Dev with simple words was able to calm my nerves and gave me the confidence to go through the surgery. It is no wonder that Dr Dev is one of Durdans Hospital's most sought after Cardiac Surgeons today.

Time and time again, it has been proven that it is not just medicine that brings healing. The environment, care and attitude of the caregivers is also of great importance to ensure that a patient is comfortable and the healing is expedited. This is what I experienced at Durdans Hospital. Not only was Dr Dev an inspiring doctor, but the care I received from the rest of the staff at Durdans and the environment in which the care was given is also exemplary. Today, post-surgery I have recovered remarkably and I even have the ability to continue my active lifestyle. My first doctor wrote me off for dead, but here I am still swimming and wrestling and living my normal life all with the confidence that Dr Dev gave me. Doctors only do their best to save the lives of their patients and that is exactly what Dr Dev did. What our country and the people need is more doctors like him who are not just medically qualified but have a heart for people. Dr Dev is really an asset to Durdans Hospital.



NEUROLOGY

“ Our broad spectrum of neurological services include a systematic approach in providing patient information, patient education, engagement and support ”

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

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

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



Case Study

MRS MADUKA DAHANAYAKE



I was a patient, who was suffering from a slip disc condition which was cured successfully through a surgery by Dr Sanjeewa Garusinghe. My story is as follows:

I am 49 years old. I was diagnosed with a minor slip disc problem when I was 25 years. However, this did not bother me since I didn't have any major problem until January 2014. The first symptom I experienced was a minor back ache which started in the beginning of January 2014. I took no notice of this until the back ache extended to my right leg. The pain mainly occurred at night but later on the pain progressed to the extent that I couldn't sit or stand in one position for more than a few minutes. When the pain gradually increased, I visited an Orthopaedic doctor at the recommendation of the Gynaecologist. This doctor requested an X-ray and after examining this he could not pronounce a definite ailment and recommended routine exercise and pain killers. I did as the doctor asked, however the exercises only increased the pain in my leg.

When I visited the doctor again he once again prescribed painkillers and asked me to stop the routine exercise. When this didn't work and the pain continued to increase the doctor asked me to take an MRI. By this point in time, the pain was so severe I could not even stretch my leg in order to take the MRI and the doctors had to prescribe painkillers and numbing agents in order to take a proper exam. It took 2-3 days to get a proper MRI. The Orthopaedic doctor examined the MRI results and concluded that I had a slip disc.

This was the first proper diagnosis of the disease and was made in May 2014. This doctor stated that there was no specific cure for this and that bed rest and painkillers were the only solution. I took the doctor's advice to no avail. The pain was already unbearable.

It was at this particular time that my sister, in Sri Lanka, told me about a TV show in which Dr Sanjeewa Garusinghe (Neuro Surgeon) discussed a patient with a similar disease. This prompted me to consult my family doctor Neelanthi Britto, who advised me to go to Sri Lanka for treatment. I flew to Sri Lanka on the morning

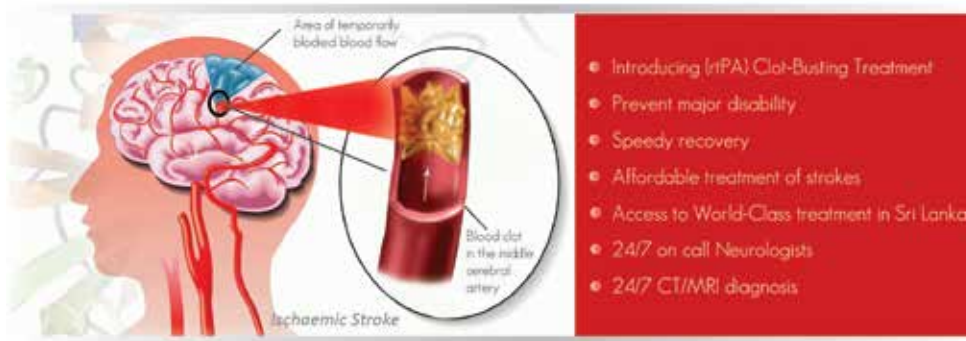
of 9th June 2014 and had an appointment for Dr Sanjeewa made for the same afternoon. At this point, I was in a situation where I could not even control urine.

Dr Sanjeewa asked me to take another MRI since the previous one was around a month old. Once again painkillers had to be administered in order to take a proper MRI because my leg could not be fully stretched out. Dr Sanjeewa personally monitored this MRI and examined it immediately and took an immediate decision to have the surgery the next day. I was not very confident about having the surgery because it was quite a serious one and therefore considered Ayurvedic treatment as well. However, Dr Sanjeewa assured me that I would be in capable hands and that the surgery was the only definite solution to the problem. My husband contacted the doctor from Oman to understand the situation. He was very much convinced with the doctor's explanation. Then my husband requested the doctor to proceed with the operation. I requested this procedure be done at Durdans Hospital because I have a long history with the hospital. Ever since my first admittance at Durdans in 1997 I have visited Durdans for treatment for minor problems as well as several surgeries along with the caesarian delivery of my three children.

The surgery was done on 10th June 2014 and during the hours leading up to the surgery the staff at Durdans did the necessary pre arrangements and everyone was very supportive and helpful. The surgery was completely successful and I was sent home the very next day. The pain I had suffered for almost 6 months had disappeared and the relief I felt was immense.

I extend many thanks to Dr Sanjeewa Garusinghe and Dr Saroja Dharmasiriwardena for their immediate response to my problem and the efficiency with which I was treated. I also extend a special thanks to my family doctor Dr Neelanthi Britto for her advice and immeasurable help during this time.

Introducing **AdvancedStroke Treatment**



STROKE CENTRE

A stroke is an interruption of the blood supply to any part of the brain. It is sometimes called a 'brain attack'. Every 45 seconds, someone in Sri Lanka has a stroke, which occurs more frequently in men. High blood pressure is the number one reason for a stroke. The risk is also increased with age, family history, smoking, diabetes, high cholesterol and heart disease. Other risks include alcohol consumption, excess body weight, illicit drug use and sleep disorders.

Durdans Advanced Stroke Treatment makes available cutting-edge stroke treatment such as Tissue Plasminogen Activator treatment (rtPA) for the people of Sri Lanka. Stroke is the number one cause of preventable disability worldwide and the fourth ranked cause of death of all hospital deaths in Sri Lanka. Our vision is to minimise disability through speedy corrective treatment.

Operational Review

“ Durdans have touched the lives of millions of people over generations in the last seven decades and continue to do so every day whilst conforming to the quality standard of a World-Class Healthcare Institution ”



80%

Philips Allura Clarity FD10 with IQ technology which includes a comprehensive set of system-wide improvements that virtually ends the trade-off between X-ray dose and image quality and dramatically reduces X-ray dose typically up to 80%.

As one of the most iconic Brands in Healthcare delivery in Sri Lanka, we at Durdans have strived to sustain our revenue in line with the previous year's operations. During the year under review, the market has been fiercely competitive through the private healthcare sector embarking on capacity building by adding over 1000 Beds during the last few years, which includes new entrants to the private healthcare industry. While Durdans enhanced its products and service portfolios, the competing healthcare operators too have increased their service portfolios.

We have maintained our competitive advantage through innovative approaches in the way private healthcare is delivered in Sri Lanka and staying committed to our goals and objectives mapped out in our Strategic Road Map up to 2020. In this process, we have touched the lives of millions of people over generations in the last seven decades, and continue to do so every day whilst conforming to world-class healthcare standard, empowering our highly trained skilled human capital, and investing in cutting-edge technology. Year-on-year we have recorded several achievements that have contributed to our operational efficiency and service excellence. Below, we share with you our accomplishments during the year under review.

Gold Seal of Approval

The main focus of Durdans was achieving what we commenced three years ago to inculcate the quality assurance program in our corporate DNA. Reaching exceptional achievements in its journey of seven decades as a healthcare provider, Durdans Hospital has been accredited with the 'Gold Seal of Approval' by Joint Commission International (JCI). This was the most outstanding qualitative achievement in the history of Durdans. Durdans is now on par with the top league of healthcare institutions in the world. Our journey has been eventful and challenging, but we have maintained dedication and quality throughout, while striving for excellence in clinical care, resulting in an accreditation which is the decisive measure that sets the standard for the best practices in the international healthcare

arena. In the history of healthcare in Sri Lanka, Durdans became the first healthcare institution to be endorsed by JCI, which is considered the Gold Standard in Global healthcare. This accreditation leads to transforming patient safety and delivery of quality healthcare. JCI identifies, measures and shares best practices and is an evaluator of the most rigorous international standards in quality and patient safety. It provides leadership and innovative solutions to help healthcare organisations across all settings to improve performance and outcomes.

Cardiac Catheterisation Laboratory and Heart Station

Durdans Heart Centre continuously strives to improve quality of care and has done so with the introduction of a revolutionary new generation of interventional X-ray systems, the Philips Allura Clarity FD10 with IQ technology which includes a comprehensive set of system-wide improvements that virtually ends the trade-off between X-ray dose and image quality and dramatically reduces X-ray dose typically up to 80%.

Establishing the Stroke Centre with Cutting Edge Tissue Plasminogen Activator Treatment (rTPA)

Until 1995, no adequate clinical treatment was available for patients suffering from stroke the world-over and there were no means of influencing the outcome of their disease, which could range from severe neurological deficit to death.

Today, imaging enables accurate diagnosis, appropriate treatment decisions and monitoring of many neurological diseases. The Neurologist can gain deeper insight into the central and peripheral nervous systems. Stroke can be diagnosed and treated shortly after the occurrence of the incident with a tremendous impact on the patient's survival and quality of life.

Establishing of a Women's Wellness Centre

A Women's Wellness Centre provides a specialised attention to all aspects of women's health in a comfortable atmosphere. Women are increasingly interested in screening to ensure that any disease such as cancers of the breast, ovary, uterus or cervix as well as non-cancers such as heart disease and osteoporosis

are detected early. All women's wellness packages are tailored to suit each individual and includes a consultation with a lady consultant to discuss lifestyle, medical history, family history and any concerns regarding health.

Upgrading of EEG Unit

The existing EEG equipment has been upgraded with a Digital Polysomnography unit, strengthening diagnostic capabilities.

Setting up of New Laboratories

Four new laboratory branches have been set up in Kiribathgoda, Jayawardenapura, Wadduwa and Balangoda, extending the island-wide reach of Durdans.



Financial Review

A complex macro-economic environment and challenging sector specific business conditions resulted in the Company reporting mixed results for the current financial year. The Company and the Group however continued to maintain operational sustainability showcasing the ability to withstand the external and internal shocks in the medium to long term.

Sri Lanka Economy

In 2014, the Sri Lankan economy grew by 7.4% driven by domestic consumption and infrastructure investments. Inflation remained at low single digit levels throughout 2014 reflecting the impact of demand management policies, improved supply conditions, downward revision of administered prices and effectively contained inflation expectations. Interest rates declined to historically low levels with the Central Bank taking a relaxed monetary policy stance and due to the excess liquidity in the domestic money market supported by low inflation expectations.

Sri Lanka is projected to reach upper middle income levels in the medium term with sustained high growth -low inflation conditions supported by appropriate economic policies. The new government is expected to uphold policies of good governance and transparency which would support a high growth path through an improved investor friendly environment.

Revenue and Profits

In the year under review, Group revenue increased by 3% to Rs. 4.1Bn compared to the revenue reported the year before. The revenue growth together with continued operational improvements and constant focus on managing the operational costs resulted in the Group posting an Earnings Before Interest and Tax (EBIT) of Rs. 391Mn in the year under review.

The post-tax profits of Group declined marginally to record Rs. 224Mn in the year 2014/15 from Rs. 229Mn in 2013/14.

The revenue of the Company increased to Rs. 2.7Bn during the year compared to Rs. 2.6Bn in the year before recording an increase of 3%. The post-tax profit of the Company for the year was 153Mn as against the previous year's Rs. 158Mn.

Gross Profit Margin

The Gross Profit Margin of the Group declined to 56% compared to the Gross Profit Margin of 57% reported in the year before. This is attributable to the upward pressures witnessed on input costs at a time when the Group as a whole did not increase its service prices for two consecutive years taking into consideration the spending capacity of the people and the severe market competition resulting from the increased bed capacity in the city of Colombo.

Earnings Before Interest and Tax (EBIT)

During the year under review, the EBIT at Group level decreased to Rs. 391Mn (FY 2013/14: Rs. 447Mn). The combined administrative and other operating expenses were Rs. 1.96Bn as against Rs. 1.85Bn in the previous year resulting in an increase of 6%. The increase in administrative expenses was mainly on account of staff salaries and other benefits to the staff and increased establishment costs arising from year on year inflationary effects.

Finance Expenses

During the year under review, the finance expenses declined by 33% compared to the year before resulting from settlement of term loans obtained and also due to reduction in market interest rates. During the year under review, the Group settled term loans amounting to Rs. 392Mn as against the previous year's loan settlements of Rs. 344Mn.

The interest cover of the Group while being at very comfortable levels in the past years further improved to 3.1 times from 2.2 times in the previous year due to decrease in finance expenses.

Taxation

Group tax expenses increased to Rs. 42Mn compared to Rs. 32Mn in the year before. The effective tax rate on the Group profits was 7% compared to 12% in the previous year.

Return on Capital Employed

The return on capital employed for the Group was 7.1% as against previous year's 7.6%.

Capital Expenditure

During the year total capital expenditure incurred by the Group amounted to Rs. 255Mn. This included investments totaling Rs. 191Mn made on revenue generating medical equipment.

Cash Flow

Net cash flow from operating activities at Group increased from Rs. 424Mn in FY 2013/14 to Rs. 527Mn in the FY 2014/15. Net cash used in investing activities at Group level declined to Rs. 234Mn as against Rs. 235Mn reported in the year before despite the increase in investments made to acquire Property, Plant and Equipment. The total investments made during the year to acquire Property, Plant and Equipment was Rs. 255Mn as against Rs. 192Mn in the year before. However, proceeds from sale of Property, Plant and Equipment for the year generated a sum of Rs. 33Mn at Group level during the year under review compared to the loss on disposal of assets amounting to Rs. 72Mn recorded in the year before. Net impact of the above two transactions resulted in cash flows used in investing activities recording a decrease in the year under review. Cash flows used in financing activities amounted to Rs. 242Mn as against Rs. 323Mn reported in the year before. The reduction in cash used in financing activities was despite the re-payment of interest bearing loans which amounted to Rs. 392Mn during the year under review compared to Rs. 344Mn in the year before.

Share Price, Net Assets and Total Equity

Basic earnings per share of the Group increased to Rs. 5.91 from Rs. 5.66 in the previous year. The Company's earnings per share decreased marginally to Rs. 4.52 from Rs 4.66 in the year before.

The share price of Durdans fluctuated from a low of Rs. 90.30 to a high of Rs. 119.00 during the year for voting shares and a low of Rs. 70.20 to a high of Rs. 89.90 for non-voting shares.

The Net Asset Value of the Company is the amount by which Total Assets exceed Total Liabilities. This measure is used to assess the profitability, creditworthiness and solvency of the Company. During the past few years the Company has shown a consistent growth in the Net Asset per Share. Net Asset per Share recorded for the financial year 2014/15 was Rs. 78.24 as against Rs. 75.92 last year. Net Asset per Share reflected a 3% growth as at end March 2015 compared to the year before.

The Group's total equity increased to Rs. 3,140Mn compared to the Rs. 3,002Mn reported in the year before.

The quality of our leadership

THE BOARD OF DIRECTORS

Ajith Erandan Tudawe

Chairman

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

Upul Dulip Tudawe

Executive Vice-President/ Director

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

Dr A D Preethiraj A Wijegoonewardene

Board Member / Senior Vice-President - Medical

Preethi Wijegoonewardene has a MBBS from India, with a Postgraduate Diploma in Family Medicine from the Postgraduate Institute of Medicine (PGIM) – Colombo. He is a Fellow of the College of General Practitioners of Sri Lanka. He functioned as the President of the College of General Practitioners of Sri Lanka (2004 – 2007), Past President of Sri Lanka Medical Association (SLMA) 2002. He was elected as the Regional President of WONCA – MESAR (World Organisation for Family Doctors – ME/SA region) in July 2007. He was re-elected as the Regional

President of WONCA- South Asia from May 2010 to 2013. He was awarded the Honorary Fellowship of the Royal College of General Practitioners of the UK in November 2008. He also serves as the Deputy Chairman of the South Asian Board of the RCGP-International S.A., and as the Patron of the South Asia Primary Care Research Network.

Sathis Prithiviraj Tudawe

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

Sathis Tudawe in his capacity as the Senior Vice President – Administration supervises the technical and maintenance aspects of the business. He chairs the Technical and Maintenance Committees including the Hospital Safety and Preparedness Meeting.

In addition, he also advises and guides the security and transport related operations. He is a Group Director of Tudawe Brothers (Pvt) Ltd., its Subsidiaries and Associate Companies and has over 39 years experience in the Construction Industry.

Y Nimal Ranjith Piyasena

Board Member

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

Asoka S Abeyewardene

Board Member

A S Abeyewardene is a Fellow of The Institute of Chartered Accountants of Sri Lanka, Fellow of the Certified Management Accountants of Sri Lanka and a Fellow of the Institute of Directors UK. He is a former

partner of KPMG Chartered Accountants. He is an Independent Director of Ceylon Hospitals PLC and is the Chairman of the Audit Committee and Remuneration Committee. He is also an Independent Director of Durdans Medical and Surgical Hospital (Pvt) Ltd. He serves as an Independent Director of J L Morrison Son & Jones (Ceylon) PLC and is the Chairman of the Audit Committee of that Company.

risk management, auditing and consulting and business advisory services. He currently provides consulting advisory services for SMEs and Family Businesses. He also currently serves as a Member of the Board of Directors of Amana Holdings (Private) Limited and serves in the capacity of the Group Finance Director and Group Chairman of the Board of Directors of Aberdeen Holdings (Private) Limited.

Dr Narendra Y Wijemanne

Board Member

Narendra Yayathi Wijemanne, having earned an MBBS (Ceylon), Fellowships at Royal College of Edinburgh and Royal College of England, joined the Board of Directors of Ceylon Hospitals PLC in year 2009. He has been serving in the public sector for over a period of 40 years. He brings to the board a vast amount of experience both locally and internationally. Prior to joining Durdans, he was the most senior Plastic Surgeon at the National Hospital of Sri Lanka. Dr Wijemanne was one of the first to volunteer as a surgeon to the Sri Lanka Army. He served in all the conflict areas supporting the forces during the major battles in the North and East at the time.

He helped to set up several surgical facilities in these areas and has received several commendations from the Army Commanders and Field Commanders. He was awarded the Vadamarachchi medal for services rendered. He was a volunteer Surgeon to the Military Hospital in Colombo until 2006.

Su-Ayid M Ismail

Board Member

Su-Ayid M Ismail is a Fellow Member of the Chartered Accountants of Sri Lanka, Fellow of the Chartered Management Accountants of UK and Member of the Institute of Internal Auditors. He is a former Partner of Ernst & Young Chartered Accountants and has been the Director of Risk Management for the Heraymila Investments Group, Dubai. He is the Founder/CEO of BAS Consultants Private Limited and has more than 30 years experience in the areas of financial management,

The quality of our leadership

SENIOR MANAGEMENT TEAM

Dr R Wimal Jayantha

Director- Medical Services

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

Jayantha Pathirratne

Manager - Human Resources

Jayantha Pathirratne joined Durdans Hospital in 2004 as the Human Resources Manager. He is a Fellow Member of the Institute of Personnel Management Sri Lanka and also was a Council Member of the Institute. He has been functioning as a member of the Wages Board for the Nursing Homes Trade since 2006. He is an alumni of INSEAD and the recipient of HR Leadership Award for 2010-11 at the Global HR Excellence Awards held in

Mumbai. He holds a Bachelor's Degree in Management Studies (HRM) with 2nd Class Upper from the Open University of Sri Lanka, MSc in Defence and Strategic Studies with a 2nd Class Upper from the University of Madras and a MBA from the Indira Gandhi National Open University in India. He also holds a MPhil from the University of Colombo and is presently reading for his PhD at University of Colombo.

Mahanil Perera

Manager – Operations (Laboratory Services)

Mahanil Perera joined Durdans Hospital Group in mid-2011 as an Assistant Marketing Manager and was promoted to the Senior Management team. He has 25 years of hands - on experience in sales, marketing and operations. He holds a Post Graduate Diploma in Marketing from the Sri Lanka Institute of Marketing and is a Life Member of the Institute. He is the Senior Manager responsible for the Durdans laboratory services which has its presence islandwide.

Aminda Tudawe

Manager - Supply Chain

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

Dr Jithendri Perera

Manager – Medical Services

Dr Jithendri Perera took over the responsibility as the Deputy Manager Medical Services in November 2012. She is an MBBS Graduate from Rajiv Ghandhi University in Bangalore, India. Post qualifying experience was gained at two hospitals in India and subsequently in Sri Lanka as an Intern at the Negombo Base Hospital. She joined Durdans in November 2006 and has acquired knowledge on the operations across the Group. She was absorbed into the management team in 2012. Currently in her capacity as the Manager Medical Services her responsibilities support all the functions under the medical services. She was the Senior Manager incharge of the Quality Assurance Department that co-ordinated both clinical and non-clinical activities to achieve Joint Commission International (JCI) accreditation for Durdans Hospital.

Shan Hasan

Marketing Manager

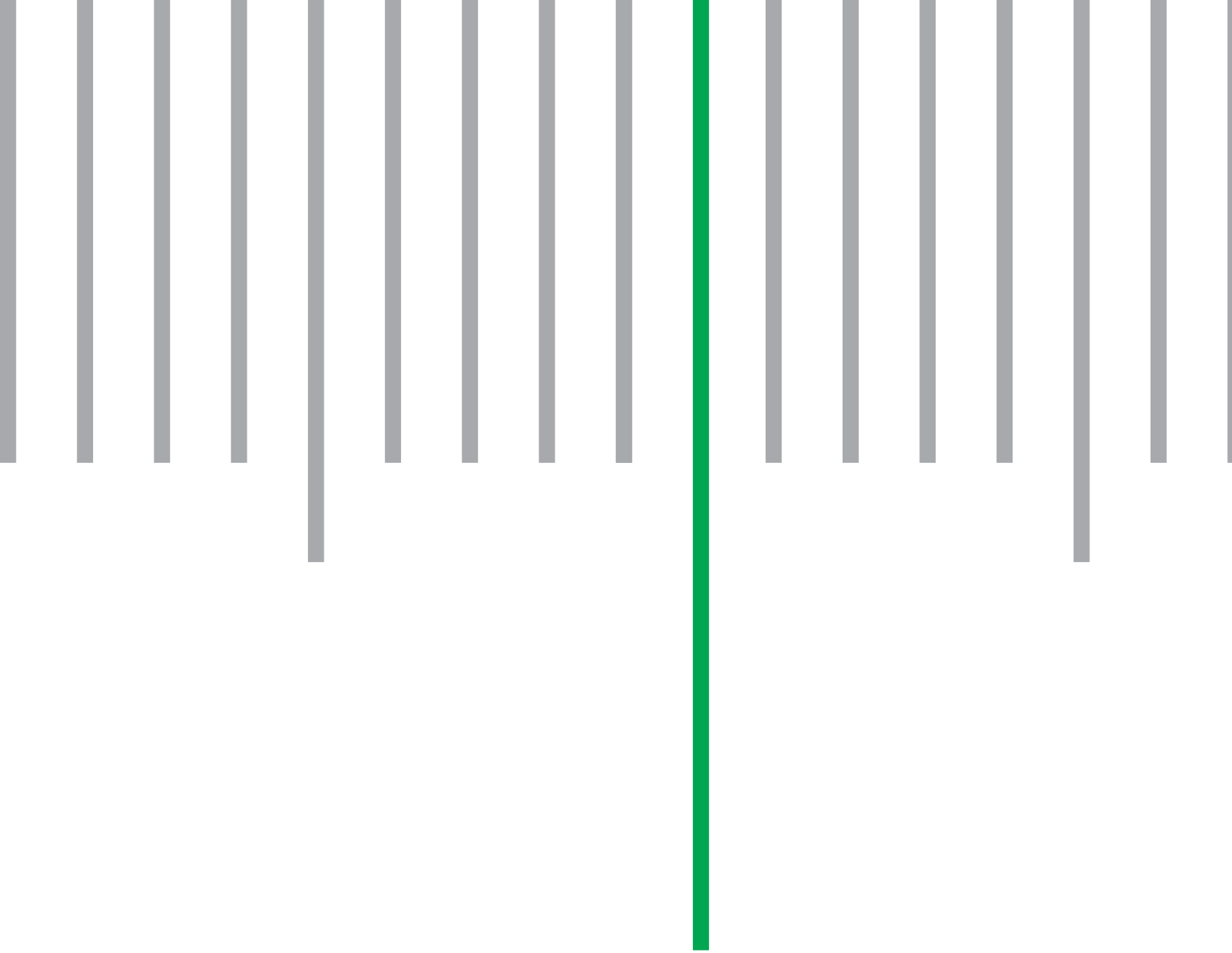
Shan Hasan joined Durdans Hospital Group in January 2015 in the capacity of Marketing Manager in the Senior Management Team. He is a proven Sales & Marketing Professional with over 25 years of progressive work experience in developing, growing, energising and sustaining Corporates and their Brands in diverse business verticals such as Office Automation, Retail Automation, Telecommunications, Healthcare and Healthcare IT. He holds a Post Graduate Diploma in Business Administration from the Oxford Institute of Management, UK and an MBA from Universidad Empreserial, Costa Rica.

Anagi Karunasena

Manager - Finance

Anagi Karunasena is a graduate in Management Studies from the University of Sri Jayewardenepura and an Associate Member of the Institute of Chartered Accountants of Sri Lanka. She has more than 15 years of post-qualifying experience in the fields of accounting, finance and banking. Her career spans across numerous fields of businesses which includes manufacturing, construction, infrastructure development, hotel, printing, finance and banking to name a few.

She also has completed her postgraduate studies in Business Administration (Masters Degree) from the Post Graduate Institute of Management of Sri Lanka and is also an Associate Member of the Institute of Bankers of Sri Lanka.





Sustainability Report

“ Sustainability and ongoing performance assessment is already factored into our strategic planning and risk management strategies.”

Quality conscious

SUSTAINABILITY REPORT



“ We believe that it is vital to stick to our core values, have them guide the decisions we make, the services we deliver and our interactions with all our stakeholders. ”



Durdans has a strong commitment to safety and quality, and this is reflected in our organisation-wide approach...

Sustainability and ongoing performance assessment are already factored into our strategic planning and risk management strategies. We have reported our performance across a comprehensive range of indicators on record, providing insights into sustainability issues and their drivers across all areas of our business including details of metrics that evaluate and track our performance.

As a Company employing approximately 2,000 staff and caring for over 17,000 in-patients and 380,000 out-patients every year, we recognise that we have an enormous responsibility to ensure that we maintain the highest standards of quality and safety; that we provide a great place to work; and that in all areas, we operate our business according to the philosophy “People Caring for People”.

We believe that it is vital to stick to our core values, have them guide the decisions we make, the services we deliver and our interactions with all our stakeholders. Whilst we are a world-class healthcare organisation in Sri Lanka, we also have a vision to be one of the most respected companies in the country and to this end we take a leadership role in shaping the industry that we are in, through our focus on the environment, good corporate governance and societal issues at large.

This sustainability report enables us to advance our aim to be one of the best corporate entities in the country. It reflects our commitment to the community and the

Quality conscious Sustainability Report

“ Durdans has developed a comprehensive Clinical Governance Framework based on an integrated approach to clinical risk management and continuous quality improvement. ”



role we play in society. This report discloses how we perform as a Company across a range of indicators and we believe that through disclosure, we can make constant improvements to the way we go about our business. Taking pride in our achievements and actively seeking new ways of doing things better, has always been and will continue to be the Durdans Way.

Patient Care

At Durdans we are committed to ongoing improvement of patient care in all areas. While we have an excellent record in delivering quality patient care and managing risks, the Company continues to focus on improvements that will keep it at the forefront of healthcare delivery. To this end, Durdans prides itself on listening and responding to the needs of its patients. We continually evaluate and improve on all aspects of our performance through customer satisfaction surveys and formal and informal feedback processes.

We have a strong commitment to safety and quality and this is reflected in our organisation-wide approach to:

- Creating a safe environment and systems of work for our staff;
- Reviewing and improving on a continuous basis, the performance of our patient safety and quality systems;

- Assisting our healthcare professionals and Visiting Medical Practitioners to monitor the safety and quality of the care they provide;
- Ensuring accountability for the safety and quality of care at all levels of our organisation, right through to the Board of the Durdans Group;

At all time we endeavors to fulfill their governance responsibilities by demonstrating strong strategic leadership in safety and quality, supporting the staff and accredited medical practitioners in their efforts to provide safe, high quality care, monitoring and responding to the performance of patient care systems in both in-patient and out-patient settings.

We have developed a comprehensive Clinical Governance Framework based on an integrated approach to clinical risk management and continuous quality improvement.

This Framework measures four major areas of organisational performance including:

1. **Clinical Risk Management (making sure our services are safe and minimising risk of error)**
 - The company culture promotes and encourages staff to report incidents, risks and near misses;
 - Policy for Incident Management outlines the process for assessing and investigating incidents;
 - Clinical policies are developed in accordance with evidence based best practices;



- Clinical, risk and safety policies are reviewed on a regular basis and updated as required;
- Has a strategy and policy for 'whistle blowers'.

2. Clinical Effectiveness (making sure that the clinical services we provide are effective)

- Quality and Safety Indicators are used to measure and monitor performance;
- Quality plans are initiated when significant issues are flagged;
- Quality and Safety Indicators are benchmarked nationally;
- Serious clinical incidents are reported and investigated;
- Clinicians are represented on the Governance Committee and expert clinical advisory panels;
- High risk areas are audited on a regular basis;
- Quality performance and safety issues are reported to the Senior Management;
- All facilities meet the standards for accreditation.

3. Effective Workforce (making sure our staff is competent and up-to-date)

- Durdans has a process for checking credentials, registration and scope of practice for all clinical disciplines;
- The Company has targeted education and competency requirements in all clinical areas with a particular focus on high risk areas;
- Employees are orientated and updated on quality and risk systems.

4. Consumer Participation (involving our patients and carers in their care)

- Consumers participate in our risk management and quality improvement activities;
- Consumer complaints and feedback processes are managed in a timely way;
- Consumer feedback from Patient Satisfaction Surveys are taken for strategic and business planning;
- Open disclosures between clinicians and consumers are actively promoted when plans get deviated.

Performance across these areas at Durdans is closely monitored by the hospital's Clinical Governance Unit and

reported through to the Company's Risk Management Committee and the Board.

Accreditation is an important driver for safety and quality improvement. Through Joint Commission International (JCI) accreditation, we have been able to assess our level of performance in relation to established national and international standards and to implement ways to continuously improve service delivery.

Human resources

The Company's commitment to the health and safety of employees and all persons who visit the hospital is a key business principle. The Company believes that all injuries and industry related diseases are preventable and to this effect, it strives continuously to make improvements in this area.

In addition, the Company continues to reduce the overall rate of workers' compensation (as a percentage of total remuneration) in all jurisdictions, which is another indicator of improving safety performance.

Every person working in or utilising a Durdans facility- be they staff, patients visitors, has a right to personal safety.

Threatening, abusive or physically violent behavior is not accepted from anyone under any circumstances. Any such behavior will result in action being taken and such action may include:

- a prompt medical response where appropriate;
- a formal warning;
- being asked to leave the premises or discharge from the facility;
- utilisation of security services; and/or
- police being notified and legal action implemented.

We pride ourselves on the continuous relationships we are building among our staff and doctors.



CREATING A
SUSTAINABLE
ENVIRONMENT

“ Durdans prides itself on listening and responding to the needs of its patients. We continually evaluate and improve on all aspects of our performance through customer satisfaction surveys and formal and informal feedback processes. ”



OUR COMMITMENT TO WORLD-CLASS QUALITY

Our internal policies and processes aim to provide staff at all levels with career expansion, training and development opportunities. Durdans is recognised for its commitment to staff through the fostering and development of a special culture which recognises that our people are the key to our success.

Both in regard to Board-level appointments and executive appointments, the Company remains committed to selecting the best person for the role. In selecting new directors, the Company has regard to the skills, experience and perspectives represented on the Board and are considered potential “gaps” identified based on the current and projected activities of the Group.

Age Diversity

At Durdans, we recognise the valuable role each age group plays in the Company and thus will continue to pay attention to the welfare and wellbeing of all individuals, with equal treatment to all irrespective of the age group they belong to.

Training and Development

We have been supporting the learning and development needs of our clinical and non-clinical employees. We provide staff at all levels with career enhancement and professional development opportunities.

Durdans recognises that protecting the environment is a key responsibility of the business. The need to protect the environment for current and future generations is clear.

Quality conscious Sustainability Report



Environment

Durdans recognises that protecting the environment is a key responsibility of the business. The need to protect the environment for current and future generations is clear. Durdans also acknowledge that reducing unnecessary waste and minimising consumption of scarce resources must be treated with the same importance as financial sustainability in terms of meeting the expectations of patients and staff. Durdans has invested significant resources in this area and is currently working on several environmental initiatives that will lead to better outcomes for all in the medium to long term.

The hospital complies with the regulations laid down by the Central and Provincial Environment Authorities and is equipped with the Environment Protection License which is issued on an annual basis after closely monitoring and observing the organisation's operations from an environmental safety perspective.

Energy Consumption

Energy consumption at Durdans has remained fairly steady in the past few years and demonstrates that some of the initiatives taken by Durdans Hospital over the years have been successful in maintaining the

status despite expansions that have taken place within the premises requiring more energy.

As healthcare is a significant producer of emissions with energy being a lead contributor, Durdans contribution to reducing emissions and energy use is significant. Air conditioning represents 40% to 50% of the Company's total energy consumption with lighting a further 20%. Therefore, targeting these two areas can produce further benefits.

The hospital has embarked on a project to install a new generation closed circuit heat pump system with an indirect heating system requiring very low maintenance, operating and running costs. The proposed new system will also produce cold exhaust air as a by-product of its operation, which may be used by the hospital for space cooling.

The proposed new system is being evaluated against the current Diesel Hot Water Boiler System and giving up on the use of the diesel boiler will bring in not only cost savings but also lowering the risk of fire and other hazardous occurrences. This in turn will result in lower insurance premiums payable to insurers.

Waste Production

Hospitals produce a variety of waste streams including general waste (e.g paper, cardboard, glass, plastics and food) and clinical waste (e.g infectious waste) that requires special handling and disposal.

Durdans engages in a wide variety of sustainable waste management practices aimed at achieving improvements in waste management such as best practice waste segregation and promotion of recycling.

Governance

The Durdans Group is committed to delivering high quality health care services and ensuring long-term, sustainable shareholder returns. The Board recognises the importance of good governance in achieving these corporate objectives, in discharging its responsibilities to all stakeholders and in addressing the broader role of the Company as a good corporate citizen. The

Company's governance framework is designed to ensure that the Company is effectively managed, that statutory obligations are met and that the culture of personal and corporate integrity – The Durdans Way – is reinforced.

Social Indicators

Through our operations and our policies and practices, Durdans makes a genuine attempt to improve the quality of life of our employees, their families, the local community and society at large.

Community Support Program

Durdans commits significant funds and resources each year to philanthropic activities and initiatives that support the wider community. In particular, we recognise that we have an important role to play in the training and development of the future medical and nursing workforce and to this end, we commit major resources to this area.

Through our widespread lab network, we work closely with Government hospitals and other charitable organisations to uplift the standards of services offered by such institutions to the community at large.

Durdans has donated to government hospitals and charitable institutes across the country through its island wide lab network and has made significant funding commitments to assist these organisations for their infrastructure development projects as well.

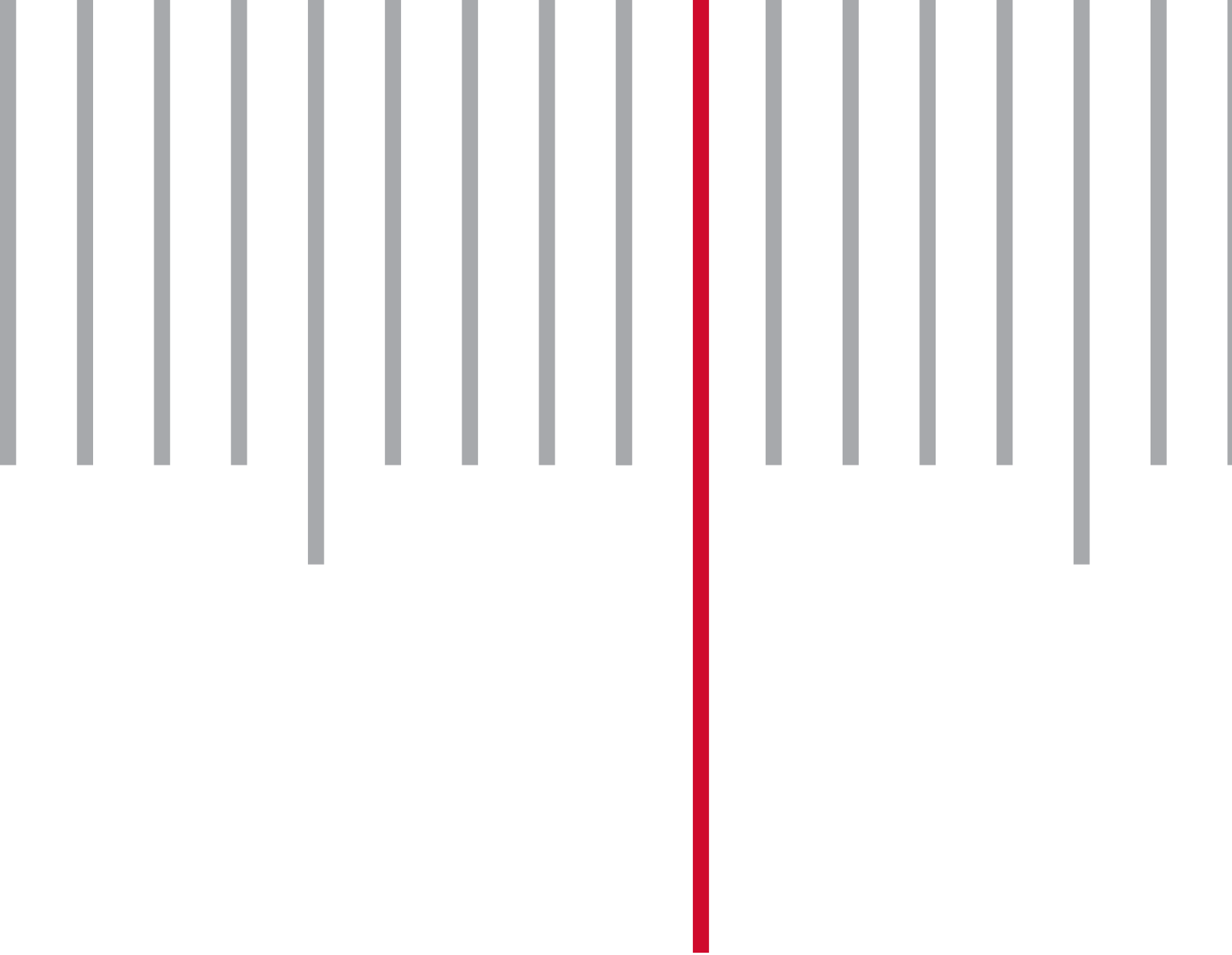
Durdans Hospital has been expanding its diagnostic Laboratory network throughout the island and during the post war period the hospital was one of the first few to setup a Laboratory in Jaffna. As the people living in Jaffna had little access to health screening the annual CSR Program for FY 2014/15 focused on the people in the Jaffna peninsula.

Coronary Heart related deaths in Sri Lanka account for over 11% of all deaths and with the belief that early detection leads to control and prevention of heart deceases, the focus of this year's CSR program was on heart related ailments. As such, during the CSR



“ Durdans engages a wide variety of sustainable waste management practices aimed at achieving improvements in waste management, such as best practice waste segregation and promotion of recycling.”

program the hospital took the initiative to conduct a free health camp which carried out tests such as Fasting Blood Sugar (FBS), Lipid Profile, Electro Cardio Gram (ECG) and Blood Pressure checks and provided test results within two hours. The patients who had adverse results were provided free consultations by Consultant Cardiologists and General Physicians on site. With Durdans Hospital having Sri Lanka's most experienced Cardiologists and Cardio Thoracic Surgeons who have performed over 25,000 Cardiac procedures to date, through this free Health Camp the hospital was able to reach the general public and grant free access to specialists. The free health program was patronised by over 500 participants and their interest and enthusiasm shown towards the program was immense.





Governance & Risk Management

“ The Board safeguards the effectiveness of the business and comprises members representing key management disciplines such as Medical, Finance, Engineering and Marketing thereby effectively and efficiently contributing to the betterment of the organisation, maintaining a macro perspective of the ongoing operations.”

Enterprise Governance

Conformance Measurements

The composition of the Board of Directors

The Board comprise of eight Directors including two Executive Directors and six Non-Executive Directors. The names of the Directors and their profiles are given on Pages 40 and 41 of this report.

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

Chairman

The Chairman, also an Executive Director of the Company, holds the supreme position of the Company. The Chairman always encourages the contribution of innovative ideas by all members of the team which has resulted in continuous upgrades to the functional excellence of the Company.

Responsibilities of the Board

The Management Team is primarily responsible to map the direction of the business based on the identified needs of the Company. The Board is responsible to validate the management team recommendations for strategic direction. The Board also ensures the Company's overall performance is in line with the plans it has created whilst making sure the risks are well managed and that organisational ethics are upheld with utmost respect. Operational accountability lies with the management team based on the set plan. The Board also approve the annual business plan in the form of SIAs' (Strategies in to Actions) of the Company and plays an active role in deciding on the investments relevant for the business.

Effectiveness of the Board

The Board safeguards the effectiveness of the business and comprises of members representing key

management disciplines such as Medical, Finance, Engineering and Marketing, thereby effectively and efficiently contributing to the betterment of the organisation, maintaining a macro perspective of the ongoing operations. The Board also monitors financial performance against plans whilst observing and regulating the management committee and the sub committees.

Formal planned Board Meetings are held on a periodic basis with papers for discussion being circulated well in advance together with the meeting agenda to ensure full, well deliberated participation of all members at the meetings.

Committees under the Purview of the Board.

(a) Remuneration Committee

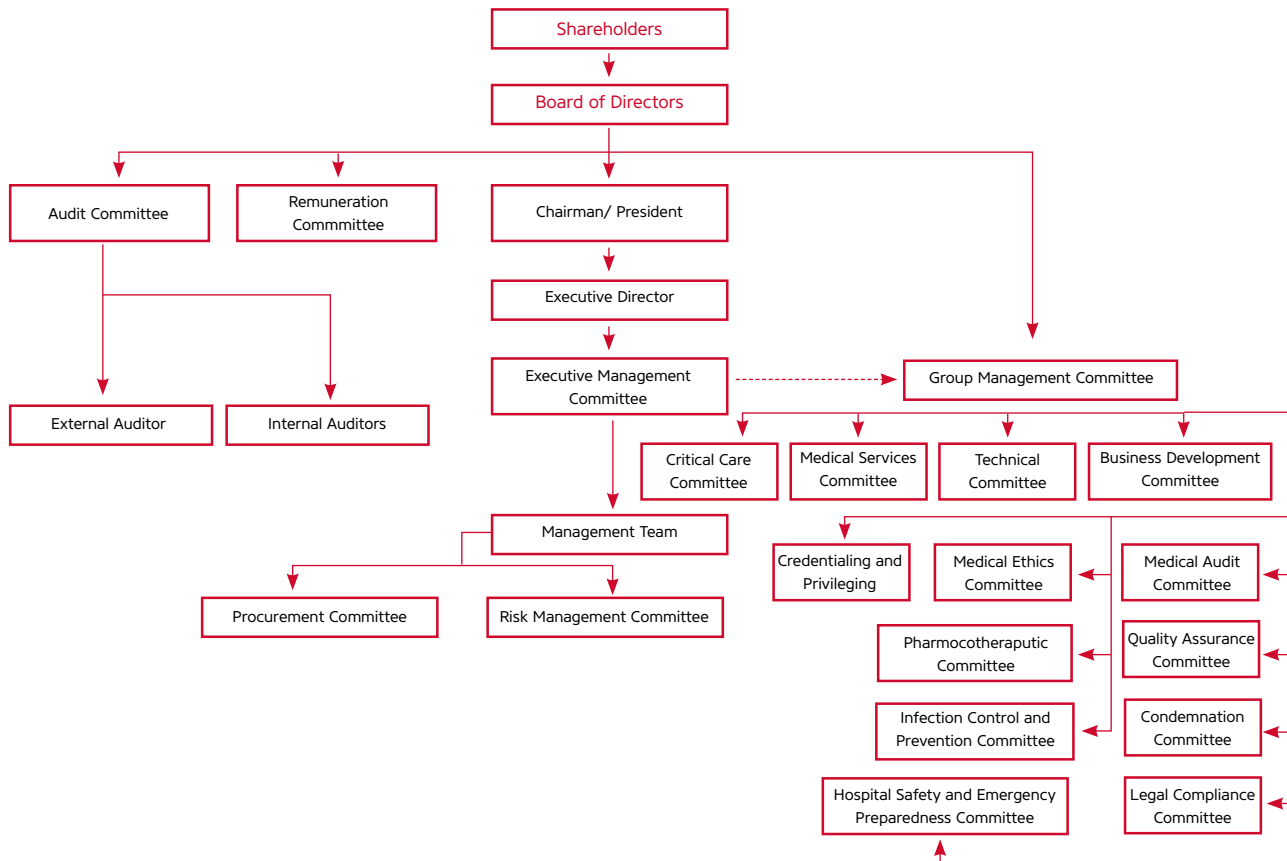
This committee consists of three Non-Executive Directors. Mr A S Abeyewardene acts as the Chairman of the committee while Mr Y N R Piyasena and Dr N Y Wijemanne occupy the other two slots. The Chairman of the Company plays the role of an observer in the process.

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

(b) Audit Committee

The Audit Committee oversees the preparation, presentation and adequacy of disclosures and the integrity of the Financial Statements, Risk Management Processes and Internal Controls of the Company. It is also the responsibility of this committee to oversee the organisation's compliance with financial reporting requirements and other relevant reporting requirements,

Enterprise Governance Framework at Durdans



information requirements as per the Companies Act No. 07 of 2007 and other relevant financial reporting regulations. The Committee is also responsible for independently evaluating and monitoring the performance of the External Auditors and the internal audit function of the Company. Additionally, it is the responsibility of this committee to ensure compliance with applicable laws and regulatory requirements and determine the appointment, evaluation, terms of engagement and fees of the Auditors.

The Audit Committee comprise of four Non-Executive Directors namely Mr A S Abeyewardene; Chartered Accountant (Chairman of the Committee), Mr A S M Ismail; Chartered Accountant, Dr N Y Wijemanne and Mr Y N R Piyasena. The Company's Chairman; Mr Ajith Tudawe and the Executive Vice President; Mr Upul Tudawe participate at meetings by invitation as Executive Directors.

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

(c) Group Management Committee (GMC)

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

Governance Report

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

(d) Executive Management Committee (EMC)

The Executive Management Committee comprises of the Chairman, Executive Director, Director Medical Services, Manager Medical Services, Manager Human Resources, Manager Marketing, Manager Operations – Laboratory Services and Medical Centres, Manager Supply Chain and the Finance Manager. This committee meets on a weekly basis and takes the responsibility for the operational efficiency of the organisation.

(e) Critical Care Committee (CCC)

The Committee is chaired by the Vice President Critical Care and comprises of the Vice President Medical Services, Executive Director, Manager Medical Services, Manager Human Resources, two medical officers from the Critical Care Units, Chief Nursing Officer and Matrons. The Senior Consultant Cardiac Surgeon and the Senior Consultant Cardiac Anesthetist attend the meetings by invitation.

The committee discusses all pertinent issues related to the Critical Care Units and issues related to Infection Control throughout the organisation. The committee observations are reported to the Group Management Committee (GMC) at its monthly meetings.

(f) Medical Services Committee (MSC)

This committee is chaired by the Senior Vice President Medical. The other members to the committee are Executive Director, Critical Care Director, Director Medical Services, Manager Human Resources, Manager Medical Services, Chief Nursing Officer, Resident Physician, Resident Pediatrician and the Senior Medical Officer. The committee meets once a month to address the issues pertaining to the medical management of the full hospital such as patient complaints, issues concerning doctors and nurses and all other aspects of patient care, logistical problems of patients, accommodation, medical and nursing staff concerns etc. The committee also addresses the aspects of Continued

Professional Development (CPD) and Continued Medical Education (CME) programs of doctors and nurses. The observations of this committee are reported to the Group Management Committee (GMC) on a monthly basis.

(g) Procurement Committee

Supply chain efficiencies are critical to the entire hospital group and hence the Company strives to upgrade the processes by benchmarking its procurement applications with the best practices adopted in the field of supply chain management.

Thus, the establishment of a procurement committee is to ensure purchasing efficiencies and control all purchases within the hospital group. The team is required to deliver buying efficiencies and display transparency and best practices in the purchasing procedure.

The committee meets once a month and comprises the Director Medical Services, Manager Medical Services, Manager Supply Chain, Manager Marketing, Manager Operations - Laboratory Services and Medical Centres, Manager Human Resources and the Finance Manager.

The team is guided by the Chairman and the Executive Vice President of the Company.

(h) Credentialing and Privileging Committee (C & PC)

Having achieved the world recognised accreditation for quality care and patient safety from Joint Commission International (JCI), the Company continues to improve and upgrade the quality standards of its operations. In doing so it is required to match the skill set of the medical professionals involved in their respective disciplines to make the Company's business operations more meaningful. Thus the objective of this committee is to screen all consultants and medical officers providing their services to the hospital to ensure their credentials are on par with the services undertaken.

This committee comprises of the Consultant Microbiologist, Senior Vice President - Medical Services, Director Medical Services, Manager Medical Services and other competent team members who are capable and experienced to carry out their duties in the committee.

(i) Medical Ethics Committee

This committee is responsible to facilitate good governance and ethical practices in the organisation by being an advisory body to the management. The committee comprises of the Senior Vice President Medical Services, Consultant Physician, Director Medical Services, Manager Medical Services, Chief Nursing Officer and others representing the medical and nursing profession of the organisation, along with external support from a member of the public. The committee meets once a month.

(j) Medical Audit Committee

This committee is responsible to independently monitor, review and report to the Chairman of the Company on clinical governance and where appropriate, facilitate and support through its independence the attainment of effective processes and clinical care protocols.

The committee is made up of the Senior Vice President Medical, Director Medical Services, Manager Medical Services, Chief Nursing Officer, Resident Consultants and the Medical Record Room Officer. The committee meets on a monthly basis.

(k) Quality Assurance Committee

The committee which meets once a month has its meetings chaired by the Chairman and attended by the Senior Vice President Medical Services, Vice President Critical Care, Director Medical Services, Manager Medical Services, Marketing Manager, Manager Operations – Laboratory Services and Medical Centres, Manager Human Resources, Manager Supply Chain, Finance Manager and other members as relevant.

This committee has the mandate to ensure that all quality parameters identified in the Standard Operating Procedures (SOPs) are assessed against the established Key Performance Indicators (KPIs) and early attention is given to any deviations. The process is aligned to the organisation wide quality drive that has been benchmarked against world-class standards.

(l) Pharmacotherapeutic Committee

The committee which gathers once a month works with the objective of streamlining the systems and processes related to all pharmacotherapeutic issues across the

organisation including setting up the best practices and regular audits to ensure adherence to set processes.

(m) Infection Control and Prevention Committee

This committee chaired by the Consultant Microbiologist comprises the Executive Vice President, Senior Vice President Medical Services, Vice President Critical Care, Director Medical Services, Manager Medical Services, Chief Nursing Officer, all Resident Consultants, as well as other relevant members in attendance.

The committee which meets once a month establishes the scope of the functional and critical measurements that needs tracking on a routine basis. The key objective of the committee is to ensure that all parameters are kept within the acceptable norms required as per international benchmarks.

(n) Condemnation Committee

The key function of this committee is to streamline the condemnation process and to ensure that ethical and safe measures are adopted by the Company in disposing the condemned items/medical waste etc.

The Committee meets once a month or as and when required and is chaired by the Executive Vice President. The other members of the committee are the Senior Vice President Administration, Finance Manager, Manager Operations – Laboratory Services and Medical Centres, Manager Supply Chain, Manager Medical Services along with relevant departmental heads.

(o) Legal Compliance Committee

The responsibility of this committee is to identify, understand and advice on compliance to all laws and regulations governing the hospital operations. The key task of the committee is to be updated with the information pertaining to such rules, regulations, laws, statutes, ordinances governing the hospital and escalate any changes having an impact on the hospital operations to the top management for their information and necessary action.

This committee is headed by the Executive Vice President and comprises the Director Medical Services, Manager Medical Services, Manager Human Resources, Manager Operations – Laboratory Services and Medical

Governance Report

Centres, Manager Supply Chain, Finance Manager and Chief Nursing Officer.

(p) Hospital Safety and Emergency Preparedness Committee

This committee has the mandate to provide a safe and secure environment to both patients and staff in the hospital. The committee is headed by the Senior Vice President Administration. Other members to the committee are departmental heads who are involved in the functioning of the committee.

(q) Accountability and Audit

The Board has taken necessary steps to ensure the integrity of the accounting and financial reporting

systems of the Company by carrying out periodic review on internal control processes. In this regard, the Board has employed a Senior Chartered Accountant to provide the required knowledge and guidance on finance matters to ensure the financial and operational controls, ethical conduct and compliance with legal and regulatory requirements at all times.

In light of the above, the Company wishes to keep you informed that it has complied with the mandatory disclosure requirements of Corporate Governance for listed Companies in Sri Lanka issued by the Colombo Stock Exchange (CSE) as set out below.

Rule No.	Area Covered	Requirement	Compliance Status	Details
7.10.1	Non-Executive Directors	Two or one third of the total number of Directors, whichever is higher, should be Non-Executive	Compliant	Six out of eight Directors are Non-Executive Directors
7.10.2(a)	Independent Directors	Two or one third of Non-Executive Directors, whichever is higher, should be independent	Compliant	Five out of six Non-Executive Directors are independent
7.10.2(b)	Non-Executive Directors	Each Non-Executive Director should submit a declaration of independence / non-independence	Compliant	All Non-Executive Directors have submitted the declaration in the prescribed format
7.10.3(a)	Disclosures relating to Directors	The names of the Directors who determined to be independent will be set out in the Annual Report	Compliant	
7.10.3(b)	Disclosures relating to Directors	A determination has to be made by the Board as the independence or the non-independence of Non-Executive Directors	Compliant	
7.10.3(c)	Disclosures relating to Directors	Brief resume of each independent Director should be disclosed in the Annual Report	Compliant	Pages 40 to 41 of the Annual Report

Rule No.	Area Covered	Requirement	Compliance Status	Details
7.10.4	Remuneration Committee	A listed company shall have a Remuneration Committee	Compliant	Page 56 to the Annual Report provide the Remuneration Committee Report
7.10.4(a)	Remuneration Committee Composition	i) Remuneration committee shall comprise of a minimum of two independent Non-Executive Directors or a majority of independent Non-Executive Directors whichever is higher	Compliant	The Remuneration Committee comprises of two independent Non-Executive Directors and one Non-Executive Director
		ii) A Non-Executive Director shall be appointed as Chairman of the Committee by the Board	Compliant	Mr A S Abeyewardene, independent Non-Executive Director functions as the Chairman of the Committee
7.10.4(b)	Remuneration Committee	The Remuneration Committee shall recommend the remuneration of the Chief Executive Officer and the Executive Directors	Compliant	Refer Remuneration Committee Report on Page 56
7.10.4(c)	Remuneration Committee	The Annual Report shall set out;	Compliant	Page 56 to the Annual Report
		i) Names of Directors comprising the Remuneration Committee	Compliant	Page 56 to the Annual Report under Remuneration Committee
		ii) Statement of Remuneration Policy	Compliant	Page 118 to the Annual Report
7.10.5	Audit Committee	A listed company shall have an Audit Committee	Compliant	Refer Audit Committee Report on Page 56

Governance Report

Rule No.	Area Covered	Requirement	Compliance Status	Details
7.10.5(a)	Audit Committee	The Audit Committee shall comprise of two independent Non-Executive Directors or a majority of independent Non-Executive Directors whichever is higher	Compliant	The Audit Committee comprises of three independent Non-Executive Directors
		The Chief Executive Officer and Chief Financial Officer shall attend Audit Committee meetings	Compliant	The Chairman and the Finance Manager of the Company attend to committee meetings on invitation
		One Non-Executive Director who is a member of a professional accounting body shall be appointed as Chairman of the Audit Committee by the Board	Compliant	Mr A S Abeyewardene functions as the Chairman of the Audit Committee
7.10.5(b)	Audit Committee	Audit Committee shall have functions as set out in section 7.10.5 of the listing rules	Compliant	Refer Audit Committee report on Page 77
7.10.5(c)	Audit Committee	The Annual Report shall;		
		i) set out the names of Directors that comprises the Audit Committee	Compliant	Refer Page 77 to the Annual Report
		ii) make a determination of the independence of the Auditors and disclose the basis for such determination	Compliant	Refer Page 77 to the Annual Report
		iii) contain a Report of the Audit Committee setting out the manner of Compliance of the functions	Compliant	Refer Page 77 to the Annual Report

Enterprise Risk Management

Enterprise Risk Management (ERM) is the process of planning, organising, leading and controlling the activities of an organisation in order to minimise the effects of risk on an organisation's capital and earnings.

There are various important ERM frameworks, each of which describe an approach for identifying, analysing, responding to, and monitoring risks and opportunities, within the internal and external environment in which the Company operates. The risk response strategy broadly adopted by the Durdans Group is identified as follows:

1. Avoidance: exiting the activities giving rise to risk
2. Reduction: taking action to reduce the likelihood or impact related to the risk
3. Alternative Actions: deciding and considering other feasible steps to minimise risks
4. Share or Insure: transferring or sharing a portion of the risk, to finance it
5. Accept: no action is taken, due to a cost/benefit decision

The management of the Company through continuous monitoring of internal control activities carried out by reviewing of analytical reports or management committee meetings with relevant experts makes a conscious effort to understand the risk response strategy required to achieve the corporate objectives.

With almost seven decades of experience, the Company has become competent in taking calculated risks thus supporting the ultimate corporate objectives. The learning made over several decades has also generated strong ability within the organisation in creating a strategic competitive advantage by managing risks in a proactive manner. While risk management is prudent and pragmatic, the following processes and methodologies have been implemented by the Company to ensure maximum effectiveness. In light of the above, the processes are validated periodically to ensure their best fit to the emerging needs of the Company.

- Risk Management Committee – The function of the committee includes proactively mapping the potential risks, assessing the likelihood of occurrence and assessing the impact of each event on the business
- A risk awareness culture is being created throughout the organisation by educating the team leaders on the risks faced by the organisation. This awareness and training has been put into practice in each functional area, thereby mitigating and managing the operational level risks of the organisation
- The accountability and responsibility of each type of risk has been identified and reviewed periodically
- Empower business areas and departments to be responsible for managing risk in accordance with the organisation's Risk Management Policy and reward risk optimisation initiatives. All necessary training has been provided to all departments for the successful monitoring and management of identified risks
- Generate continuous assessment and improvement – the process is monitored on an ongoing basis for necessary interventions

The Risk Management Process at Durdans

The following process is in place:

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

The Risk Management Committee has the full responsibility of applying an effective Risk Management Strategy in the Company. The identified risk and suggested methodologies to manage the risks are reported to the Group Management Committee which

Enterprise Risk Management

reviews the same for the effectiveness of the action plan and monitors the implementation thereafter.

The impact of the event is estimated by ascertaining the possible loss that would be incurred by the Company in the event the risk occurs. A five point ranking is used to assess the gravity; very high, high, 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 using the extensive experience the team has in the business. The risks are further classified on dual parameters of the likelihood of occurrence and the impact on the business using assessment of Very High Risk, High Risk, Moderate Risk, Minor Risk and Insignificant Risk.

Clinical Risk

Clinical risks are detrimental to the operations of the Company. As such mitigating the same high quality standards and safety standards are of paramount importance on a day-to-day basis. Due to the severity of the impact such risks can cause the business, the Risk Management Team deliberates extensively to identify any potential risk to the patients, thereby ensuring preventive measures are in place at all time.

The Company's fundamental business philosophy revolves around the excellent medical, clinical and aftercare services extended to its patients. To further strengthen the ability to mitigate risks the Company uses an Adverse Incident Reporting Mechanism which has been found to be very effective to date.

With the awarding of the Joint Commission International accreditation, the operations of the entire hospital now covers the full business operation in maximum depth, ensuring that world-class best practices are in place at Durdans. Given the Company's continuous drive to innovate and improve the way healthcare is delivered in Sri Lanka, the JCI accreditation has set your company's operations even further apart from all other contenders in the industry. The Company's commitment to this significant improvement further endorses its dedication towards ensuring the best of care to all its patients. Further to the above, the good Clinical Risk Management processes adopted by the Company include:

- Credentialing medical staff
- Incident monitoring and tracking
- Complaints monitoring and tracking
- Infection control
- Medical record documentation

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

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

Operational Risk

Operational risks are identified as those risks that damage property or interrupt business. Hence, the operational risk management at Durdans attempts to minimise risks associated with operations, assets, environment and personnel. The entire organisation is covered by a fire protection system while insurance is obtained to the maximum possible extent to cover any damage arising from unforeseen events to the operations as well as business profits.

An annual review of operational risks are carried out by an external risk management organisation and outcomes are reported to the Board of Directors for information and where necessary for appropriate action.

Economic Risk

The Company operates in a highly volatile and a dynamic environment where various factors impact the economy and the country which in turn affects the business in general.

With healthcare being an essential service, the Company is to a certain extent insulated compared to some other industries. However, the company has been very agile in identifying potential risks that could impact its business plan and generate proactive steps to mitigate the same. The Company follows a detailed management review process enabling the team to take prompt action to reverse any negative impact urgently. With the collective experience of the team at the helm, generally anticipating changes are effectively done and the adverse impact minimised always.

Industry Risk

The healthcare industry has expanded at a rapid pace in the past decade. The Company has witnessed that significant investments are being made by its contenders in the private healthcare space resulting in a large number of beds being added to the sector. While this indicates the opportunities that prevail in the industry for growth some concerns have surfaced regarding the long term sustenance of this capacity. Considering the foregoing it is therefore important to create the strategic direction of the business in a meaningful manner. The focused strategic planning

process has been a success that the Company has achieved to date and ensures that potential industry risks are mitigated and operations continue with a strong growth momentum.

The Company's planning starts from understanding current and emerging needs and aligning its offering to deliver the ideal solution to fit the needs. During the process, it continues to keep vigil on emerging innovations in healthcare in the developed world and accessing with pride the technical resource based knowledge and competencies.

Some of the fundamental reasons for the Company to have an edge over its contenders in mitigating industry risk is being innovative in offering unique services, ensuring value for money, maintaining high quality standards and improving efficiencies brought into the processes to deliver a patient friendly service.

Financial Risk

The Company's continuous drive to invest in advanced technology invariably requires seeking finance for investments. Being mindful of the gearing level of the entity, the Company ensures it manages its borrowings with due care. The Company ensures at all times that all financial obligations are met on time. Further, the management places the utmost diligence on monitoring the fluctuations in the market pertaining to interest rates and uses extensive negotiations to obtain the best return 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 backed by an extensive feasibility report study prior to embarking on the project so that the Return on Investment (ROI) is guaranteed.

Credit Risk

With corporate customers and insurance companies comprising a significant share of the business portfolio, receivables are closely monitored to reduce the risk arising from the grant of credit. In order to strengthen the process of granting credit to corporates the Company adopts a strict credit evaluation process of each client and credit limits and credit periods are

Enterprise Risk Management

granted upon evaluation of the credit application. As a control measure, the internal operating procedures have been developed to avoid any unauthorised credit limits being entered into the operating system without the knowledge and approval of the management of the Company.

Reputation Risk

Damage to reputation causes irreparable loss to the brand and brand image. Hence, guarding our reputation by carefully following laid down guidelines to handle consumer grievances has always been a key area of concern to the Company. In consideration of this, the Durdans team places a greater focus on making every experience a memorable one to each patron at every touch point of service. Constant improvements to an already well established way of operation is undertaken by the management on a day-to-day basis taking into account the feedback received from all stakeholders for an improved service.

Patient and Staff Safety

The risk arising due to lack of safety measures for patients and staff are considered to be of high importance at a corporate level. As such in depth evaluation of such risks are carried out on a routine basis to map out all potential areas of risks by clearly defining the actions that should be in place.

Exposure to the environmental risk is a challenge in the present day context. Hence, the Company takes the responsibility to review and discuss such risk and implement preventive actions where necessary. In this regard, vaccination against infections such as Hepatitis B is administered to staff members who are exposed to such diseases. Further, regular screening tests are conducted for staff of critical care units to minimise hospital borne infections. Awareness programs are also initiated for medical and clinical staff and healthcare professionals to mitigate some of the most challenging issues.

Patient safety is of paramount importance to the Company and the international accreditation bestowed on the 'Durdans Brand' and the connected measurable elements ensuring patient care are continuously

monitored and where necessary improvements and modifications are made to the existing processes to further enhance the safety of the patients.

Human Resources

The Company continues to value its people as the most important asset of the organisation as it is the people who make the corporate vision a reality by delivering the utmost care the patrons seek. Every employee epitomises the values of the Company while at work as well as outside their working hours. The caring nature of the staff is part of their DNA.

However, unlike a few years ago, the current dynamic private healthcare sector makes it necessary that we constantly enhance the people agenda in a manner beneficial to the employee as well as the Company. Hence, the Company is constantly addressing the needs of its staff members and taking steps to constantly motivate employee engagement through a performance driven culture. In doing so, every team member is made to understand how his/her functions will deliver value to the organisation's performance, thereby enhancing their commitment to uphold the best service delivery expected by patrons.

The Company in the past several years has taken steps to transform its organisational culture to create a cohesive team environment. Continuous efforts are being taken to improve communication between management and staff and team leaders and their units to disseminate information across the organisation in a more effective and efficient manner. Results of the annual employee satisfaction survey carried out by the Human Resources Department are collated carefully and corrective action taken to improve/address the concerns of employees where necessary.

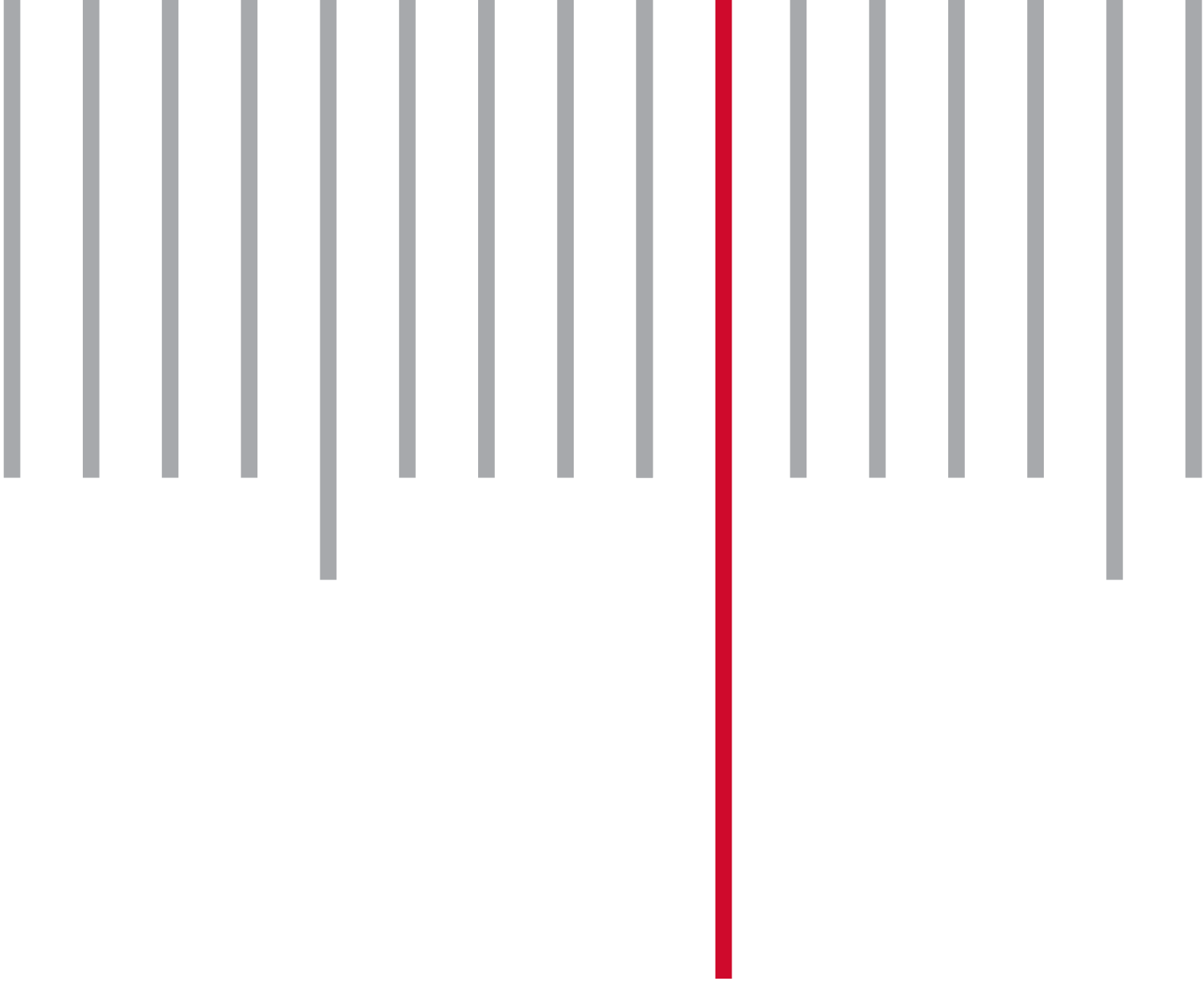
Information Security

Day-to-day operations at the Hospital are run on a fully fledged in house developed ERP system and the security of the information and the uninterrupted service of the system are of utmost importance for the continued operations of the Company. The loss of data due to technical failures, system down times, threat of viruses and data security are some of the key concerns

the Company has identified and steps taken to minimise the risks arising from same.

The system currently runs on a high end VMware vSphere 4 server and system down time is zero due to the availability of a backup server. In a bid to improve the security of servers, the accessibility is restricted to identified persons of the Company.

Patient data is handled in a very confidential manner ensuring security. The Company has taken measures to install firewalls to protect unauthorised access to sensitive information which is patient related and otherwise. Further, spam controls and mail firewalls also protect the system which would otherwise get affected from regular communications between internal and external parties in their day-to-day business operations. External labs are also connected to the main office system via a secure IP-VPN connection.





Financial Statements

“ We have evolved over 69 years to deliver the best healthcare available in Sri Lanka. Today Durdans Hospital is reputed for award-winning, expert healthcare services that are benchmarked to international standards.”



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

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 2015 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 21st May 2015.

1. Principal activities and business review

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

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

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

2. Future Developments

The Group intends to continue to pursue a strategy of focusing on its core business activities. In order to achieve this the Group will concentrate on enhancing the performance of its surgical care and outpatient services in addition to general medical and nursing care.

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

3. Financial Statements of the Company and the Group

The Financial Statements of both the Company and the Group duly certified by the Finance Manager and approved by two directors in compliance with sections 152, 153 and 168 of the Companies Act No. 07 of 2007 are given from Pages 80 to 123 of the Annual Report

4. Auditors Report

The Company's external auditors, Messrs. B R De Silva & Co, performed the audit on the Financial Statements for the year ended 31st March 2015. The Auditor's report on the Financial Statements is given on Page 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 84 to 95 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 2015 was Rs. 4.1Bn (31st March 2014 – Rs. 3.9Bn).

6.2 Profit and Appropriations

The profit before income tax of the Group for the year ended 31st March 2015 was Rs. 266Mn (31st March 2014 – Rs. 261Mn) and the profit after tax for the year ended 31st March 2015 was Rs. 224Mn (31st March 2014-Rs. 229Mn). The details of profit relating to the Group are given on Page 80 of this report.

6.3 Dividend on Ordinary Shares

The Directors recommended an interim dividend of Rs. 2.70 per ordinary share for the year ended 31st March 2015 to be paid in the month of June 2015. No further dividends have been recommended.

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

6.4 Provision for Taxation

Income tax for 2015 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 No. LKAS 12.

Information on Income Tax Expenses and Deferred Taxes is given in the Notes to the Financial Statements on Page 98 of this Annual Report.

6.5 Reserves

The Group's total reserves as at 31st March 2015 amounted to Rs. 1.86Bn (2014 – Rs. 1.74Bn). The movement of the reserves are given on Page 82 under 'Statement of Changes in Equity' and in the Notes to the Financial Statements of this Annual Report.

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

Details of capital expenditure incurred on property plant & equipment are given in the Notes to the Financial Statements from Pages 99 to 100.

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

8. Directors

8.1 List of Directors

The Board of Directors of the Company as at the date of this report comprise of eight having extensive medical, financial and commercial knowledge and expertise. The qualifications and experience of the directors are given in the 'Board of Directors' section from Pages 40 to 41 of this Annual Report.

Names of the persons who held office as Directors of the Company as at 31st March 2015 and the names of the persons who ceased to hold office as Directors of the Company at any time during the year 2014/15, as required

by Section 168 (l) (h) of the Companies Act No. 07 of 2007 are given below.

Mr A E Tudawe	Chairman – Executive Director
Mr U D Tudawe	Executive Director
Mr S P Tudawe	Non-Executive Director
Dr A D P A Wijegoonewardene	Non-Executive Director
Mr Y N R Piyasena	Independent, Non-Executive Director
Mr A S Abeyewardene	Independent, Non-Executive Director
Dr N Y Wijemanne*	Non-Executive Director
Mr Su-Ayid M Ismail	Independent, Non-Executive Director

*Will retire from the date of the AGM

8.2 Independence of Directors

The Board has made a determination as to the independence of each Non-Executive Director and confirms that three of the Non-Executive Directors meet the criteria of independence in terms of Rule 7.10.4 of Listing Rules.

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

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

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

8.3 Re-election of Directors

In Accordance with the Articles of Association of the Company and the Corporate Governance Code Dr A D P A Wijegoonewardene will retire by rotation at the Annual General Meeting in June 2015 and being eligible, will offer himself for re-election with the unanimous consent of the Directors.

8.4 Recommendation for re-election

Mr A S Abeyewardene shall vacate office as per the requirements of Section 210 of the Companies Act No. 07 of 2007 and a separate resolution will be tabled at the forthcoming Annual General Meeting to obtain the sanction of the shareholders to re-appoint him a Director of the Board as per Section 211 of the Companies Act.

8.5 Disclosure of Directors Dealings in Shares

Directors' Interest in Ordinary Shares of the Company

As at 31st March	2015 No. of Shares		2014 No. of Shares	
	Voting	Non-Voting	Voting	Non- Voting
Mr A E Tudawe	205,052	-	205,052	-
Dr A D P A Wijegoonewardene	175,418	-	175,418	-
Mr S P Tudawe	307,936	-	307,936	-
Mr U D Tudawe	170,616	-	170,616	-
Mr Y N R Piyasena	553,134	-	553,134	-
Mr A S Abeyewardene	1,440	1200	1,440	1,200
Dr N Y Wijemanne	762	-	762	-
Mr A S M Ismail	100	-	-	-

8.6 Remuneration and Other Benefits

Directors' remuneration and other benefits in respect of the Company for the financial year ended 31st March 2015 is given in Note 31.5 to the Financial Statements on Page 118 of this Annual report as required by Section 168 (l) (f) of the Companies Act No. 07 of 2007.

8.7 Directors' interests in Contracts or Proposed Contracts

Directors have no direct or indirect interest in any contract or proposed contract with the Company for the year ended 31st March 2015 other than those disclosed on Pages 116 to 119 of this Annual Report.

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

8.8 Related Party Transaction

In terms of the Code of best Practice on related party disclosures there were no non-recurrent related party transactions entered into during the course of the financial year, the lower of the aggregate value exceeding 10% of the Equity or 5% of the assets.

No recurrent related party transactions, the aggregate value of which exceeds 10% of the Consolidated Revenue/ Income have been carried out during the financial year ended 31st March 2015. Details of all related party

transactions carried out during the year are disclosed on Pages 116 to 118 of this Report. The Directors declare that they have complied with the provisions of the Code relating to full disclosure of related party transactions entered into during the financial year ended 31st March 2015.

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 2015 was Rs. 916Mn comprising 33,872,726 ordinary shares. (2014 – Rs. 916Mn) made up by 25,527,272 voting shares and 8,345,454 non-voting shares). Details of the Stated Capital are given in Note 16 to the Financial Statements on Page 102 to the Annual Report. The rights and obligations attached to the ordinary shares are set out in the Articles of Association of the Company, a copy of which can be obtained from the Secretaries upon request.

11. Share information

Details of share-related information are given on Pages 126 to 129 of this Annual Report and information relating to Earnings, Dividends and Net Asset per Share is given in the Financial Highlights on Page 4 of this Annual Report.

12. Public holding of shares in the Company

The public shareholding as at 31st March 2015 for Voting and Non-Voting shares were 23.2% and 81.45% respectively.

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

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 2015 are indicated on Pages 128 and 129 of this Annual Report

14. Corporate Donations

During the year, the Company made donations to charity amounting to Rs. 1.6Mn (2013-Rs. 2.35Mn). 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.

15. 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.

16. Events after the Reporting Period

There have been no material events occurring after the reporting 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 115 of this Annual Report.

17. 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, they continue 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.

18. Risk Management and System of Internal Control

18.1 Risk Management

Specific steps that have been taken by the Company are detailed on Pages 120 to 122 of this Annual Report

18.2 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 management relevant, reliable and up-to-date Financial Statements and key performance indicators.

The Audit Committee reviews on a regular basis, the reports, policies and procedures to ensure that a comprehensive internal control framework is in place. More details in this regard can be seen on Pages 77 and 78 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.

18.3 Audit Committee

The composition of the Audit Committee and their Report is given on Pages 77 and 78 of this Annual Report.

19. Corporate Governance

The Company is committed to high standards of Corporate Governance. The main Corporate Governance practices of the Company are set out from Pages 56 to 62 of this Annual Report. The Directors acknowledge their responsibility for the Group's Corporate Governance and the system of internal control.

20. Appointment of External 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.

21. Auditor's Remuneration and Interest in Contracts with the Company

The Group audit fees paid for the year 2014/15 amounted to Rs. 2.1Mn. Apart from that, the Company has engaged Messrs. B R De Silva & Co; the External Auditors to advice on taxation and accounting matters for the year under consideration. As far as the Directors are aware, the Auditors do not have any other relationship or interest in contracts with the Company.

22. Annual General Meeting

The 2015 Annual General Meeting of the Company will be held at the 'Auditorium' Durdans Hospital, 11th Floor, Colombo 03 at 9.0 a.m. on Tuesday 30th June 2015.

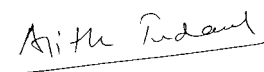
23. Notice of Meeting

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

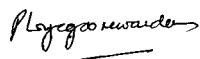
24. Acknowledgement of the Contents of the Report

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



Dr A D P A Wijegoonewardene
Director

21st May 2015

Statement of Directors' Responsibility in Relation to Financial Statements

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

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

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

The Directors consider that in preparing the financial statements disclosed on Pages 80 to 123 the Company and its subsidiaries have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgment and estimates and that all accounting standards which they consider to be applicable have been followed.

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

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

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

By order of the Board,

(Sgd)

Nexia Corporate Consultants (Pvt) Ltd
Secretaries to the Company

Audit Committee Report

Role of Audit Committee

The role of the Audit Committee is to assist the Board's oversight of the Company's Accounting and Financial Reporting processes, the internal control and risk management systems, compliance with legal and regulatory requirements, external auditor's performance, qualification and independence and the adequacy of the internal audit coverage of the Company as detailed in the Audit Committee Charter which has been approved by the Board.

Composition of the Audit Committee

The Audit Committee is a sub-committee of the Board of Directors and consists of three Independent Non- Executive Directors and one Non-Executive Director with expertise and ability in their respective fields who bring their collective business expertise to bear in the deliberations of the committee. Brief profiles of each member are given in Pages 40 to 41 of this report.

Meetings of the Audit Committee

The Audit Committee had five meetings during the year under review and attendance of committee members are as follows:

Name of the Director	Attendance
Mr A S Abeyewardene – Chairman (Non-Executive / Independent Director)	4/5
Mr Y N R Piyasena – Member (Non-Executive / Independent Director)	5/5
Dr N Y Wijemanne – Member (Non-Executive Director)	5/5
Mr Su-Ayid M Ismail - Member (Non-Executive / Independent Director)	3/3
On invitation;	
Mr Ajith Tudawe – (Executive Director)	
Mr Upul Tudawe – (Executive Director)	

The Finance Manager, Director Medical Services, Manager Medical Services, Marketing Manager, Supply Chain Manager and Human Resources Manager attend the Audit Committee Meetings by invitation. In addition, the Internal Auditor of the Company, Messer Ernst & Young Advisory

Services (Pvt) Ltd., represented by a Director of that Company, attend the meeting by invitation.

The views and the discussions of the Audit Committee are communicated to the Board of Directors quarterly at the Board Meetings.

Objective of the Audit Committee

The Audit Committee is empowered to examine the Financial Reporting Process and to review the adequacy of the internal controls established by the management, disclosure of Accounting Policies, Compliance with Sri Lanka Accounting Standards, Statutory Laws and Corporate Governance and any other as detailed in the terms of references.

Financial Reporting

The Audit Committee has reviewed Quarterly Financial Statements submitted to Colombo Stock Exchange for the financial year 01st April 2014 to 31st March 2015, prior these statements being submitted to the Board of Directors for their approval.

The Committee has reviewed and discussed in detail with the External Auditors and the Management, the Annual Audited Accounts for the year ended 31st March 2015 of the Company prior to publication.

Internal Audit

The Audit Committee reviewed and discussed in detail, the monthly Internal Audit Reports submitted by the Internal Auditors for the months from December 2013 to August 2014 relevant to the financial years 2013/14 and 2014/15 and a special review report presented on a focused business unit in the month of November 2014.

The observations detailed in the Internal Audit Reports together with their recommendations, status of the implementation and subsequent actions taken by the management were discussed at the meetings with the Internal Auditors to ensure the operating effectiveness of the internal controls that have been designed and implemented throughout the financial year.

The Committee is of the view that adequate internal controls and procedures have been established by the management to ensure the effectiveness of the operations of the Company and to safeguard its assets.

Audit Committee Report

The Internal Auditors submitted the Internal Audit Plan for the financial year 2014/2015, to the Audit Committee and after a detailed review and discussion; the Internal Audit Plan was approved by the Audit Committee.

The Committee is of the view that the Financial Statements of the Company have been prepared in accordance with the Sri Lanka Financial Reporting Standards (SLFRS/LKAS) and the Accounting Policies have been adequately disclosed. The Committee also ensured that there is effective interaction between the Internal Auditors and the External Auditors.

External Auditor

The Audit Committee has reviewed and discussed in detail with the External Auditors and the Management, the Annual Audited Financial Statements and the Management Letter of the Company at its meeting on 19th May 2015.

The Committee requested the External Auditors to independently examine the Internal Audit Reports and to report in their Management Letter for the ensuing year, their observations as to the implementation of the recommendations made by the Internal Auditors.

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

The Committee having evaluated the independence and performance of the External Auditors has recommended to the Board that Messers B R De Silva & Company, Chartered Accountants, be re-appointed as the auditors of the Company for the financial year ending 31st March 2016.

(Sgd)

A S Abeyewardene

Chairman - Audit Committee

19th May 2015

Independent Auditors Report

B.R.DE SILVA & CO.

Chartered Accountants



Private & Confidential

1. Report on the Financial Statements

We have audited the accompanying Financial Statements of Ceylon Hospitals PLC, the Consolidated Financial Statements of the Company and its subsidiaries as at that date, which comprise the Statement of Financial Position as at 31st March, 2015 and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant Accounting Policies and other explanatory notes.

2. Board's Responsibility for the Financial Statements

The Board of Directors ("Board") is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and for such internal control as Board determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

3. Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4. Opinion


In our opinion, so far as it appears from our examination of the Financial Statements, the Company maintained proper accounting records for the year ended 31st March, 2015 and the Financial Statements give a true and fair view of the Company's state of affairs as at 31st March, 2015 and its financial performance and cash flows for the year then ended, in accordance with Sri Lanka Accounting Standards.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the company as at 31st March, 2015 and of its financial performance and cash flows for the year then ended, in accordance with Sri Lanka Accounting Standards.

5. Report on Other Legal and Regulatory Requirements

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

- a) The basis of opinion and scope and limitations of the audit are as stated above.
- b) In our opinion:
 - We have obtained all the information and explanations that were required for the audit and as far as appears from our examination, proper accounting records have been kept by the Company.
 - The financial statements of the Company give a true and fair view of its financial position as at 31st March, 2015, and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.
 - The financial statements of the Company, and the Group comply with the requirements of section 151 and 153 of the Companies Act.


B. R. DE SILVA & CO.
Chartered Accountants
Colombo 05.

21st May 2015

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

22/4,
Vijaya Kumaranatunga Mw.,
Colombo 05.
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Fax: 0114 512 404

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

Consolidated Statement of Comprehensive Income

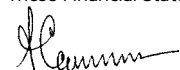
		GROUP		COMPANY	
For the year ended 31st March,		2015	2014	2015	2014
		Rs.	Rs.	Rs.	Rs.
	Note		Restated		Restated
Revenue	(3)	4,083,366,708	3,961,267,670	2,736,867,797	2,647,083,795
Cost of Sales		(1,782,755,334)	(1,712,886,153)	(1,149,104,701)	(1,074,403,032)
Gross Profit		2,300,611,374	2,248,381,517	1,587,763,096	1,572,680,763
Other Operating Income	(4)	35,446,576	34,006,051	33,839,552	32,972,288
Overheads					
Administrative Expenses		(1,640,322,338)	(1,544,317,781)	(1,173,688,255)	(1,106,907,716)
Other Operating Expenses		(321,072,566)	(310,820,812)	(256,353,460)	(242,379,805)
Finance Cost	(5)	(125,005,484)	(186,727,812)	(88,863,922)	(127,019,440)
Finance Income	(5.1)	15,800,707	19,485,773	59,296,956	41,516,492
		(2,070,599,681)	(2,022,380,632)	(1,459,608,681)	(1,434,790,469)
Share of Profit from Equity Accounted Investee	(6)	641,709	1,160,418	-	-
Profit before Taxation	(7)	266,099,978	261,167,354	161,993,967	170,862,582
Taxation	(8)	(42,312,023)	(32,093,202)	(8,778,140)	(12,861,768)
Net Profit after Taxation		223,787,955	229,074,152	153,215,827	158,000,814
Other Comprehensive Income					
Net Gain/(Loss) on Gratuity Valuation		(10,003,382)	14,241,009	(6,921,632)	13,760,841
Net Gain/(Loss) on Available for Sale Financial Assets		1,215,945	1,674,425	72,000	724,000
Other Comprehensive Income for the Year, Net of Tax		(8,787,437)	15,915,434	(6,849,632)	14,484,841
Total Comprehensive Income for the Year, Net of Tax		215,000,518	244,989,586	146,366,195	172,485,655
Profit Attributable to:					
Equity Holders of the Parent		200,087,605	191,642,958	153,215,827	158,000,814
Non - Controlling Interest		23,700,350	37,431,194	-	-
		223,787,955	229,074,152	153,215,827	158,000,814
Total Comprehensive Income Attributable to:					
Equity Holders of the Parent		191,696,155	207,247,358	146,366,195	172,485,655
Non - Controlling Interest		23,304,363	37,742,228	-	-
		215,000,518	244,989,586	146,366,195	172,485,655
Earnings Per Share - Basic	(9)	5.91	5.66	4.52	4.66

The Significant Accounting Policies and the notes from Pages No. 84 to 123 form an integral part of these Financial Statements.

Consolidated Statement of Financial Position

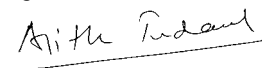
As at 31st March,	Note	GROUP 2015 Rs.	2014 Rs. Restated	COMPANY 2015 Rs.	2014 Rs. Restated
ASSETS					
Non-Current Assets					
Property, Plant & Equipment	(10)	4,107,469,951	4,158,467,815	1,912,273,485	1,952,110,989
Investments in Subsidiaries	(11)	-	-	1,441,831,424	1,426,229,924
Investment in Equity Accounted Investee	(6)	2,679,467	2,037,757	229,960	229,960
Other Financial Assets	(20)	40,069,187	30,934,109	24,766,641	16,802,581
Prepaid Rent		600,000	660,000	-	-
		4,150,818,605	4,192,099,681	3,379,101,510	3,395,373,454
Current Assets					
Inventories	(12)	229,774,914	254,094,602	177,989,428	178,648,795
Trade and Other Receivables	(13)	131,498,930	123,005,489	87,035,212	84,734,806
Prepayments	(13.1)	109,066,982	66,872,833	86,393,257	56,023,164
Amounts due from Related Parties	(14)	3,645,726	3,817,251	94,223,729	281,803,957
Other Financial Assets	(20)	226,284,074	210,633,694	86,471,722	95,414,667
Cash and Cash Equivalents	(15)	80,807,002	48,455,914	66,520,514	37,554,415
		781,077,628	706,879,783	598,633,862	734,179,804
Total Assets		4,931,896,232	4,898,979,464	3,977,735,372	4,129,553,258
EQUITY AND LIABILITIES					
Equity Attributable to Equity Holders of the Parent					
Stated Capital	(16)	916,366,104	916,366,104	916,366,104	916,366,104
Revaluation Reserve	(17)	532,338,890	532,338,890	532,338,890	532,338,890
Available for Sale Reserve		6,776,981	5,812,500	972,000	900,000
Revenue Reserves	(18)	1,322,190,986	1,199,204,763	1,200,392,838	1,121,844,095
		2,777,672,961	2,653,722,257	2,650,069,832	2,571,449,089
Non Controlling Interest	(19)	361,828,865	348,632,803	-	-
Total Equity		3,139,501,826	3,002,355,060	2,650,069,832	2,571,449,089
Non-Current Liabilities					
Interest Bearing Loans & Borrowings	(20.3)	436,943,219	589,690,760	326,502,788	430,251,448
Other Non Current Financial Liabilities	(20.2)	53,562,550	77,369,863	53,562,550	77,369,863
Deferred Revenue	(21)	-	-	27,344,600	28,684,600
Retirement Benefit Obligation	(22)	118,870,297	98,168,128	100,569,734	84,523,979
Deferred Tax Liabilities	(23)	108,549,276	97,547,307	57,736,399	72,635,114
		717,925,342	862,776,058	565,716,071	693,465,004
Current Liabilities					
Bank Overdrafts		315,438,033	334,810,632	209,597,311	226,765,286
Interest Bearing Loans & Borrowings	(20.3)	403,590,276	391,549,772	275,062,023	233,091,275
Other Non Current Financial Liabilities	(20.2)	13,750,000	13,750,000	13,750,000	13,750,000
Trade and Other Payables	(24)	337,119,628	283,027,095	217,425,132	178,968,057
Taxation Payable	(25)	4,571,127	10,710,847	5,541,532	9,974,077
Amounts due to Related Parties	(14)	-	-	40,573,470	202,090,471
		1,074,469,064	1,033,848,346	761,949,468	864,639,166
Total Equity and Liabilities		4,931,896,232	4,898,979,464	3,977,735,372	4,129,553,258

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

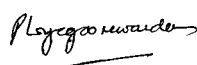


Anagi Karunasena
Finance Manager

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



A E Tudawe
Chairman



A D P A Wijegoonewardene
Director

21st May 2015

Statement of Changes in Equity

	Note	Stated Capital Rs.	Revaluation Reserve Rs.	General Reserve Rs.	Available for Sale Reserve Rs.	Accumulated Profits Rs.	Total Rs.	Non Controlling Interest Rs.	Total Rs.
GROUP									
Balance as at 01st April 2013 as									
Previously Reported		916,366,104	532,338,890	4,822,163	4,346,999	1,098,464,383	2,556,338,539	494,335,061	3,050,673,600
Effects of Adjusting Prior Period Error	26	-	-	-	-	(22,598,207)	(22,598,207)	-	(22,598,207)
Balance as at 01st April 2013 - Restated		916,366,104	532,338,890	4,822,163	4,346,999	1,075,866,176	2,533,740,332	494,335,061	3,028,075,393
Net Profit for the Year - Restated		-	-	-	-	191,642,958	191,642,958	37,431,194	229,074,152
Other Comprehensive Income									
Net Gain/ (Loss) from Gratuity Valuation		-	-	-	-	14,138,899	14,138,899	102,110	14,241,009
Net Gain/ (Loss) on Available for Sale									
Financial Assets		-	-	-	1,465,501	-	1,465,501	208,924	1,674,425
Dividend Paid - Ordinary Shares		-	-	-	-	-	-	(15,709,917)	(15,709,917)
Acquisition of Non Controlling Interest		-	-	-	-	(87,265,433)	(87,265,433)	(167,734,569)	(255,000,002)
Balance as at 31st March 2014		916,366,104	532,338,890	4,822,163	5,812,500	1,194,382,600	2,653,722,257	348,632,803	3,002,355,060
Net Profit for the Year		-	-	-	-	200,087,606	200,087,606	23,700,349	223,787,955
Right Issue		-	-	-	-	-	-	4,398,500	4,398,500
Other Comprehensive Income									
Net Gain/(Loss) from Gratuity Valuation		-	-	-	-	(9,355,931)	(9,355,931)	(647,451)	(10,003,382)
Net Gain/(Loss) on Available for Sale									
Financial Assets		-	-	-	964,481	-	964,481	251,464	1,215,945
Dividend Paid - Ordinary Shares		-	-	-	-	(67,745,452)	(67,745,452)	(14,506,800)	(82,252,252)
Balance as at 31st March 2015		916,366,104	532,338,890	4,822,163	6,776,981	1,317,368,823	2,777,672,961	361,828,865	3,139,501,826

	Note	Stated Capital Rs.	Revaluation Reserve Rs.	General Reserve Rs.	Available for Sales Reserve Rs.	Accumulated Profits Rs.	Total Rs.
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COMPANY

Balance as at 01st April 2013 as							
Previously Reported		916,366,104	532,338,890	4,822,163	176,000	967,858,484	2,421,561,641
Effects of Adjusting Prior Period Error	26	-	-	-	-	(22,598,207)	(22,598,207)
Balance as at 01st April 2013 -							
Restated		916,366,104	532,338,890	4,822,163	176,000	945,260,277	2,398,963,434
Net Profit for the Year - Restated	26	-	-	-	-	158,000,814	158,000,814
Other Comprehensive Income							
Net Gain/(Loss) from Gratuity Valuation		-	-	-	-	13,760,841	13,760,841
Net Gain/(Loss) on Available for							
Sale Financial Assets		-	-	-	724,000	-	724,000
Balance as at 31st March 2014		916,366,104	532,338,890	4,822,163	900,000	1,117,021,932	2,571,449,089
Net Profit for the Year		-	-	-	-	153,215,827	153,215,827
Dividend Paid - Ordinary Shares		-	-	-	-	(67,745,452)	(67,745,452)
Other Comprehensive Income							
Net Gain/(Loss) from Gratuity Valuation		-	-	-	-	(6,921,632)	(6,921,632)
Net Gain/(Loss) on Available for							
Sale Financial Assets		-	-	-	72,000	-	72,000
Balance as at 31st March 2015		916,366,104	532,338,890	4,822,163	972,000	1,195,570,675	2,650,069,832

Statement of Cash Flows

For the year ended 31st March,	GROUP		COMPANY	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Cash Flows from/(used in) Operating Activities				
Net Profit before Income Tax Expenses	266,099,978	261,167,354	161,993,967	170,862,582
Adjustments for				
Inventory write - off/ (write in)	9,527,371	(2,732,186)	2,684,088	806,708
Bad Debts write-off	5,853,463	813,287	5,391,452	10,854
Depreciation Charge for the Year	282,397,411	269,924,603	144,664,848	135,801,751
Finance Income	(15,800,707)	(19,485,773)	(59,296,956)	(41,516,492)
Finance Costs	125,005,484	186,727,812	88,863,922	127,019,440
Amortisation of Deferred Rent	-	100,000	(1,340,000)	(1,340,000)
Profit on Disposal of Property, Plant & Equipment	(9,095,926)	(3,087,605)	(9,174,228)	(3,087,605)
Bad Debts written back	-	-	-	156,573
(Increase)/Decrease in Financial Instruments	(1,540,422)	1,674,425	(1,441,564)	724,000
Share of Profit from Equity Accounted Investee	(641,709)	(1,160,418)	-	-
Provision for Defined Benefit Plans	25,616,778	23,841,310	21,090,189	19,603,831
Operating Profit/(Loss) before Working Capital changes	687,421,722	717,782,809	353,435,718	409,041,642
(Increase)/ Decrease in Inventories	12,060,127	(42,128,385)	(3,681,795)	(45,232,588)
(Increase)/Decrease in Trade and Other Receivables and Prepayments	(53,268,204)	(5,728,519)	(36,772,056)	(14,578,572)
Increase/(Decrease) in Trade and Other Payables	53,260,495	(17,071,971)	38,457,075	(22,646,476)
Increase/(Decrease) in Related Party Dues	171,525	(5,205,352)	26,063,226	14,801,965
Cash Generated from Operations	699,645,665	647,648,582	377,502,168	341,385,970
Finance Costs Paid	(125,005,484)	(181,857,949)	(88,863,922)	(127,019,440)
Defined Benefit Plan Costs Paid	(14,917,990)	(11,423,438)	(11,966,065)	(10,990,639)
Income Tax Paid	(32,294,666)	(29,686,287)	(23,037,347)	(16,711,996)
Net Cash from/(used in) Operating Activities	527,427,524	424,680,908	253,634,834	186,663,895
Cash Flows from/(used in) Investing Activities				
Acquisition of Property, Plant & Equipment	(255,042,208)	(191,694,493)	(128,385,404)	(138,111,614)
Proceeds from issuance of Share Capital	4,398,500	8,990,942	-	8,990,942
Proceeds from Sale of Property, Plant & Equipment	32,738,588	(71,683,119)	32,732,288	8,990,942
(Acquisition) / Disposal of Other Investments	(21,760,772)	-	2,859,628	(6,895,606)
Finance Income	5,743,394	19,485,773	44,167,590	41,516,492
Net Cash Flows from/(used in) Investing Activities	(233,922,498)	(234,900,897)	(48,625,898)	(94,499,786)
Cash Flows from/(used in) Financing Activities				
Receipts from Interest Bearing Loans & Borrowings	642,550,000	310,000,000	592,550,000	280,000,000
Re-payment of Interest Bearing Loans & Borrowings	(797,007,034)	(343,608,101)	(668,077,911)	(186,174,314)
Investment in Subsidiary	-	(255,000,002)	(15,601,500)	(255,000,002)
Dividends Paid	(87,324,305)	(34,726,346)	(67,745,452)	(34,726,346)
Net Cash Flows from/(used in) Financing Activities	(241,781,338)	(323,334,449)	(158,874,863)	(195,900,662)
Net Increase/(Decrease) in Cash and Cash Equivalents	51,723,688	(133,554,438)	46,134,074	(103,736,552)
Cash and Cash Equivalents at the beginning of the Year	(286,354,720)	(152,800,281)	(189,210,872)	(85,474,319)
Cash and Cash Equivalents at the end of the Year	(234,631,032)	(286,354,719)	(143,076,798)	(189,210,871)
Analysis of Cash & Cash Equivalents				
Cash at Bank - Overdrawn	(315,438,033)	(334,810,632)	(209,597,311)	(226,765,286)
Cash in Hand and at Bank	80,807,002	48,455,914	66,520,514	37,554,415
	(234,631,032)	(286,354,719)	(143,076,798)	(189,210,871)

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 General

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

1.2 Parent Enterprise and Ultimate Parent Enterprise

The consolidated financial statements of the Company for the year ended 31st March 2015, comprise the Company and its subsidiaries. (together referred to as the 'Group'). The ultimate holding company is Durdans Management Services Limited.

1.3 Principal Activities and Nature of Operations

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

Name of the Company	Nature of the Business
Ceylon Hospitals PLC	Providing healthcare services.
Durdans Heart Surgical Centre (Pvt) Ltd	Providing Cardiac Surgical Operations and Interventional Procedures.
Durdans Medical and Surgical Hospital (Pvt) Ltd	Providing healthcare services.
Ceygen Biotech (Pvt) Ltd	Providing and Supplying of Molecular Biological, Biochemical, Biotechnological Reagents, Kits, Equipments & Accessories for Molecular diagnostic and research purpose.

1.4 Date of Authorisation for Issue

The financial of statements for the year ended 31st March 2015 were authorised for issue in accordance with a resolution of the Board of Directors on 21st May 2015.

1.5 Companies in the Group

Subsidiaries and Equity Accounted Investee

The Group Financial Statements include the results of the Durdans Heart Surgical Centre (Pvt) Limited and Durdans Medical and Surgical Hospital (Pvt) Limited which are

subsidiaries of the Company and the Share of Profit from the Equity Accounted Investee. The details of subsidiaries and Equity Accounted Investee are as follows:

	Year of Incorporation	Percentage of Ownership
Subsidiaries		
Durdans Heart Surgical Centre (Pvt) Limited	1999/2000	78.02%
Durdans Medical and Surgical Hospital (Pvt) Limited	2007/2008	81.40%
Equity Accounted Investee		
Ceygen Biotech Pvt Ltd	2009/2010	46.00%

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 General Accounting Policies

2.1.1 Basis of Preparation of Financial Statements

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

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

2.1.2 Statement of Compliance

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

2.1.3 Going Concern

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

2.1.4 Materiality and Aggregation

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

2.1.5 Consolidation Policy

(a) Basis of Consolidation

Subsidiaries

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

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

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

(b) Financial Year

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

(c) Goodwill

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

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

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the

goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

(d) Intra-Group Balances and Transactions

Any unrealized gains/losses from the intra-group transactions are eliminated in preparing the Consolidated Financial Statements.

(e) 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 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 equity accounted investee 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 equity accounted investee and therefore is profit after tax and non-controlling interests in the subsidiaries of the equity accounted investee.

The financial statements of the equity accounted investee 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

Notes to the Financial Statements

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 of 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.

2.1.6 Foreign Currency Transactions

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

Monetary assets and liabilities denominated in foreign currencies at the 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 (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

2.1.7 Comparative Information

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

2.1.8 Taxation

2.1.8.1 Current Taxes

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

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

2.1.8.2 Deferred Taxation

Deferred Tax is provided in full, using the liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the 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.

2.1.9 Events after the Reporting date

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

2.2 Valuation of Assets and their Measurement Bases

2.2.1 Inventories

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

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

Drugs & Dressings	- At actual cost on weighted average basis
X-Ray Films & Chemicals	- At actual cost on weighted average basis
Pantry Provisions	- At actual cost on weighted average basis
General Issues & Reagents	- At actual cost on weighted average basis

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

2.2.2 Cash and Cash Equivalents

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

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

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

The Cash Flow Statement

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

2.2.3 Property, Plant & Equipment

(a) Cost and Valuation

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

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

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

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

Notes to the Financial Statements

(b) Depreciation

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

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

Durdans Heart Surgical Centre (Pvt) Limited

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

Durdans Medical & Surgical Hospital (Pvt) Limited

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

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

(c) Restoration Cost

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

(d) Derecognition

An item of Property, Plant and Equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset calculated as the difference between the net disposal proceeds and the carrying amount. Gains or losses on derecognition are recognised in profit or loss and gains are not classified as revenue.

2.2.4 Leases

Finance Leases

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

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

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

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

2.2.5 Capital Work-In-Progress

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

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

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

2.2.6 Intangible Assets

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

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

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

2.2.7 Financial Instruments - initial recognition and subsequent measurement

i) Financial Assets

Initial recognition and measurement

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

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

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

The Group's financial assets include cash and short-term deposits, trade and other receivables, loans and other

receivables, quoted and unquoted financial instruments and derivative financial instruments.

Subsequent Measurement

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

Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or finance costs in the Statement of Comprehensive Income.

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

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

Notes to the Financial Statements

Loans and Receivables

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

Held-to-Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Comprehensive Income. The losses arising from impairment are recognised in the Statement of Comprehensive Income in finance costs. The Group did not have any held-to-maturity investments during the year ended 31 March 2015.

Available-for-Sale Financial Investments

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

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or determined to be impaired, at which time the cumulative loss is reclassified to the income statement in finance costs and removed from the available-for-

sale reserve. Interest income on available-for-sale debt securities is calculated using the effective interest method and is recognised in profit or loss.

Available-for-Sale Financial Investments

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

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

Derecognition

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

- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

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

ii) Impairment of Financial Assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial Assets carried at Amortised Cost

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

for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

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

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

Available-for-Sale Financial Investments

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

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on

Notes to the Financial Statements

that investment previously recognised in the Statement of Comprehensive Income.

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

iii) Financial Liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by LKAS 39.

Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the Statement of Comprehensive Income.

Loans and Borrowings

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the Statement of Comprehensive Income.

Financial Guarantee Contracts

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

Derecognition

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

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

Offsetting of Financial Instruments

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

Fair Value of Financial Instruments

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

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models. An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 20.

Impairment of non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples,

quoted share prices for publicly traded subsidiaries or other available fair value indicators.

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

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

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

2.3 Liabilities and Provisions

Liabilities classified as current liabilities on the 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

Notes to the Financial Statements

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

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

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

Estimates and Assumptions

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

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

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

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

2.3.1 Deferred Revenue

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

A rental fee of Rs.31,500,000/- which was paid in 2000/2001 is being amortised over such period commencing from financial year 2000/2001 to 2034/2035 by Rs.900,000/- per annum.

A rental fee of Rs.16,339,600/- which was paid in 2005/2006 is being amortised over such period commencing from financial year 2005/2006 to 2034/2035 by Rs.540,000/- per annum.

2.3.2 Retirement Benefit Obligations

(a) Defined Benefit Plan - Gratuity

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

The actuarial gains and losses are charged or credited to Statement of Comprehensive Income in the period in which they arise. The assumptions based on which the results of the actuarial valuation was determined as at 31st March 2015, 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 - 9% (Per annum)
- Average Rate of Salary Increase – 8%
- Average Retirement Age – 55 years
- The company will continue in business as a going concern

The liability is not externally funded.

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

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

2.4 Income Statements

Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue and associated costs incurred or to be incurred

can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes. The following specific criteria are used for the purpose of recognition of revenue.

(a) Rendering of Services

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

(b) Interest

Interest Income is recognised on an accrual basis.

(c) Dividends

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

(d) Rental Income

Rental income is recognised on an accrual basis.

(e) Deferred Revenue

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

(f) Others

Other Income is recognised on an accrual basis.

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

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

Expenditure Recognition

- (a) Expenses are recognised in the Statement of Comprehensive Income on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the Property, Plant & Equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

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

2.4.1 Borrowing Costs

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

2.4.2 Dividend on Ordinary Shares

Dividend on ordinary shares are recognised as a liability and deducted from equity when they are recommended and declared by the Board of Directors and approved by the shareholders. Interim dividends are deducted from equity when they are declared and are no longer the discretion of the Group.

2.4.3 Effect of Sri Lanka Accounting Standards Issued but not yet Effective

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

(a) SLFRS 9-Financial Instruments: Classification and Measurement

SLFRS 9, as issued reflects the first phase of work on replacement of LKAS 39 and applies to classification and measurement of financial assets and liabilities. The Group will quantify the effect in due course.

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

Notes to the Financial Statements

For the year ended 31st March,	GROUP		COMPANY	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
3 REVENUE				
Revenue	4,083,366,708	3,961,267,670	2,736,867,797	2,647,083,795
4 OTHER OPERATING INCOME				
Reversal of Impairment of Receivables	1,579,146	-	1,441,564	-
Deferred Income of Residential Fees	-	-	1,340,000	1,340,000
Sundry Income	24,771,504	30,918,446	21,883,760	28,544,683
Profit on Disposal of Property, Plant & Equipment	9,095,926	3,087,605	9,174,228	3,087,605
	35,446,576	34,006,051	33,839,552	32,972,288
5 FINANCE COST				
Loan Interest	91,891,414	147,698,242	63,403,691	95,676,022
Debenture Interest	9,112,500	10,762,500	9,112,500	10,762,500
Interest Expenses on Overdrafts	22,434,296	22,636,481	14,865,537	15,155,523
Other Interest	646,182	688,446	561,102	483,252
Amortisation of Rent Deposits	-	72,280	-	72,280
Net Loss on Financial Liabilities at Fair Value through Profit or Loss	-	4,869,863	-	4,869,863
Loan Processing Expenses	921,092	-	921,092	-
	125,005,484	186,727,812	88,863,922	127,019,440
5.1 Finance Income				
Interest Income	14,935,991	17,939,896	7,531,803	7,951,235
Amortisation of Deferred Rent	-	106,384	-	106,384
Dividend Income	664,763	1,439,493	51,565,200	33,458,873
Foreign Exchange Gain	199,952	-	199,952	-
	15,800,707	19,485,773	59,296,956	41,516,492

6 INVESTMENT IN EQUITY ACCOUNTED INVESTEE

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

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

As at 31st March,	GROUP		COMPANY	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Current Assets	7,095,202	3,310,109	-	-
Non-Current Assets	4,532,652	3,998,955	-	-
Current Liabilities	(5,802,926)	(2,879,157)	-	-
Non-Current Liabilities	-	-	-	-
Equity	5,824,928	4,429,907	-	-
Profit for the Year	1,395,020	2,522,647	-	-
Share of Profit from Equity Accounted Investee	641,709	1,160,418	-	-
Carrying Amount of the Investment (6.1)	2,679,467	2,037,757	-	-
6.1 Balance at the beginning of the Year	2,037,757	877,340	-	-
Share of Profit from Equity Accounted Investee	641,709	1,160,418	-	-
Balance as at the end of the Year	2,679,467	2,037,757	-	-

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	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Directors' Emoluments	24,722,245	15,298,588	22,130,245	12,638,868
Auditors Remuneration - Internal	2,460,923	2,740,628	1,783,407	1,643,969
- External	2,096,289	1,503,162	1,196,165	852,942
Depreciation	282,305,844	269,924,603	144,664,846	135,801,752
Defined Benefit Plan Costs - Gratuity	25,616,779	23,841,310	21,090,189	19,603,831
Legal Fees	-	3,671,796	-	-
Salaries	757,611,135	718,386,126	528,006,068	509,927,440
Employee Provident Fund	59,092,213	56,157,163	47,123,918	43,660,305
Employee Trust Fund	15,188,984	14,536,639	11,767,992	10,923,124
Donations	1,710,462	2,451,925	1,550,962	2,346,675

Notes to the Financial Statements

For the year ended 31st March,	GROUP		COMPANY	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
8 INCOME TAX EXPENSES				
Income Tax (Note 8.1)	29,840,768	33,528,089	23,676,855	22,389,400
Deferred Tax	12,471,255	(1,434,887)	(14,898,715)	(9,527,632)
	42,312,023	32,093,202	8,778,140	12,861,768
8.1 Reconciliation between Current Tax Expense and the Accounting Profit				
Accounting Profit before Taxation	266,099,978	261,167,354	161,993,967	170,862,582
Aggregated Disallowed Items	337,607,870	318,466,557	190,777,614	166,462,618
Aggregated Allowed Items	(336,564,038)	(314,571,942)	(159,485,380)	(151,394,576)
Income not Subject to Taxation	(88,395,837)	(16,280,327)	(48,288,592)	(9,953,938)
Taxable Profit	178,747,974	248,781,642	144,997,609	175,976,686
Statutory Tax Rate 12%	18,960,540	27,098,078	16,495,897	20,163,054
Statutory Tax Rate 28%	5,808,175	6,430,011	2,108,905	2,226,346
Dividend Tax 10%	5,072,053	-	5,072,053	-
Income Tax Provision	29,840,768	33,528,089	23,676,855	22,389,400

Parent Company - Ceylon Hospitals PLC

The Company is liable for Income Tax for the year of assesment 2014/2015 at the rate of 12%.

Durdans Heart Surgical Centre (Pvt) Ltd

The Company is liable for Income Tax for the year of assesment 2014/2015 at the rate of 12%.

Durdans Medical & Surgical Hospitals (Pvt) Ltd

The profit of the company is exempt from Income Tax for a period of 6 years from the year of Assessment 2010/2011, which the company commences to make profits or any year of assessments not later than two years recognised from the date of commencement of commerical operations whichever is earlier.

9 EARNINGS PER SHARE

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

	GROUP		COMPANY	
For the year ended 31st March,	2015	2014	2015	2014
Profit Attributable to Equity Holders of the Parent (Rs.)	200,087,606	191,642,958	153,215,827	158,000,814
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.)	5.91	5.66	4.52	4.66

10 PROPERTY, PLANT & EQUIPMENT

Group

	Freehold Land & Buildings Rs.	Medical & Other Equipment Rs.	Furniture & Fittings Rs.	Computer Equipment Rs.	Motor Vehicles Rs.	Motor Vehicles on Finance Lease Rs.	Total Rs.
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Cost / Valuation

Balance as at 01.04.2013	2,941,880,291	1,977,194,419	174,457,529	89,259,728	57,891,463	10,505,357	5,251,188,787
Additions	29,837,493	111,256,791	12,334,516	15,114,943	22,429,924	3,700,000	194,673,667
Disposals	-	-	-	-	(5,546,800)	(3,650,000)	(9,196,800)
Balance as at 31.03.2014	2,971,717,784	2,088,451,210	186,792,045	104,374,671	74,774,587	10,555,357	5,436,665,654
Additions	8,427,145	191,426,085	7,572,415	27,505,604	20,110,959	-	255,042,208
Disposals/Transfers	-	(93,798,005)	(1,509,139)	(31,511,74)	(3,871,455)	(3,505,357)	(102,715,468)
Balance as at 31.03.2015	2,980,144,929	2,186,079,290	192,855,320	131,848,763	91,014,091	7,050,000	5,588,992,394

Accumulated Depreciation

Balance as at 01.04.2013	82,310,065	812,411,682	54,937,228	44,825,848	14,467,695	2,614,181	1,011,566,699
Depreciation Charge for the Year	42,429,091	190,274,039	15,055,895	9,965,219	8,430,380	3,769,979	269,924,603
Disposals	-	-	-	-	(3,110,963)	(182,500)	(3,293,463)
Balance as at 31.03.2014	124,739,156	1,002,685,721	69,993,123	54,791,067	19,787,112	6,201,660	1,278,197,839
Depreciation Charge for the Year	42,891,598	201,556,588	15,603,589	11,550,210	9,700,426	1,095,000	282,397,411
Disposals/Transfers	-	(73,620,043)	(833,128)	(19,598)	(3,317,405)	(1,282,633)	(79,072,807)
Balance as at 31.03.2015	167,630,754	1,130,622,266	84,763,584	66,321,679	26,170,133	6,014,027	1,481,522,444

Net Book Value

As at 31st March 2015	2,812,514,175	1,055,457,024	108,091,736	65,527,084	64,843,958	1,035,973	4,107,469,951
As at 31st March 2014	2,846,978,628	1,085,765,489	116,798,922	49,583,604	54,987,475	4,353,697	4,158,467,815

Notes to the Financial Statements

10 PROPERTY, PLANT & EQUIPMENT CONTD. Company

	Freehold Land & Buildings Rs.	Medical & Other Equipment Rs.	Furniture & Fittings Rs.	Computer Equipment Rs.	Motor Vehicles Rs.	Motor Vehicles on Finance Lease Rs.	Total Rs.
Cost / Valuation							
Balance as at 01.04.2013	1,286,236,695	971,260,372	106,137,267	83,193,327	40,255,198	6,605,357	2,493,688,216
Additions	28,311,828	74,455,807	10,937,067	14,556,912	6,150,000	3,700,000	138,111,614
Disposals	-	-	-	-	(5,546,800)	(3,650,000)	(9,196,800)
Balance as at 31.03.2014.	1,314,548,523	1,045,716,179	117,074,334	97,750,239	40,858,398	6,655,357	2,622,603,030
Additions	8,082,317	72,326,388	6,082,650	27,183,090	14,710,959	-	128,385,404
Disposals/Transfers	-	(54,343,656)	(1,509,139)	(31,512)	(3,871,455)	(3,505,357)	(63,261,119)
Balance as at 31.03.2015	1,322,630,840	1,063,698,911	121,647,844	124,901,817	51,697,902	3,150,000	2,687,727,315
Accumulated Depreciation							
Balance as at 01.04.2013	8,944,432	444,163,337	40,463,438	37,520,047	5,708,318	1,184,181	537,983,753
Depreciation Charge for the Year	9,724,875	101,992,901	11,202,088	8,856,269	3,718,416	307,202	135,801,751
Disposals	-	-	-	-	(3,110,963)	(182,500)	(3,293,463)
Balance as at 31.03.2014	18,669,307	546,156,238	51,665,526	46,376,316	6,315,771	1,308,883	670,492,041
Depreciation Charge for the Year	10,162,285	106,997,199	11,980,405	10,472,249	4,737,710	315,000	144,664,848
Disposals/Transfers	-	(34,250,295)	(833,128)	(19,598)	(3,317,405)	(1,282,633)	(39,703,059)
Balance as at 31.03.2015	28,831,592	618,903,142	62,812,803	56,828,967	7,736,076	341,250	775,453,830
Net Book Value							
As at 31st March 2015	1,293,799,248	444,795,769	58,835,041	68,072,850	43,961,827	2,808,750	1,912,273,485
As at 31st March 2014	1,295,879,216	499,559,941	65,408,808	51,373,923	34,542,627	5,346,474	1,952,110,989

Revaluation of Land and Buildings

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

Property, Plant and Equipment includes fully depreciated assets having a gross carrying amounts of Rs.61,460,118/- (2014 - Rs. 48,529,982/-).

During the financial year, the Group acquired Property, Plant and Equipment to the aggregate value of Rs.255,042,208/- (2014 - Rs.94,673,667/-). Acquisitions through Cash payments amounting to Rs. 205,042,208/- (2014 - Rs. 193,751,630/-).

The carrying value of Motor Vehicles held under finance leases as at 31st March 2015 was Rs.2,808,750/- (2014 -Rs.5,346,474/-). The company did not acquire any new assets under finance lease during the year. Leased Assets are pledged as securities for the related Finance Lease.

The carrying values of the assets if revaluation has not been carried out.

			COMPANY	
As at 31st March,			2015	2014
Description	Address	Extent	Rs.	Rs.
Land 01	No 03, Alfred Place, Colombo 03	0A-3R-30.24P	494,400,237	494,400,237
Land 02	No 05, Alfred Place, Colombo 03	0A-0R-32.68P	118,750,000	118,750,000
Building	No 03, Alfred Place, Colombo 03	(01 Building) 97,340 Sq.ft	492,436,285	494,516,251
Total			1,105,586,522	1,107,666,488

11 INVESTMENTS IN SUBSIDIARIES

Company

		2015			2014			
As at 31st March,	Number of Shares	Holding %	Carrying Value Rs.	Directors Valuation Rs.	Number of Shares	Holding %	Carrying Value Rs.	Directors Valuation Rs.
Durdans Heart Surgical Centre (Pvt) Ltd	9,362,035	78.02	114,331,410	114,331,410	8,581,960	78.02	98,729,910	98,729,910
Durdans Medical & Surgical Hospital (Pvt) Ltd	120,896,033	81.40	1,327,500,014	1,327,500,014	120,896,033	81.40	1,327,500,014	1,327,500,014
	130,258,068		1,441,831,424	1,441,831,424	129,477,993		1,426,229,924	1,426,229,924

		GROUP		COMPANY	
As at 31st March,		2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
12 INVENTORIES					
Drugs & Dressings		87,904,285	128,513,129	36,118,799	53,067,323
Lab Reagents & Consumables		107,953,546	95,118,108	107,953,546	95,118,108
Pantry Stocks		1,265,457	1,397,647	1,265,457	1,397,647
General Stocks		32,651,626	29,065,718	32,651,626	29,065,717
		229,774,914	254,094,602	177,989,428	178,648,795

Notes to the Financial Statements

As at 31st March,	GROUP		COMPANY	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
13 TRADE & OTHER RECEIVABLES				
Trade Debtors	115,754,277	114,251,906	78,433,944	81,353,050
Other Receivables	21,158,181	11,445,294	13,387,542	6,073,467
Less : Impairment Allowance for Bad Debts	(5,413,528)	(2,691,711)	(4,786,274)	(2,691,711)
	131,498,930	123,005,489	87,035,212	84,734,806
13.1 Advances and Prepayments				
Advances	69,509,291	33,199,127	56,443,402	29,475,974
Prepayments	39,557,691	33,673,706	29,949,855	26,547,190
	109,066,982	66,872,833	86,393,257	56,023,164
14 RELATED PARTY TRANSACTIONS				
14.1 Amounts Due from Related Parties				
Durdans Heart Surgical Centre (Pvt) Ltd	-	-	22,982,066	26,194,917
Durdans Medical & Surgical Hospital (Pvt) Ltd	-	-	67,595,937	251,791,789
Durdans Managemet Services Ltd	1,600,000	1,680,902	1,600,000	1,680,902
Ceygen Biotech (Pvt) Ltd	2,045,726	2,136,349	2,045,726	2,136,349
	3,645,726	3,817,251	94,223,729	281,803,957
14.2 Amounts Due To Related Parties				
Durdans Heart Surgical Centre (Pvt) Ltd	-	-	3,170,633	3,187,166
Durdans Medical & Surgical Hospital (Pvt) Ltd	-	-	37,402,837	198,903,305
	-	-	40,573,470	202,090,471
15 CASH & CASH EQUIVALENTS				
Favourable Cash & Cash Equvalant Balance	80,807,002	48,455,914	66,520,514	37,554,415
16 STATED CAPITAL				
33,872,726 Shares (2013/14 - 33,872,726)	916,366,104	916,366,104	916,366,104	916,366,104

As at 31st March,	GROUP		COMPANY	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
17 REVALUATION RESERVE				
Balance as at the end of the Year	532,338,890	532,338,890	532,338,890	532,338,890
	532,338,890	532,338,890	532,338,890	532,338,890
18 REVENUE RESERVES				
General Reserves				
Balance as at the end of the Year	4,822,163	4,822,163	4,822,163	4,822,163
	4,822,163	4,822,163	4,822,163	4,822,163
Accumulated Profits				
Balance as at the beginning of the Year	1,194,382,600	1,075,866,176	1,117,021,932	945,260,277
Profit for the Year	200,087,606	191,642,958	153,215,827	158,000,814
Increase in the Share of Minority Interest	-	-	-	-
Dividend Paid				
- Ordinary Shares	(67,745,452)	14,138,899	(67,745,452)	-
Other Comprehensive Income				
- Net Gain/(Loss) from Gratuity Valuation	(9,355,931)	(87,265,433)	(6,921,632)	13,760,841
Balance as at the end of the Year	1,317,368,823	1,194,382,600	1,195,570,675	1,117,021,932
Total	1,322,190,986	1,199,204,763	1,200,392,838	1,121,844,095

As at 31st March,	GROUP	
	2015 Rs.	2014 Rs.
19 NON CONTROLLING INTEREST		
Balance as at the beginning of the Year	348,632,803	494,335,061
Profit for the Year	23,700,349	37,431,194
Increase/(Decrease) in the Share of Minority Interest	-	(167,734,569)
Other Comprehensive Income		
- Net Gain/(Loss) from Gratuity Valuation	(647,451)	102,110
- Net Gain/(Loss) on Available for Sale Financial Assets	251,464	208,924
Dividend Paid	(14,506,800)	(15,709,917)
Right Issue	4,398,500	-
Balance as at the end of the Year	361,828,865	348,632,803

Notes to the Financial Statements

20 OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

20.1 Other Financial Assets

As at 31st March,	GROUP		COMPANY	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Loans and Receivables				
Refundable Deposits	26,808,155	22,924,416	19,541,731	15,262,581
Deposits in Financial Institutions	226,284,074	210,633,694	86,471,722	95,414,667
Debentures	1,000,000	-	1,000,000	-
Total Loans and Receivables	254,092,229	233,558,110	107,013,453	110,677,248
Available for Sale Investments				
Equity Shares in Listed Companies	9,648,122	8,009,693	1,612,000	1,540,000
Equity Shares in Non Listed Companies	2,612,910	-	2,612,910	-
Total Available for Sale Investments	12,261,032	8,009,693	4,224,910	1,540,000
Total Other Financial Assets	266,353,261	241,567,803	111,238,363	112,217,248
Total Current	226,284,074	210,633,694	86,471,722	95,414,667
Total Non - Current	40,069,187	30,934,109	24,766,641	16,802,581

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

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

Available for Sale Investment - Quoted Equity Shares

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

Impairment on Available for Sale Financial Investments

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

20.2 Other Financial Liabilities

As at 31st March,	GROUP		COMPANY	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
<i>Financial Liabilities at Fair Value through Profit or Loss</i>				
Redeemable Debentures	67,312,550	91,119,863	67,312,550	91,119,863
Total Financial Liabilities at Fair Value through Profit or Loss	67,312,550	91,119,863	67,312,550	91,119,863
Total Current	13,750,000	13,750,000	13,750,000	13,750,000
Total Non - Current	53,562,550	77,369,863	53,562,550	77,369,863

Financial Liabilities at Fair Value through Profit or Loss

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

As per the Debenture Agreement between LVL, the Company is required to exchange the remaining 3,125,000 debentures to 2,500,000 ordinary shares of Durdans Medical & Surgical Hospital (Pvt) Ltd (DMSH) before 30th June 2016. In the event the said Debentures remain unexchanged for Ordinary Shares of DMSH, the Company shall redeem such Debentures at Rs. 10.00 per debenture.

As DMSH does not have any intention to list its shares in the Colombo Stock Exchange (CSE) to date, it has been agreed with LVL by letter dated 04.12.2014 that the 3,125,000 Debentures remaining unexchanged for shares as per clause 4.3.1 to the original Debenture Agreement shall be redeemed in two (2) instalments of 1,500,000 Debentures and 1,625,000 Debentures on 30.09.2015 and 30.09.2016 respectively and that a continued return of Rs. 1.20 per Debenture shall be paid for the said 3,125,000 Debentures until they are redeemed in full.

20.3 Interest Bearing Loans & Borrowings Group

	Note	Re-payable within one year Rs.	Re-payable after one year Rs.	Total as at 31.03.2015 Rs.	Total as at 31.03.2014 Rs.
Bank Loans	20.3.1	402,837,898	434,939,623	837,777,521	975,830,218
Lease Creditors	20.3.2	752,378	2,003,596	2,755,975	5,410,313
		403,590,276	436,943,219	840,533,496	981,240,531

Notes to the Financial Statements

20 OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES CONTD.

20.3 Interest Bearing Loans & Borrowings Contd.

Company

	Note	Re-payable within one year Rs.	Re-payable after one year Rs.	Total as at 31.03.2015 Rs.	Total as at 31.03.2014 Rs.
Bank Loans	20.3.1	274,510,515	324,499,192	599,009,707	659,268,433
Lease Creditors	20.3.2	551,508	2,003,596	2,555,105	4,074,290
		275,062,023	326,502,788	601,564,811	663,342,723

20.3.1 Bank Loans - Group

LENDER	WITHIN ONE YEAR Rs.	AFTER ONE YEAR Rs.	TOTAL Rs.	DATE OBTAINED	REPAYMENT TERMS	SECURITY
DFCC Bank						
- 500 Million Loan	71,428,572	148,809,521	220,238,093	09.03.2010	(A)	(i) An agreement to mortgage over allotments of land marked as Lot 01 depicted in Plan No. 7187 dated 10th June 2008 made by Gamini B. Dodanwela, Licensed Surveyor of the land bearing assessment No. 03, Alfred Place situated at Colpetty within the Municipality Council limits of Colombo containing in extent 0A-3R-30.24P, together with the buildings standing thereon owned by the company. (ii) A tripartite agreement assigning 86,000,001 ordinary shares of the Durdans Medical and Surgical Hospital (Pvt) Ltd held by the company as equity investment.
- 100 Million Loan	14,285,712	33,333,343	47,619,055	09.03.2010	(B)	Primary Mortgage over equipment financed by the loan together with a Promissory Note.
- 150 Million Loan	30,000,000	92,500,000	122,500,000	24.10.2013	(C)	Primary mortgage over movable machinery financed by the loan belonging to Ceylon Hospitals PLC
- 35 Million Loan	9,989,196	3,329,721	13,318,917	14.08.2012	(D)	Primary mortgage over the specified Neurology Equipment purchased and Corporate guarantee from CHPLC.
- 10 Million Loan	5,172,222	-	5,172,222	26.09.2014	(F)	Offer and acceptance
- 200 Mn Loan	20,770,733	-	20,770,733	23.06.2009	(E)	Land Negative Pledge over an allotment of Land marked lot 1 depicted in Plan No. 7123 dated 08th April 2008 made by Gamini B. Dodanwela, Licensed Surveyor, of the land called Durdans Hospital, presently bearing assessment No. 04, 06th Lane and part of assessment No. 03, Alfred Place situated at Colpetty, within the Municipal Council Limits of Colombo and containing in extent 0A-1R-26.54P according to the said Plan No. 7123 together with the building standing thereon owned by the Durdans Medical & Surgical Hospital (Pvt) Ltd.
- 50 Mn Loan	8,333,333	41,666,667	50,000,000	16.01.2015	(G)	Mortgage over equipment financed by the loan

LENDER	WITHIN ONE YEAR Rs.	AFTER ONE YEAR Rs.	TOTAL Rs.	DATE OBTAINED	REPAYMENT TERMS	SECURITY
NDB Bank						
- 150 Million Loan	62,500,009	23,958,328	86,458,337	04.04.2014 - 24.02.2015	(I) (J) (Q)	Primary mortgage over equipment financed
- 30 Million Loan	30,000,000	-	30,000,000	05.04.2013	(H)	Revolving Loan Facility
- 30 Million Loan	30,000,000	-	30,000,000	10.03.2014	(K)	Lien over Fixed deposit to be build up every month
Nations Trust Bank						
- 50 Million Loan	11,124,000	25,898,000	37,022,000	24.12.2012	(L)	Loan Agreement for Rs. 50.0 million
Hatton National Bank						
- 50 Million Loan	50,000,000	-	50,000,000	03.11.2014	(M)	Company guarantee through board resolution and duly signed loan agreement.
Amana Investments Bank						
- 140 Million Loan	26,001,644	31,473,569	57,475,214	11.08.2010	(N)	Primary Mortgage over MRI Scanner
- 175 Million Loan	33,232,476	33,970,473	67,202,950	24.12.2009	(O)	Primary mortgage over Medical Equipment purchased
Union Bank						
- 15 Million Loan	-	-	-	05.12.2014	(P)	Primary Floating Mortgage Bond over stock comprising of medicinal drugs and assignment over book debts.
Total	402,837,897	434,939,623	837,777,519			

20.3.1 Bank Loans - Company

LENDER	WITHIN ONE YEAR Rs.	AFTER ONE YEAR Rs.	TOTAL Rs.	INTEREST RATE %	DATE OBTAINED	REPAYMENT TERMS	SECURITY
DFCC Bank							
- 500 Million Loan	71,428,572	148,809,521	220,238,093	4W AWDR + 2%	09.03.2010	(A)	(i) An agreement to mortgage over allotments of land marked as Lot 01 depicted in Plan No. 7187 dated 10th June 2008 made by Gamini B.Dodanwela, Licensed Surveyor of the land bearing assessment No. 03, Alfred Place situated at Colpetty within the Municipality Council limits of Colombo containing in extent of 0A-3R-30.24P, together with the buildings standing thereon owned by the company. (ii) A tripartite agreement assigning 86,000,001 ordinary shares of the Durdans Medical and Surgical Hospital (Pvt) Ltd held by the company as equity investment.
- 100 Million Loan	14,285,712	33,333,343	47,619,055	80% of loan 3M AWDR + 4.75% 20% of loan 12W AWPLR + 1%	09.03.2010	(B)	Primary Mortgage over equipment financed by the loan together with a Promissory Note.
- 150 Million Loan	30,000,000	92,500,000	122,500,000	4W AWPLR + 2% p.a.	24.10.2013	(C)	Primary mortgage over movable machinery financed by the loan belonging to Ceylon Hospitals PLC
- 10 Million Loan	5,172,222	-	5,172,222	4W AWPLR p.a.	26.09.2014	(F)	Offer and acceptance

Notes to the Financial Statements

20 OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES CONTD.

20.3.1 Bank Loans - Company Contd.

LENDER	WITHIN ONE YEAR Rs.	AFTER ONE YEAR Rs.	TOTAL Rs.	INTEREST RATE %	DATE OBTAINED	REPAYMENT TERMS	SECURITY
NDB Bank							
- 150 Million Loan	62,500,009	23,958,328	86,458,337	AWDR + 1.5% p.a.	04.04.2014 - 24.02.2015	(I) (J) (Q)	Primary mortgage over equipment financed
- 30 Million Loan - Revolving	30,000,000	-	30,000,000	Negotiable at the time of granting the loan	05.04.2013	(H)	Revolving Loan Facility
Nations Trust Bank							
- 50 Million Loan	11,124,000	25,898,000	37,022,000	12W AWPLR + 1.5% p.a. (subject to a floor rate of 13.5% p.a. reviewed quarterly)	02.07.2013	(L)	Loan Agreement for Rs. 50.0 million
Hatton National Bank							
- 50 Million Loan	50,000,000	-	50,000,000	Money Market Interest Rate	03.11.2014	(M)	Company guarantee through board resolution and duly signed loan agreement.
Union Bank							
- 15 Million Loan	-	-	-	Money Market interest Rate	05.12.2014	(P)	Primary Floating Mortgage Bond over stock comprising of medicinal drugs and assignment over book debts.
Total	274,510,515	324,499,192	599,009,707				

20.3.2 Lease Creditors - Group

Gross Liability

Name of Lease Creditor and Description of Asset on Finance Lease	Balance As At 01.04.2014 Rs.	New Leases Obtained Rs.	Repayments Rs.	Balance As At 31.03.2015 Rs.
NDB Bank				
- JMC Double Cab	1,212,834	-	(1,212,834)	-
- Allion Motor Car	1,423,604	-	(1,220,232)	203,372
- Toyota Motor Car	4,129,650	-	(867,456)	3,262,194
	6,766,088	-	(3,300,522)	3,465,566

Finance Charges Allocated to Future Years

Name of the Lease Creditor and Description of Asset on Finance Lease	Balance As At 01.04.2014 Rs.	New Leases Obtained Rs.	Repayments Rs.	Balance As At 31.03.2015 Rs.
NDB Bank				
- JMC Double Cab	149,032	-	(149,032)	-
- Allion Motor Car	87,582	-	(85,080)	2,502
- Toyota Motor Car	1,119,162	-	(412,073)	707,089
	1,355,776	-	(646,185)	709,591
Present Value of Lease Creditors	5,410,312			2,755,975

Lease Creditors - Company
Gross Liability

Name of the Lease Creditor and Description of Asset on Finance Lease	Balance As At 01.04.2014 Rs.	New Leases Obtained Rs.	Repayments Rs.	Balance As At 31.03.2015 Rs.
NDB Bank				
- JMC Double Cab	1,212,834	-	(1,212,834)	-
- Toyota Motor Car	4,129,650	-	(867,456)	3,262,194
	5,342,484	-	(2,080,290)	3,262,194

Finance Charges Allocated to Future Years

Name of the Lease Creditor and Description of Asset on Finance Lease	Balance As At 01.04.2014 Rs.	New Leases Obtained Rs.	Repayments Rs.	Balance As At 31.03.2015 Rs.
NDB Bank				
- JMC Double Cab	149,032	-	(149,032)	-
- Toyota Motor Car	1,119,162	-	(412,073)	707,089
	1,268,194	-	(561,105)	707,089
Present Value of Lease Creditors	4,074,290			2,555,105

Notes to the Financial Statements

20 OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES CONTD.

20.3.1 Bank Loans Contd.

- (A) In 84 equal monthly installments of Rs. 5,952,380/- after a grace period of 12 months.
(B) In 84 equal monthly installments of Rs. 1,190,476/- after a grace period of 12 months.
(C) In 60 equal monthly installments of Rs. 2,500,000/- after a grace period of 10 months.
(D) In 42 equal Monthly installements of Rs. 833,333/- after a grace period of 6 months.
(E) In 48 equal monthly installments of Rs. 4,166,667/- after a grace period of 12 months.
(F) In 9 equal monthly installments of Rs. 738,889/- after a grace period of 13 months.
(G) In 48 equal monthly instalments of Rs. 1,041,667/- after a grace period of 6 months.
(H) Repayable on demand.
(I) In 23 equal monthly installments of Rs.3,333,333/- and a final installment of Rs.3,333,341/-.
(J) In 23 equal monthly installments of Rs.2,916,666/- and a final instalment of Rs. 2,916,682/-.
(K) Settlement maximum in 90 days.
(L) In 53 equal monthly installments of Rs.927,000/- and one installment of Rs.869,000/-.
(M) Settlement maximum in 90 days.
(N) In 72 monthly installments as per the schedule given by the lender commencing after a grace period of 12 months.
(O) In 84 monthly installments as per the schedule given by the lender commencing after a grace period of 12 months.
(P) In 1-30 days with the option to rollover up to a maximum of 90 days.
(Q) In 24 equal monthly installments of Rs. 1,875,000/-.

20.4 FAIR VALUES - GROUP

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

As at 31st March,	CARRYING AMOUNT		FAIR VALUE	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Financial Assets				
Trade & Other Receivables	131,498,930	123,005,489	131,498,930	123,005,489
Other Financial Assets				
- Loans and Other Receivables	254,092,229	235,479,129	254,092,229	233,558,110
- Available for Sale Financial Investments	12,261,032	2,234,753	12,261,032	8,009,693
Cash and Short-Term Deposits	80,807,002	48,455,914	80,807,002	48,455,914
Total	478,659,193	409,175,285	478,659,193	413,029,206
Financial liabilities				
Interest Bearing Loans & Borrowings	837,777,521	975,830,218	837,777,521	975,830,218
Obligations under Finance Leases	2,755,975	5,410,313	2,755,975	5,410,313
Trade and Other Payables	337,119,628	283,027,095	337,119,628	283,027,095
Bank Overdrafts	315,438,033	334,810,632	315,438,033	334,810,632
Financial Liabilities at Fair Value through Profit & Loss	67,312,550	91,119,863	67,312,550	91,119,863
Total	1,560,403,706	1,690,198,120	1,560,403,706	1,690,198,120

20.4 FAIR VALUES - COMPANY

As at 31st March,	CARRYING AMOUNT		FAIR VALUE	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Financial Assets				
Trade & Other Receivables	87,035,212	84,734,807	87,035,212	84,734,807
Other Financial Assets				
- Loans and Other Receivables	107,013,453	108,353,727	107,013,453	110,677,248
- Available for Sale Financial Investments	4,224,910	640,000	4,224,910	1,540,000
Cash and Short-Term Deposits	66,520,514	37,554,415	66,520,514	37,554,415
Total	264,794,089	231,282,949	264,794,089	234,506,470
Financial liabilities				
Interest Bearing Loans & Borrowings	599,009,707	659,268,433	599,009,707	659,268,433
Obligations under Finance Leases	2,555,105	4,074,290	2,555,105	4,074,290
Trade and Other Payables	217,425,132	178,968,057	217,425,132	178,968,057
Bank Overdrafts	209,597,311	226,765,286	209,597,311	226,765,286
Financial Liabilities at Fair Value Through Profit & Loss	67,312,550	86,250,000	67,312,550	91,119,863
Total	1,095,899,805	1,155,326,066	1,095,899,805	1,160,195,929

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

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

Notes to the Financial Statements

20.5 FAIR VALUE HIERARCHY

As at 31st March 2015, the Group/Company held the following financial instruments carried at fair value on the statement of financial position:

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

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

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

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

	GROUP				COMPANY			
	31.03.2015 Rs.	Level 01 Rs.	Level 02 Rs.	Level 03 Rs.	31.03.2015 Rs.	Level 01 Rs.	Level 02 Rs.	Level 03 Rs.
Assets measured at Fair Value								
Available for Sale Financial Assets								
Quoted Equity Shares	9,648,122	9,648,122	-	-	1,612,000	1,612,000	-	-
Non Quoted Equity Shares	2,612,910	-	2,612,910	-	2,612,910	-	2,612,910	-
Loans and Receivables								
Refundable Deposits & Short								
Term Deposits	254,092,229	-	27,808,155	226,284,074	107,013,453	-	20,541,731	86,471,722
Trade & Other Receivables	131,498,930	-	131,498,930	-	87,035,211	-	87,035,211	-
Liabilities measured at Fair Value								
Other Non Current								
Financial Liabilities	67,312,550	-	67,312,550	-	67,312,550	-	67,312,550	-

As at 31st March 2014, the Group/Company held the following financial instruments measured at fair value:

	GROUP				COMPANY			
	2014 Rs.	Level 01 Rs.	Level 02 Rs.	Level 03 Rs.	2014 Rs.	Level 01 Rs.	Level 02 Rs.	Level 03 Rs.
Assets measured at Fair Value								
Available for Sale Financial Assets								
Quoted Equity Shares	8,009,693	8,009,693	-	-	1,540,000	1,540,000	-	-
Loans and Receivables								
Refundable Deposits &								
Short Term Deposits	233,558,110	-	22,924,416	210,633,694	110,677,248	-	15,262,581	95,414,667
Trade & Other Receivables	123,005,489	-	123,005,489	-	84,734,806	-	84,734,806	-
Liabilities measured at Fair Value								
Embedded Derivatives	91,119,863	-	91,119,863	-	91,119,863	-	91,119,863	-

As at 31st March,	GROUP		COMPANY	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
21 DEFERRED REVENUE				
Balance as at the begining of the Year	-	-	28,684,600	30,024,600
Less:				
Amortised during the Year	-	-	(1,340,000)	(1,340,000)
Balance as at the end of the Year	-	-	27,344,600	28,684,600
22 RETIREMENT BENIFIT OBLIGATIONS				
Gratuity				
Balance as at the begining of the Year	98,168,128	99,991,266	84,523,979	89,671,628
Provision for the Year	35,620,160	9,600,302	28,011,821	5,842,990
	133,788,288	109,591,568	112,535,799	95,514,618
Payments made during the Year	(14,917,990)	(11,423,439)	(11,966,065)	(10,990,639)
Balance as at the end of the Year	118,870,297	98,168,128	100,569,734	84,523,979

Note:

As at 31st March 2015 the gratuity liability was valued under the projected unit credit method by Mr M Poopalanathan of Actuarial and Management Consultant (Pvt) Ltd. The liability is not externally funded. The valuation is performed in 02 year intervals.

	2014/2015	2013/2014
Actuarial Assumptions Used		
(a) Discount Rate	9%	11%
(b) Incidence of Withdrawal	18%	10%
(c) Salary Increment Rate	8%	10%
(d) Retirement Age	55 years	55 years

For the year ended 31st March,	GROUP		COMPANY	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Expense recognised in the Statement of Income				
Current Service Cost	14,818,284	12,233,827	11,792,551	9,739,952
Interest Cost	10,798,494	11,607,483	9,297,638	9,863,879
Actuarial (Gain) / Loss	10,003,382	(14,241,008)	6,921,632	(13,760,841)
Total included in the Staff Cost	35,620,160	9,600,302	28,011,821	5,842,990

Notes to the Financial Statements

As at 31st March,	GROUP		COMPANY	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
23 DEFERRED TAXATION				
Balance as at the begning of the Year	97,547,307	98,982,194	72,635,114	82,162,746
Provision for the Year	12,471,255	(1,434,887)	(14,898,715)	(9,527,632)
Balance as at the end of the Year	108,549,276	97,547,307	57,736,399	72,635,114
Deferred Tax Provision as at the end of the Year is made up as follows;				
Deferred Tax provision from:				
Temporary Difference of Property, Plant & Equipment	122,813,712	109,327,482	69,804,767	82,777,991
Temporary Difference of Retirement Benefit Obligation	(14,264,436)	(11,780,175)	(12,068,368)	(10,142,877)
	108,549,276	97,547,307	57,736,399	72,635,114
24 TRADE & OTHER PAYABLES				
Trade Creditors	163,930,002	101,279,537	107,063,936	72,858,543
Accrued Expenses & Sundry Payables	173,189,626	181,747,558	110,361,196	106,109,514
	337,119,628	283,027,095	217,425,132	178,968,057

As at 31st March,	GROUP		COMPANY	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
25 TAXATION PAYABLE				
Balance as at the begning of the Year	10,710,847	8,303,932	9,974,077	4,296,673
Provisions for the Year	24,768,715	32,093,202	18,604,802	22,389,400
Payments during the Year	(29,464,032)	(28,932,092)	(22,282,140)	(15,957,801)
Tax Credits for				
- WHT Deducted	(1,444,403)	(754,195)	(755,207)	(754,195)
Balance as at the end of the Year	4,571,127	10,710,847	5,541,532	9,974,077

26 RESTATED FINANCIAL STATEMENTS

26.1 INVENTORY

During the year ended 31st March 2013 and 2014, lab inventories consumed amounting to Rs.22.59 Mn and Rs.14.14 Mn respectively, were not charged to income statement due to an accounting error.

During the current financial year the company has restated the financial statements retrospectively as per LKAS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

As at 31st March,	GROUP			COMPANY		
	2015	2014	Periods prior to 01.04.2013	2015	2014	Periods prior to 01.04.2013
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Statement of Financial Position						
Decrease in Inventory	-	(14,141,910)	(22,598,207)	-	(14,141,910)	(22,598,207)
Decrease in Retained Earnings	-	(14,141,910)	(22,598,207)	-	(14,141,910)	(22,598,207)
Statement of Comprehensive Income						
Increase in Cost of Sales	-	14,141,910	-	-	14,141,910	-
Statement of Changes in Equity						
Decrease in Retained Earnings	-	(14,141,910)	(22,598,207)	-	(14,141,910)	(22,598,207)
Retained Earnings Brought Forward	1,061,724,266	1,075,866,176	1,098,464,383	931,118,367	945,260,277	967,858,484
	1,061,724,266	1,061,724,266	1,075,866,176	931,118,367	931,118,367	945,260,277

27 CAPITAL COMMITMENTS

During the year, the Company has entered into a put option agreement with Lanka Venture PLC. This commitment is pursuant to a shareholder agreement dated 22nd April 2008, in which Lanka Venture PLC is the holder of (2,122,449) ordinary shares of Durdans Medical & Surgical Hospital (Pvt) Ltd (DMSH). As DMSH has not obtained a listing for its shares to date, the Company is granting Lanka Ventures PLC the right to cause the Company to purchase the said shares during the period commencing 1st January 2015 and ending on 31st December 2018 at an option price based on a valuation made by an independent firm of valuers.

28 CONTINGENT LIABILITIES

There were no contingent liabilities as at 31.03.2015 that requires adjustment to or disclosure in the Financial Statements.

29 EVENTS OCCURRING AFTER THE REPORTING DATE

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

30 DIVIDENDS

This represents the first and final dividend paid at the rate of Rs.2.00 per share for the year 2013-14.

Notes to the Financial Statements

31 RELATED PARTY DISCLOSURE

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

Name of the Director (Pvt) Ltd	Durdans Management Services Ltd.	Commercial Marketing & Distributors Hospital (Pvt) Ltd.	Tudawe Brothers (Pvt) Ltd.	Tudawe Engineering Services (Pvt) Ltd.	Durdans Medical & Surgical Hospital (Pvt) Ltd.	Durdans Heart Surgical Centre (Pvt) Ltd.	Ceygen Biotech (Pvt) Ltd.
Mr A E Tudawe	√		√	√	√	√	
Mr S P Tudawe	√		√	√	√	√	
Mr U D Tudawe	√	√	√	√	√	√	√
Dr A D P A Wijegoonewardene	√				√	√	
Mr Y N R Piyasena	√				√	√	
Dr N Y Wijemanne					√		
Mr A S Abeyewardene					√		
Mr A Su-Ayid M Ismail					√		

Name of the Company

Ceylon Hospital PLC

Durdans Management Services Ltd

Durdans Medical & Surgical Hospital (Pvt) Ltd

Durdans Heart Surgical Centre (Pvt) Ltd

Ceygen Biotech (Pvt) Ltd

Tudawe Brothers (Pvt) Ltd

Tudawe Engineering Services (Pvt) Ltd

Relationship

Company

Immediate/Ultimate Parent Company

Subsidiary

Subsidiary

Associate

Other Affiliates

Other Affiliates

31.2 Substantial Shareholding, Immediate and Ultimate Parent Company

The Company's immediate parent company is Durdans Management Services Ltd., which holds 50.75% of the issued Ordinary Shares of the Company as at the reporting date.

31.3 Key Management Personnel Information

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

31.4 Related Party Transactions

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

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

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

31.4.1.1 Transactions held with Immediate Parent Company

Name of immediate Parent Company	Description of Transaction
Durdans Management Services Ltd. (DMSL)	DMSL provides the management and consultation services to Ceylon Hospitals PLC. During the year the company has paid Rs. 23,125,040/- (Previous Year - Rs. 18,413,486/-) as Management Fee to DMSL.

31.4.2 Transactions with Other Related Companies

a) Company

Name of Related Company	Description of Transaction
Durdans Heart Surgical Centre (Pvt) Ltd. (DHSC)	The Company has received the services of Rs.185,921,190/- (Previous Year - Rs.93,565,058/-) from DHSC for the medical related activities of the hospital.
	The Company has paid an amount of Rs.20,612,672/- (Previous Year Rs.14,078,413/-) to DHSC for the services rendered in relation with medical activities.
	Company provides the Management and Consultation Services to DHSC. During the year the Company has received Rs. 2.75 million (Previous Year - Rs.3 million) as Management Fee from DHSC.
	Company has received Rs.2.75 million as operating lease rentals from DHSC during the period based on operating lease agreement engaged with two companies for the usage of Cardio Vascular Angiography System.
Durdans Medical & Surgical Hospital (Pvt) Ltd. (DMSH)	The Company has received an amount of Rs.484,229,090/- (Previous Year - Rs.262,386,337/-) from DMSH for the services rendered to the Company.
Commercial Marketing & Distributors (Pvt) Ltd	The Company has paid Rs. 10,051,529/- (Previous Year – Rs 4,628,867/-) to Commercial Marketing & Distributors (Pvt) Ltd for the services rendered to the Company.

Notes to the Financial Statements

31 RELATED PARTY DISCLOSURE CONTD.

31.4.2 Transactions with Other Related Companies Contd.

b) Group

Transactions held between Related Companies

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

Name of Related Company	Description of Transaction
Durdans Heart Surgical Centre (Pvt) Ltd. (DHSC)	The Company has paid an amount of Rs. 10,109,218/- (Previous Year - Rs.8,706,361/-) to DHSC for the services rendered to the Company.
Tudawe Engineering Services Limited	No payments were made for engineering works of the Company's main building during the year (Previous Year - Rs. 30,272,988)

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

Name of Related Company	Description of Transaction
Durdans Medical & Surgical Hospital (Pvt) Ltd. (DMSH)	The Company has received the amount of Rs. 16,516,971/- (Previous Year - Rs.8,706,361/-) from DMSH for the services rendered to the Company.

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

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

For the year ended 31st March,	GROUP		COMPANY	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Short-term employee benefits	24,722,245	23,926,894	22,130,245	17,823,411
Post employment benefits	-	-	-	-
Other long-term benefits	-	-	-	-
Terminal benefits	-	-	-	-
Share based payments	-	-	-	-
	24,722,245	23,926,894	22,130,245	17,823,411

31.5.1 Loans to Directors

a) Group/Company

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

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

i. Company

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

ii Group

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

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

31.6 Amounts receivable from and payable to related parties

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

32 ASSETS PLEDGED AS COLLATERALS

32.1 Assets Pledged as Collaterals by the Group of Companies

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

32.1.1 Assets Pledged by Ceylon Hospitals PLC

Name of financial institution	Nature of facility	Facility Granted	Balance outstanding as at 31.03.2015 (Rs.)	Securities Pledged
DFCC Bank	Term Loan	500 Million	220,238,093	(i) An agreement to mortgage over allotments of land marked as Lot 01 depicted in Plan No. 7187 dated 10th June 2008 made by Gamini B.Dodanwela, Licensed Surveyor of the land bearing assessment No. 03, Alfred Place situated at Colpetty within the Municipality Council limits of Colombo containing in extent of 0A-3R-30.24P, together with the buildings standing thereon owned by the company.
				(ii) A tripartite agreement assigning 86,000,001 ordinary shares of the Durdans Medical and Surgical Hospital (Pvt) Ltd held by the company as equity investment.
	Term Loan	100 Million	47,619,055	Primary Mortgage over equipment financed by the loan together with a Promissory Note.
	Term Loan	150 Million	122,500,000	Primary mortgage over movable machinery financed by the loan belonging to Ceylon Hospitals PLC.
NDB Bank	Bank Overdrafts	20 Million	17,903,118	Primary mortgage of Promissory Note Rs. 50 million.
	Term Loan	150 Million	86,458,337	Primary Mortgage over the equipment financed by the loan.
Union Bank	Bank Overdrafts	25 Million	25,208,731	Primary mortgage of Promissory Note of Rs. 25 million.
Commercial Bank	Bank Overdrafts	48.1 Million	63,176,567	Mortgage of fixed deposits amount of Rs.48,746,979/- in the name of the company together with duly executed letter of authority and letter of set off.
NTB Bank	Bank Overdrafts	45 Million	44,392,958	Company guarantee through Board resolution and duly signed overdraft agreement.

Notes to the Financial Statements

32 ASSETS PLEDGED AS COLLATERALS CONTD.

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

Name of financial institution	Nature of facility	Facility Granted	Balance outstanding as at 31.03.2015 (Rs.)	Securities Pledged
DFCC Bank	Project Loan	200 Million	20,770,733	Negative Pledge over an allotment of Land marked lot 1 depicted in Plan No.7123 dated 08th April 2008 made by Gamini B. Dodanwela, Licensed Surveyor, of the land called Durdans Hospital, presently bearing assessment No. 04, 06th Lane and part of assessment No.03, Alfred Place situated at Colpetty, within the Municipal Council Limits of Colombo and containing in extent 0A-1R-26.54P according to the said Plan No. 7123 together with the building standing thereon owned by the Durdans Medical & Surgical Hospital (Pvt) Ltd.
	Import Loan	35 Million	13,318,917	Primary mortgage over the specified Neurology Equipment purchased and Corporate guarantee from CHPLC.
Amana Investment Bank	Import Loan	175 Million	67,202,950	Primary mortgage over Medical Equipment purchased.
	Import Loan	140 Million	57,475,214	Primary Mortgage over MRI Scanner.
NDB Bank	Working Capital Loan	50 Million	-	Primary mortgage over the Furniture & Fittings and company ambulance with Corporate Guarantee from Ceylon Hospitals PLC for the entire amount of loan facility.
	Revolving Loan	30 Million	30,000,000	Lien over Fixed deposit to be build up every month.
NDB Bank	Bank Overdrafts	50 Million	49,433,344	Lien over Fixed Deposit build up.

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

Name of financial institution	Nature of facility	Facility Granted	Balance outstanding as at 31.03.2015 (Rs.)	Securities Pledged
DFCC Bank	Term Loan	50 Million	50,000,000	Mortgage over equipment financed
Commercial Bank	Bank Overdrafts	10 Million	23,799,915	Over the company inventories and trade debtors balance

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

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

Market Risk

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

The sensitivity analysis in the following sections relate to the position as at 31st March in 2015 and 2014.

Interest Rate Risk

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

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

	Increase/decrease in basis points	effect on profit before tax Rs.
2015		
Loans & Borrowings	+1%	(13,152,276)
	-1%	13,152,276
2014		
Loans & Borrowings	+1%	(12,970,281)
	-1%	12,970,281

Equity Price Risk

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

At the reporting date, the exposure to listed equity securities at fair value was Rs. 9,648,122/-. A decrease of 10% on the CSE market index could have an impact of approximately Rs. 964,812/- on the equity attributable to the Group, depending on whether or not the decline is significant or prolonged. An increase of 10% in the value of the listed securities would only impact equity but would not have an effect on profit or loss.

Notes to the Financial Statements

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTD.

Credit Risk

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

Trade Receivables

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

Liquidity Risk

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

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

	On Demand Rs.	Less than 03 Months Rs.	03 to 12 Months Rs.	01 to 05 Years Rs.	> 05 Years Rs.	Total Rs.
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Year ended 31st March 2015

Interest Bearing Borrowings	-	100,897,569	302,692,708	436,943,219	-	840,533,495
Other Non Current Financial Liabilities	-	-	13,750,000	63,619,863	-	77,369,863
Trade & Other Payables	-	250,256,429	86,326,427	-	-	336,582,856
Amounts Due to Related Parties	-	-	-	-	-	-
Bank Overdrafts	315,438,031	-	-	-	-	315,438,031
	315,438,031	351,153,998	402,769,134	500,563,082	-	1,569,924,245

Year ended 31st March 2014

Interest Bearing Borrowings	-	97,887,442	293,662,328	589,690,761	-	981,240,531
Embedded Derivatives	-	-	13,750,000	77,369,863	-	91,119,863
Trade & Other Payables	-	192,153,316	90,873,779	-	-	283,027,095
Amounts Due to Related Parties	-	-	-	-	-	-
Bank Overdrafts	334,810,633	-	-	-	-	334,810,633
	334,810,633	290,040,758	398,286,107	667,060,624	-	1,690,198,122

34 CAPITAL MANAGEMENT

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

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

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

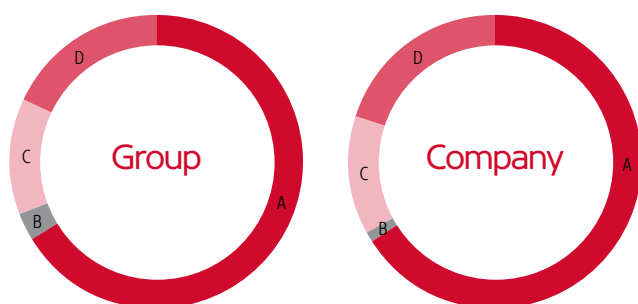
No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March 2015 and 31st March 2014.

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

	31.03.2015 Rs.	31.03.2014 Rs.
Interest Bearing Loans and Borrowings (Note 20.3)	840,533,495	981,240,532
Other Non Current Financial Liabilities (Note 20.2)	67,312,550	91,119,863
Trade and Other Payables	337,119,628	283,027,095
Bank Overdrafts	315,438,033	334,810,632
Less : Cash and Cash Equivalents	(80,807,002)	(48,455,914)
	1,479,596,705	1,641,742,207
Equity	3,139,501,826	2,653,722,257
Capital and Net Debt	4,619,098,532	4,295,464,465
Gearing ratio	32%	38%

Value Added Statement

	GROUP				COMPANY			
	%	2014/2015 Rs.	%	2013/2014 Rs.	%	2014/2015 Rs.	%	2013/2014 Rs.
Turnover		4,083,366,708		3,961,267,670		2,736,867,797		2,647,083,795
Cost of Material and Services Obtained		(2,527,577,328)		(2,276,871,336)		(1,654,364,544)		(1,540,541,136)
Other Income		51,247,283		53,491,824		93,136,508		74,488,780
		1,607,036,663		1,737,888,158		1,175,639,761		1,181,031,439
Distribution of Value Added								
To Employees								
Salaries and Others	67%	1,071,266,353	59%	1,025,010,532	66%	780,117,023	64%	752,289,808
To Government								
Income Tax	3%	42,312,023	2%	32,093,202	1%	8,778,140	1%	12,861,768
To Capital Providers								
Interest on Loans	8%	125,005,484	10%	181,785,669	8%	88,863,922	10%	122,077,297
Shareholders	5%	82,252,252	1%	15,709,917	6%	67,745,452	0%	-
To Expansion and Growth								
Depreciation	9%	144,664,848	16%	269,924,603	12%	144,664,848	11%	135,801,752
Retained Profit	9%	141,535,704	12%	213,364,235	7%	85,470,375	13%	158,000,814
	100%	1,607,036,663	100%	1,737,888,158	100%	1,175,639,761	100%	1,181,031,439



	GROUP	COMPANY
A - To Employees	67%	66%
B - To Government	3%	1%
C - To Capital Providers	13%	13%
D - To Expansion and Growth	18%	20%

Ten Year Summary

GROUP										
	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09	2007/08	2006/07	2005/06
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Operating Results										
Total Income	4,083,367	3,961,268	3,830,369	3,546,523	3,054,399	2,451,031	2,171,229	1,879,645	1,638,594	1,401,325
Other Income	51,247	53,492	34,335	22,155	23,728	21,354	28,462	27,282	16,087	14,917
Finance Cost	125,005	186,728	182,428	164,558	151,094	121,781	85,678	44,262	28,320	23,408
Profit Before Tax	266,100	261,167	308,040	347,462	240,042	164,894	198,125	169,555	229,857	212,274
Income Tax	42,312	32,093	30,334	61,210	81,659	54,893	29,595	38,382	34,847	41,987
Profit After Tax	223,788	229,074	277,706	288,231	158,383	110,001	168,529	131,173	195,010	170,287
Dividend (Company)	67,745	-	135,491	50,809	42,341	38,812	38,812	38,812	38,812	38,812
Balance Sheet										
Assets										
Property Plant & Equipment	4,107,470	4,158,468	4,239,622	4,310,489	4,000,023	2,331,038	1,938,135	1,887,441	1,778,784	1,060,912
WIP - Building in Construction	-	-	-	6,543	8,498	1,170,783	824,703	228,087	-	6,451
Other Financial Assets	266,353	241,568	169,884	193,682	95,102	102,541	158,357	70,585	101,737	131,508
Investment in Equity Accounted Investee	2,679	2,038	877	-	-	-	-	-	-	-
Inventories	229,775	254,095	214,699	215,965	166,722	146,229	116,901	108,360	88,636	82,671
Receivables	244,212	193,696	185,481	185,481	178,959	169,632	135,122	130,846	105,476	90,583
Deferred Revenue	600	660	760	860	2,400	2,500	2,600	1,260	5,953	9,205
Goodwill	-	-	-	-	-	1,341	1,341	1,341	1,341	2,022
Cash & Cash Equivalents	80,807	48,456	96,959	21,279	71,062	66,370	22,520	29,443	62,587	23,270
	4,931,896	4,898,979	4,908,282	4,934,298	4,522,766	3,990,434	3,199,679	2,457,363	2,144,514	1,406,622
Equity & Liabilities										
Stated Capital	916,366	916,366	916,366	916,366	916,366	513,821	395,389	395,389	395,389	395,389
Reserves	1,861,307	1,737,356	1,617,374	1,512,620	1,125,265	1,447,696	1,387,373	1,202,786	1,131,389	493,919
Non Controlling Interest	361,829	348,633	494,335	488,029	400,145	393,603	401,711	44,623	42,668	36,563
Interest-bearing Borrowings	907,846	1,072,360	1,086,439	1,352,120	1,359,039	1,051,634	621,299	390,887	210,519	209,075
Provisions and Other Liabilities	569,110	489,453	544,009	518,301	504,601	361,051	289,760	314,819	282,738	200,616
Overdrafts	315,438	334,811	249,759	146,862	217,350	222,629	104,147	108,859	81,811	71,060
	4,931,896	4,898,979	4,908,282	4,934,298	4,522,766	3,990,434	3,199,679	2,457,363	2,144,514	1,406,622

Share Information

Distribution of Shareholders Voting Shares

Shareholding		No. of Shareholders	Resident No. of Shares	%	No. of Shareholders	Non Resident No. of Shares	%
1	-1,000	1,966	492,017	1.93	15	5,013	0.02
1,001	-10,000	299	860,804	3.37	15	47,814	0.19
10,001	-100,000	56	1,600,079	6.27	4	222,775	0.87
100,001	-1,000,000	17	5,271,138	20.65	-	-	-
Over	1,000,000	1	17,027,632	66.7	-	-	-
Total		2,339	25,251,670	98.92	34	275,602	1.08

Categories of Shareholders

	No. of Shareholders	No. of Shares
Individual	2,280	4,492,882
Institutional	93	21,034,390
Total	2,373	25,527,272

Non-Voting Shares

Shareholding		No. of Shareholders	Resident No. of Shares	%	No. of Shareholders	Non Resident No. of Shares	%
1	-1,000	940	250,172	3.00	7	2,831	0.03
1,001	-10,000	415	1,221,112	14.63	10	33,691	0.4
10,001	-100,000	78	2,309,004	27.67	4	146,057	1.75
100,001	-1,000,000	11	3,228,216	38.68	-	-	-
Over	1,000,000	1	1,154,371	13.84	-	-	-
Total		1,445	8,162,875	97.82	21	182,579	2.18

Categories of Shareholders

	No. of Shareholders	No. of Shares
Individual	1,393	3,300,382
Institutional	73	5,045,072
Total	1,466	8,345,454

Per Share Ratio

	2014/2015 Rs.	2013/2014 Rs.
Earnings Per Share	4.54	3.76
Dividend Per Share	2.00	-
Net Asset Value Per Share	77.37	75.01

Market Activities

Market Value Per Share

	2014/2015			2013/2014		
	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	119.00 2-Jan-15	90.30 26-May-14	113.90 31-Mar-15	120.00 24-Jan-14	97.00 19-Apr-13	115.00 25-Mar-14
Non-Voting	89.90 12-Sep-14	70.20 26-Jun-14	75.10 13-Mar-15	87.60 16-Aug-13	68.60 7-Jan-14	77.00 31-Mar-14

Share Trading Information

	2014/15		2013/14	
	Shares Traded Nos'	Turnover Rs.	Shares Traded Nos'	Turnover Rs.
Voting	700,511	77,406,284	587,626	62,858,740
Non-Voting	435,831	33,890,329	291,016	22,294,774

Share Information

Top 20 Shareholders Listed As at 31st March 2015 Voting Shareholders

Name of the Shareholder	Country of Residence	As at 31.03.2015		As at 31.03.2014	
		Number of Shares	Holding %	Number of Shares	Holding %
Durdans Management Services Ltd	Sri Lanka	17,027,632	66.70	16,509,553	64.67
Deutsche Bank AG - National Equity Fund	do	997,019	3.91	1,028,900	4.03
Lawrance Tudawe Management Services (Pvt) Ltd	do	598,982	2.35	598,982	2.35
Mr Y N R Piyasena	do	553,134	2.17	553,134	2.17
The Ceylon Guardian Investment Trust PLC A/C No. 02	do	518,371	2.03	518,371	2.03
Mr S P Tudawe	do	307,936	1.21	307,936	1.21
Cargo Boat Development Company PLC	do	305,485	1.20	305,485	1.20
M J F Holdings Ltd	do	270,981	1.06	270,981	1.06
Ceylon Investments PLC A/C No. 01	do	256,915	1.01	756,915	2.97
Mr A E Tudawe	do	205,052	0.80	205,052	0.80
Deutsche Bank AG as Trustee to Candor Sharia Fund	do	200,000	0.78	171,635	0.67
Mr A D P A Wijegoonewardene	do	175,418	0.69	175,418	0.69
Mr U D Tudawe	do	170,616	0.67	170,616	0.67
Deutsche Bank AG as Trustee to Candor Growth Fund	do	170,220	0.67	173,111	0.68
Mr A D Tudawe	do	161,984	0.63	161,984	0.63
Commercial Bank of Ceylon PLC / Mr W N Tudawe	do	160,000	0.63	164,091	0.64
Mr R R Tudawe	do	118,262	0.46	118,262	0.46
Deutsche Bank AG Namal Growth Fund	do	100,763	0.39	100,763	0.39
DFCC Bank A/C 01	do	100,000	0.39	100,000	0.39
The Sri Lanka Fund	do	90,000	0.35	90,000	0.35
Total		22,488,770	88.10	22,481,189	88.06

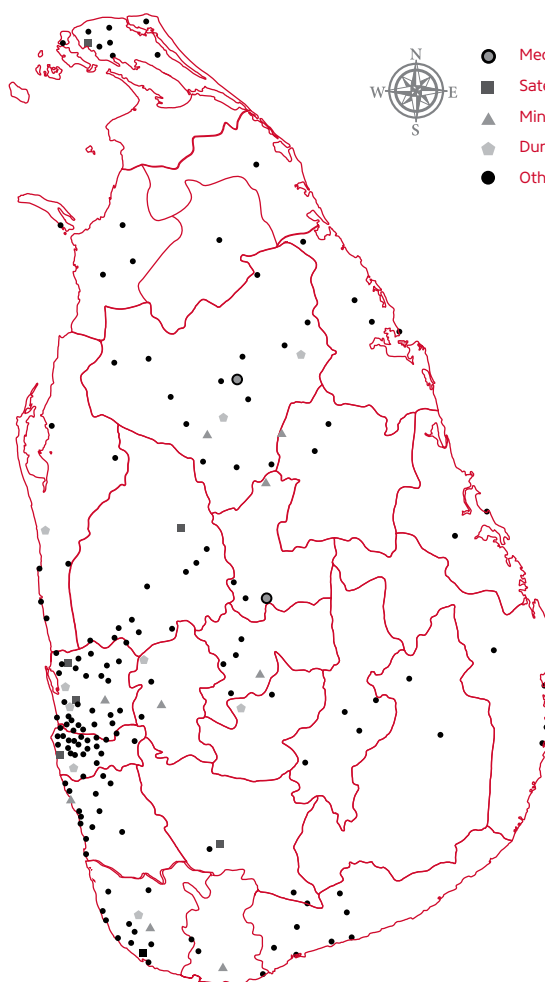
Top 20 Shareholders Listed As at 31st March 2015
Non-Voting Shareholders

Name of the Shareholder	Country of Residence	As at 31.03.2015		As at 31.03.2014	
		Number of Shares	Holding %	Number of Shares	Holding %
Employee Provident Fund	Sri Lanka	1,154,371	13.83	1,154,371	13.83
Deutsche Bank AG as Trustee for Namal Acuity Value Fund	do	800,000	9.59	800,000	9.59
M J F Holdings Ltd	do	598,646	7.17	598,646	7.17
Deutsche Bank AG Namal Growth Fund	do	481,000	5.76	481,000	5.76
E W Balasuriya & Co. (Pvt) Ltd	do	330,619	3.96	330,619	3.96
DFCC Bank A/C 01	do	240,000	2.88	300,000	3.59
Durdans Management Services Ltd	do	161,985	1.94	79,114	0.95
Mr D Ratnayake	do	146,866	1.76	146,866	1.76
A Z Holdings (Pvt) Ltd	do	127,440	1.53	139,024	1.67
Mr A H Munasinghe	do	127,214	1.52	127,214	1.52
Deutsche Bank AG as Trustee to Condor Sharia Fund	do	110,000	1.32	-	-
Waldock Mackenzie Ltd / Mr K Omprasadham	do	104,446	1.25	104,446	1.25
Distilleries Company of Sri Lanka PLC A/C No. 02	do	95,869	1.15	100,080	1.20
Tudawe Engineering Services (Pvt) Ltd	do	91,986	1.10	91,986	1.10
Mr D A Cabraal	do	82,500	0.99	80,000	0.96
Waldock Mackenzie Ltd / Mr S P De Mel	do	70,702	0.85	70,702	0.85
Mr U D Wickremesooriya	do	69,272	0.83	-	-
Mr S S Sithambaranathan	do	66,000	0.79	66,000	0.79
Mr P A I S Perera	do	65,454	0.78	65,454	0.78
Fergasam Garment Industries (Pvt) Ltd	do	65,454	0.78	65,454	0.78
Total		4,989,824	59.78	4,800,976	57.51

Durdans' Island-wide Reach

1	Addalaichenai	56	Demanhandiya	111	Jaffna ■	166	Kotugoda
2	Agalawatte	57	Dematagoda	112	Jayawardanepura ▲	167	Kuliypitiya
3	Ahangama	58	Deniyaya	113	Kadawatha	168	Kundasale
4	Akkaraipattuwa	59	Deraniyagala	114	Kadugannawa	169	Kurana
5	Akmeemana	60	Dharga Town	115	Kaduruwella	170	Kurundugahahetepma
6	Akurana	61	Dodangaslanda	116	Kaduwela	171	Kurunegala ●
7	Akuressa	62	Egaloya	117	Kahatagasdigiliya ◆	172	Lenaduwa
8	Alaveddy	63	Eheliyagoda	118	Kahawatta	173	Lunawa
9	Alawwa	64	Ekala	119	Kalmunei	174	Madampe
10	Aluthgama	65	Elakanda	120	Kalpitiya	175	Madampitiya
11	Ambalangoda	66	Elayapaththuwa	121	Kaluaggala	176	Madawala
12	Ambalanthota	67	Elpitiya	122	Kalubowila ■	177	Madurankuliya
13	Ambanpola	68	Embilipitiya	123	Kalutara	178	Mahabage
14	Ampara	69	Eppawala	124	Kaluwanchikudi	179	Mahagirilla
15	Ampegama	70	Erawur	125	Kamburupitiya	180	Mahara
16	Ampitiya	71	Galagedara	126	Kandana	181	Maharagama
17	Anuradhapura ●	72	Galawela	127	Kandy ●	182	Mahawewa
18	Arawwala	73	Galenbindunuwewa	128	Kanthale	183	Mahipa
19	Athurugiriya	74	Galewala	129	Kapuwatta	184	Mahiyanganaya
20	Awissawella	75	Galgamuwa	130	Karadeniya	185	Maho
21	Baddegama	76	Galle ■	131	Karapitiya ▲	186	Makola
22	Badulla	77	Galnewa	132	Karaveddy	187	Makuluduwa
23	Balangoda ◆	78	Galpatha	133	Karawanella	188	Malabe
24	Balapitiya	79	Gampaha ▲	134	Katana	189	Maligawatta
25	Balummahara	80	Gampola	135	Kathankudi	190	Malwana
26	Bambalapitiya	81	Ganemulla	136	Katikithula	191	Mannar
27	Bandaragama	82	Geliya	137	Katugasthota ▲	192	Maradana
28	Bandarawela	83	Gintupitiya	138	Katukurunda	193	Maradankadawala
29	Batapola	84	Girialla	139	Katunayake	194	Marawila
30	Battaramulla	85	Godagama	140	Katuneriya	195	Maspotha
31	Batticaloa	86	Gonapola	141	Katupotha	196	Matale
32	Beliatta	87	Gorakana	142	Kayts	197	Matara ▲
33	Bentota	88	Habarakada	143	Kebithigollewa ◆	198	Mathugama
34	Beruwala	89	Habarana	144	Kegalle ▲	199	Matikumbura
35	Bibile	90	Hambanthota	145	Kekirawa ◆	200	Mattakkuliya
36	Bingiriya	91	Hanguranketha	146	Kelaniya	201	Mattegoda
37	Bogawanthalawa	92	Hanwella	147	Kesbewa	202	Mawanella
38	Bokundara	93	Hasalaka	148	Keselkotuwa	203	Mawathagama
39	Bombuwala	94	Hatharaliyadda	149	Kilinochchi	204	Medawachchiya
40	Borakanda	95	Hatton	150	Kinniya	205	Meegahathanna
41	Borella	96	Hehipola	151	Kiribathgoda ◆	206	Meegoda
42	Chavakachcheri	97	Hettipola	152	Kirillawala	207	Meerigama
43	Chilaw ▲	98	Hikkaduwa	153	Kirinda	208	Mihintale
44	Colombo 08 ◆	99	Hindagama	154	Kobeigane	209	Minuwangoda
45	Colombo 10 ■	100	Hingurakgoda	155	Kochchikade	210	Molagoda
46	Dalupitiya	101	Hiripitiya	156	Kollawa	211	Monaragala
47	Daluwatta	102	Homagama	157	Kolonnawa	212	Moraduwa
48	Dambulla ▲	103	Horana	158	Kolugoda	213	Moragollagama
49	Dankotuwa	104	Horowpathana	159	Kosgama	214	Moratuwa
50	Danturei	105	Hunupitiya	160	Kotahena	215	Morawaka
51	Debarawewa	106	Ibbagamuwa	161	Kotapola	216	Moronthuduwa
52	Deheregoda	107	Imaduwa	162	Kothmale	217	Mt.Lavinia
53	Dehiowita	108	Ingiriya	163	Kotikawatta	218	Murutalawa
54	Dehiwala	109	Invil	164	Kottawa	219	Nadimala
55	Delgoda	110	Ja-Ela	165	Kotte	220	Nagoda ▲

221 Nagollagama
 222 Narahenpita
 223 Narammala
 224 Naththandiya
 225 Nawagamuwa
 226 Nawala
 227 Nawalapitiya ●
 228 Nawinna
 229 Negombo ●
 230 Nellyadi
 231 Nelubewa
 232 Nikadalupotha
 233 Nikaweratiya
 234 Nikawewa
 235 Nittambuwa
 236 Nochchiyagama
 237 Nugegoda
 238 Nuwara Eliya
 239 Oddamavadi
 240 Orugodawatta
 241 Padaviya
 242 Padeniya
 243 Padukka
 244 Palawatta
 245 Pallepola
 246 Palmadulla
 247 Pamunugama
 248 Panadura ▲
 249 Pannala
 250 Pannipitiya
 251 Papiliyana
 252 Pasgoda
 253 Payagala
 254 Peradeniya
 255 Peralanda
 256 Pethiyagoda
 257 Pilimathalawa
 258 Piliyandala
 259 Pimbura
 260 Pinnawala
 261 Pitigala
 262 Poddala
 263 Pointpedro
 264 Pokunuvita
 265 Pokurassa
 266 Polgahawela ●
 267 Polgolla
 268 Polmatai
 269 Polonnaruwa
 270 Polpitigama
 271 Punchi Borella
 272 Pussallawa
 273 Puttalam
 274 Puwakpitiya
 275 Raddolugama



276 Ragama ■
 277 Rajagiriya
 278 Rajawella
 279 Rambukkana
 280 Rathanapura ■
 281 Ratmalana
 282 Rawathawatta
 283 Rideegama
 284 Rikillagaskada
 285 Ruwanwella
 286 Samanthurai
 287 Saraswathipura
 288 Sarikkamulla
 289 Seeduwa
 290 Seepukulama
 291 Siyambalape
 292 Slave Island
 293 Sooriyawewa
 294 Tangalle
 295 Thambuttegama ▲

296 Thalangama
 297 Thalawa
 298 Thalawathugoda
 299 Thammannawa
 300 Thavalama
 301 Thihariya
 302 Thirappane
 303 Thirunelveli
 304 Thissamaharamaya
 305 Tissa
 306 Trincomalee
 307 Udugampola
 308 Unawatuna
 309 Udugama ●
 310 Vauniya
 311 Velanai
 312 Veyangoda
 313 Wadduwa ●
 314 Walasmulla
 315 Waligampitiya

316 Walpola
 317 Wanduramba
 318 Warakapola
 319 Wariyapola
 320 Wathupitiwala ▲
 321 Wattala ●
 322 Weeraketiya
 323 Weligama
 324 Welimada
 325 Welipannagahamulla
 326 Weliweriya
 327 Wellampitiya
 328 Wellawatta
 329 Wellawaya
 330 Wellaweediya
 331 Wennappuwa ●
 332 Yakkalamulla
 333 Yatawatta
 334 Yatiyanthota

Notice of Meeting

Notice is hereby given that the Annual General Meeting of the Shareholders of Ceylon Hospitals PLC will be held on 30th June 2015 at the Durdans Auditorium (11th floor) at 9.00 a.m.

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

1. To receive and consider the Annual Report of the Directors and the Statement of Accounts for the year ended 31st March 2015 with the Report of the Auditors thereon (Resolution 1).
2. To re-elect Dr A D P A Wijegoonewardene 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 attained the age of 70 years in the month March 2014 and that he be appointed a Director of the Board in terms of Section 211 of the Companies Act No. 07 of 2007” (Resolution 3).
4. Declaration of Dividends
 The Company paid an interim dividend of Rs. 2.70 per share to all its shareholders in the month of June 2015. No further dividends have been recommended by the Board.

5. To re-appoint M/s. B.R. De Silva & Company, Chartered Accountants, the retiring Auditors who have expressed their willingness to continue in office as Company's Auditors for the Financial Year ending 31st March 2016 and to authorise the Board of Directors to determine their remuneration (Resolution 4).
6. To authorise the Directors to determine donations for the year 2015/2016 (Resolution 5).

BY ORDER OF THE BOARD
 NEXIA CORPORATE CONSULTANTS (PVT) LTD

SECRETARIES
 22nd May 2015

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

[illegible]

134 DURDANS HOSPITAL

Form of Attendance

I hereby record my presence at the Annual General Meeting of Ceylon Hospitals PLC, held on 30th June 2015 at the Durdans Auditorium (11th Floor) of Ceylon Hospitals PLC No.03, Alfred Place, Colombo 03 at 9.00 a.m.

Full Name of Shareholder :.....

National Identity Card
No. of Shareholder :.....

Address of Shareholder :.....
:.....

Name of Proxy holder
(If applicable) :.....

National Identity Card
No. of Proxy holder :.....

Address of Proxy holder :.....

No. of Shares held :.....

Share Certificate No. :.....

Signature of Shareholder :.....

Date :.....

Note

Shareholders are requested to:

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

Form of Proxy-Voting Shareholders

I/We.....of

.....being a Shareholder
/ Shareholders of Ceylon Hospitals PLC, hereby appoint

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

Mr/Mrs/Miss.....of

.....as my/our proxy to attend (and vote for me/us) on my/our behalf
at the Annual General Meeting of the Company to be held on 30th June 2015 and at any adjournment thereof.

Note

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

Resolutions

	For	Against
1. To adopt the Statement of Accounts for the year ended 31 st March 2015	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Dr A D P A Wijegoonewardene	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-appoint Mr A S Abeyewardene	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint Auditors	<input type="checkbox"/>	<input type="checkbox"/>
5. 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 2015

.....
Signature

Form of Proxy-Non-Voting Shareholders

I/We.....of

.....being a Shareholder

/ Shareholders of Ceylon Hospitals PLC, hereby appoint

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

Mr/Mrs/Miss.....of

..... as my/our proxy to attend on my/our behalf at the Annual General Meeting of the Company to be held on 30th June 2015 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 2015

.....
Signature

Corporate Information

Name of Company

Ceylon Hospitals PLC

Brand Name

DURDANS

Legal Form

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

Company Registration Number

PQ 113

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
Union Bank PLC
Standard Chartered Bank PLC
National Development Bank PLC
Nations Trust Bank PLC
Hongkong and Shanghai Banking Corporation PLC
Seylan Bank PLC
Sampath Bank PLC
Hatton National Bank PLC
Amana Bank

Auditors

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

Lawyers

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

Secretaries

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

Registrars

S S P Corporate Services (Pvt) Ltd
No. 546, Galle Road
Colombo 03.

