



The heart with humanity

ANNUAL REPORT | 2023-24

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Chairman's Message

achieved an annual revenue of Rs. 1.2 billion, marking the third consecutive year of reaching.....

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Corporate Governance

The Board of Directors holds the highest accountability for overseeing the strategic direction, internal regulations, financial.....

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Vision

"To provide safest & Highest quality health care service and be the preferred health care provider in the country"

Mision

To be the benchmark in quality healthcare in the country, by transforming the healthcare experience through a culture of good caring and quality service at affordable level



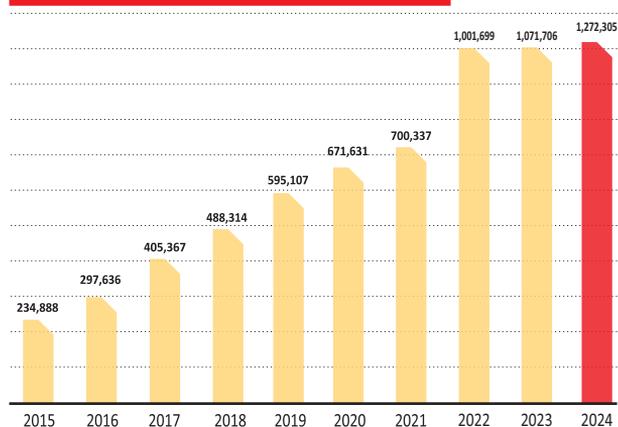
Overview

Financial Highlights

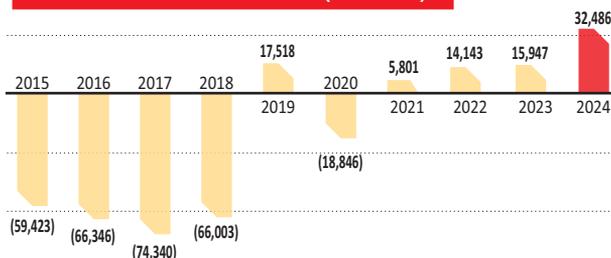
Financial Highlights

Company	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Turnover (Rs.'000)	234,888	297,636	405,367	488,314	595,107	671,631	700,337	1,001,699	1,071,706	1,272,305
Profit/(Loss) Before Tax (Rs.'000)	(59,423)	(66,346)	(74,340)	(66,003)	17,518	(18,846)	5,801	14,143	15,947	32,486
Profit/(Loss) After Tax (Rs.'000)	(68,405)	(74,035)	(77,951)	(49,046)	(11,873)	(5,750)	2,299	16,413	(12,725)	24,628
Fixed Assets - Net Book Value (Rs.'000)	674,659	802,340	844,343	791,290	787,089	824,633	803,304	815,419	790,981	1,186,947
Total Assets (Rs.'000)	948,339	962,877	940,409	874,050	881,116	934,789	952,033	951,391	981,193	1,350,209
Earnings Per Share (Rs.)	(0.23)	(0.25)	(0.20)	(0.12)	(0.03)	(0.01)	0.01	0.04	(0.03)	0.06
Net Asset Per Share (Rs.)	1.74	1.31	1.22	1.07	1.19	1.10	1.10	1.15	1.17	1.85

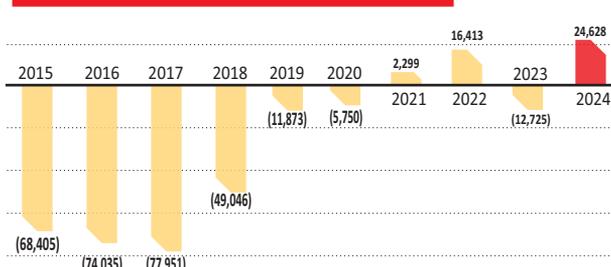
Turnover (Rs.'000)



Profit/Loss Before Tax (Rs.'000)



Profit/Loss After Tax (Rs.'000)



Singhe Hospitals
Achieved Highest Ever
Turnover of
Rs. 1.2 Bn

PAT
Rs. 24.6 Mn

Overview

Financial Highlights



Net Asset
Per Share
1.85



Net Book
Value
Rs. 1.18 Bn

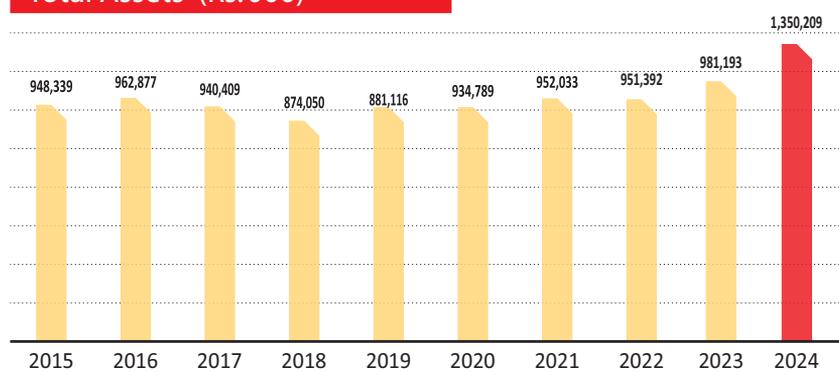


GP
60.11%

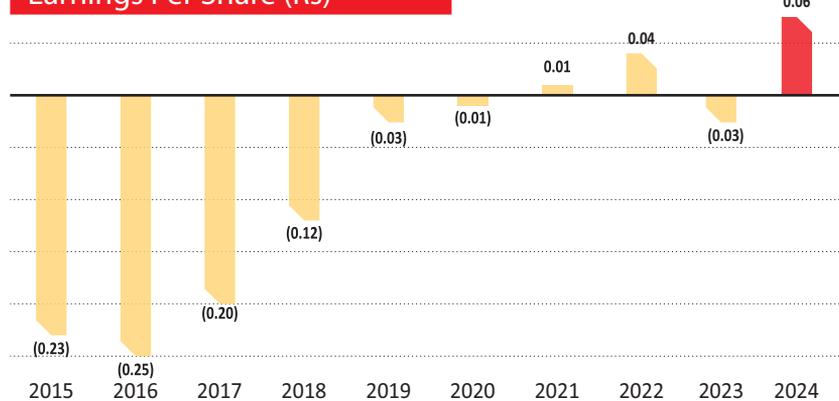
Fixed Assets - NBV (Rs.'000)



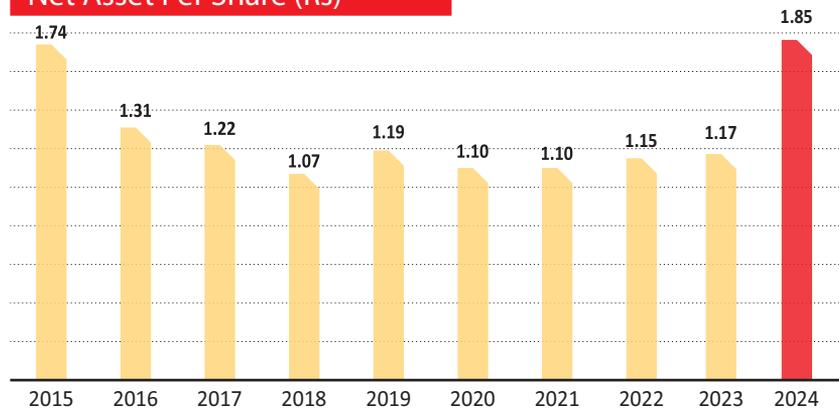
Total Assets (Rs.'000)



Earnings Per Share (Rs)



Net Asset Per Share (Rs)



Overview

The Company

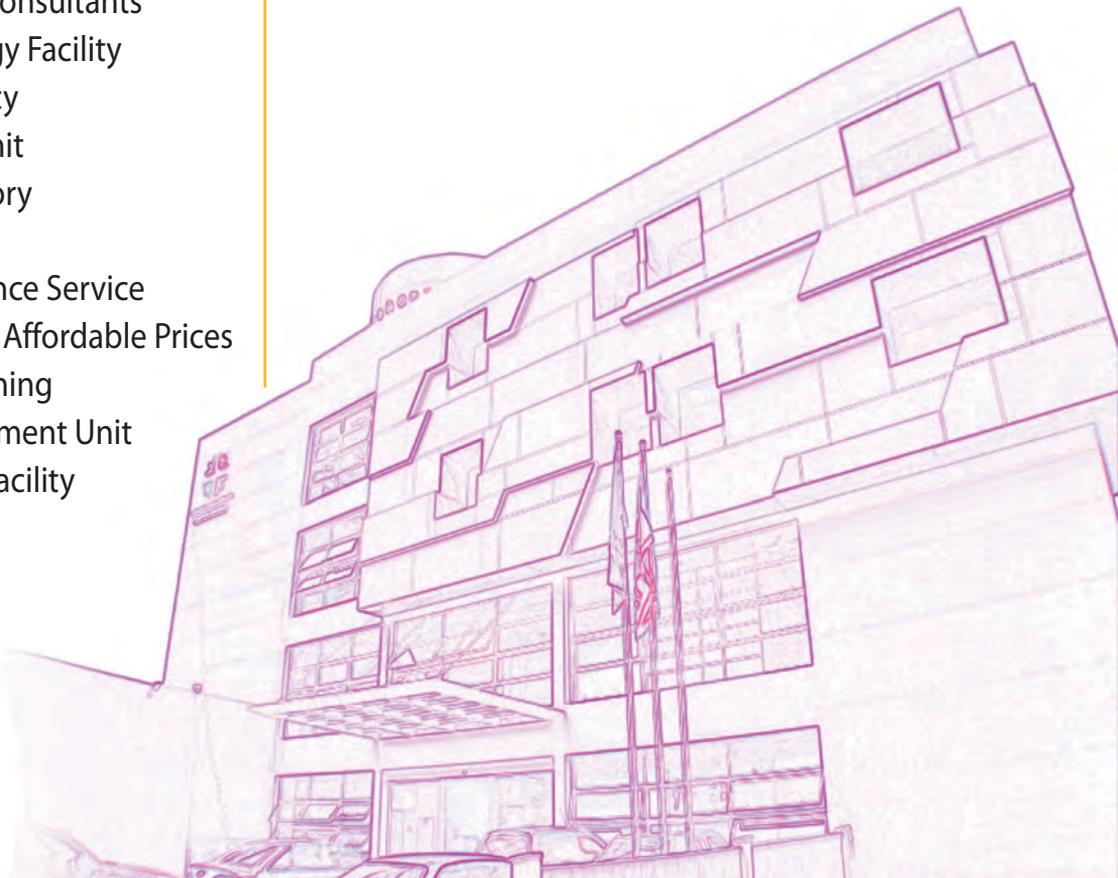
The Company was incorporated on 01st December 2009 as a Board of Investment (BOI) approved project to commence operation a Private Hospitals, including Laboratory and other related services. The Company started its commercial operation in June 2012. Today Singhe Hospitals is the best private hospital operating in Ratnapura District with modern health care facilities.

Singhe Hospitals is a fully equipped private hospital with 50 beds to accommodate patients with a wide range of medical specialties available throughout the day. Patients for indoor treatment are admitted under the care of Visiting Consultants and with the supervision of in-house medical officers. Singhe Hospitals is committed to continuous improvement of patient care and strives to deliver high quality, cost effective health care to the community.

The company was listed in the Colombo Stock Exchange on 21st April 2015. As stated at the IPO, the company has initiated the expansion of laboratory services island wide. At present the company operates laboratories in Ratnapura, Homagama, Kandy, Negombo, Bandarawella, Embilipitiya, Balangoda, Avissawella, Kahawatta, Karapitiya and Kalawana. The company is seeking opportunities to expand the laboratories across the Island.

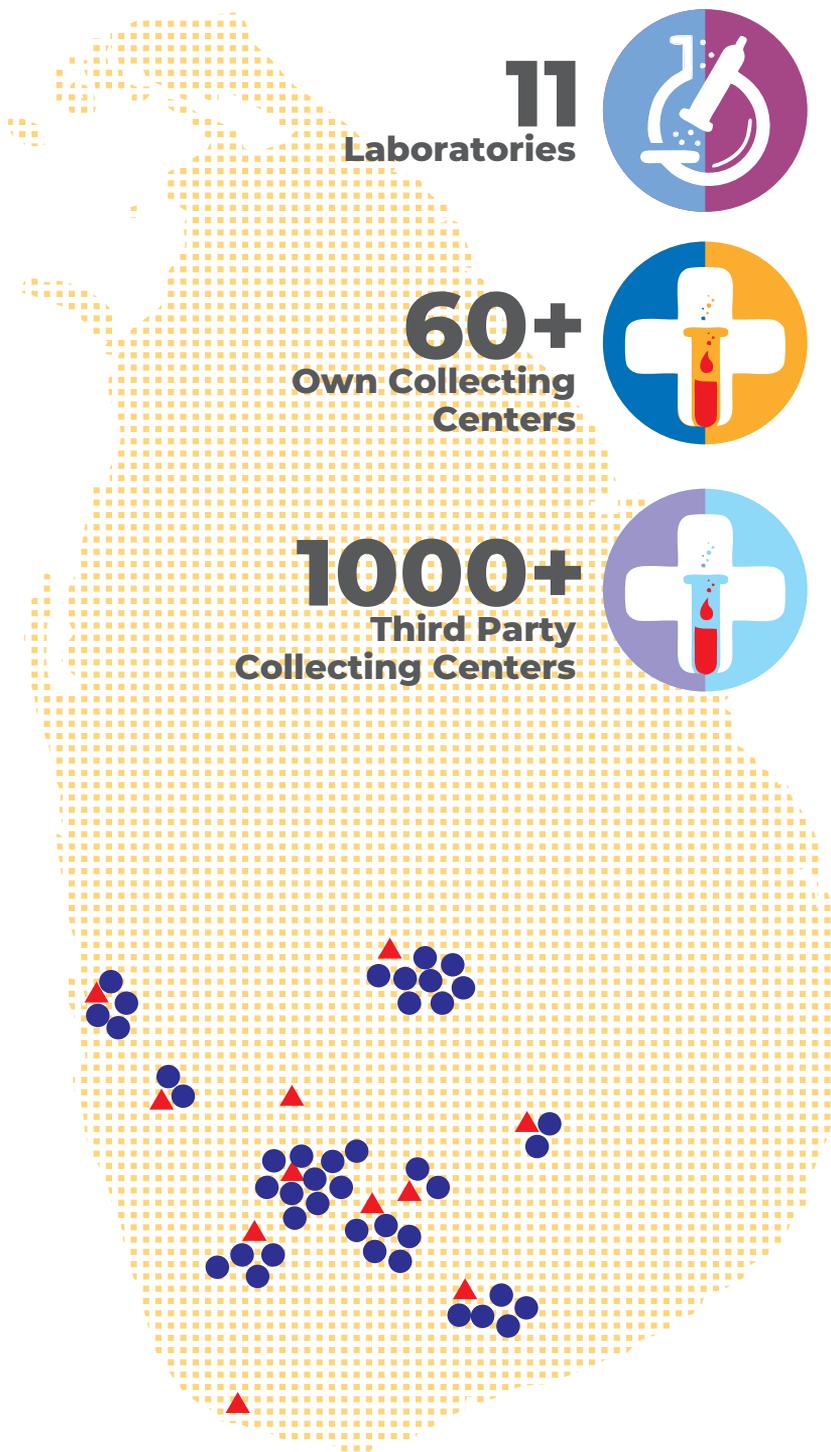
Our Services

- ▶ 24 Hour OPD Service
- ▶ Multi Specialist Consultants
- ▶ 24 Hour Radiology Facility
- ▶ 24 Hour Pharmacy
- ▶ Intensive Care Unit
- ▶ 24 Hour Laboratory
- ▶ Dental Unit
- ▶ 24 Hour Ambulance Service
- ▶ Wards/Rooms at Affordable Prices
- ▶ Ultrasound Scanning
- ▶ Emergency Treatment Unit
- ▶ Patient Parking Facility
- ▶ Home Nursing
- ▶ Cosmetic Clinic
- ▶ Cafeteria



Overview Branch Network

Singhe Hospitals laboratory service comprise of 11 laboratories located at Ratnapura, Homagama, Kandy, Negombo, Bandarawela, Kahawatta, Embilipitiya, Balangoda, Awissawella, Kalawana, Karapitiya and with over 60 sample collection centers located strategically for the convenience of our valued customers.



▲ Labs

● Collecting Center

▲ Singhe Ratnapura Laboratory

- Singhe Urban Center
- Singhe Eheliyagoda Center
- Singhe Kuruwita Center
- Singhe Galabada Center
- Singhe Pathakada Center
- Singhe Nivithigala Center
- Singhe Kotamulla Center
- Singhe Hangamuwa Center
- Singhe Gileemale Center
- Singhe Rathganga Center

▲ Singhe Homagama Laboratory

- Singhe Homagama Town Center
- Singhe Kaluaggala Center

▲ Singhe Negombo Laboratory

- Singhe Thaladena Center
- Singhe Pitipana Center
- Singhe Kochchikade Center
- Singhe Pannala Center

▲ Singhe Kandy Laboratory

- Singhe Theldeniya Center
- Singhe Hanguranketha Center
- Singhe Werellagama Center
- Singhe Thalathuoya Center
- Singhe Mathale Center
- Singhe Rikillagaskada Center
- Singhe Muruthalawa Center
- Singhe Katugashota Center

▲ Singhe Bandarawela Laboratory

- Singhe Diyathalawa Center
- Singhe Ideal Nursing Home Center

▲ Singhe Balangoda Laboratory

- Singhe Oluganthota Center
- Singhe Weligepola Center

▲ Singhe Kahawatta Laboratory

- Singhe Pelmadulla Center
- Singhe Godakawela Center
- Singhe Manandola Center
- Singhe Pallebedda Center
- Singhe Rakwana Center

▲ Singhe Embilipitiya Laboratory

- Singhe Embilipitiya Town Center
- Singhe Padalangala Center
- Singhe Middeniya Center
- Singhe Sooriyawewa Center
- Singhe Angunakolapelessa Center

▲ Singhe Awissawella Laboratory

▲ Singhe Kalawana Laboratory

- Singhe Delwala Center
- Singhe Ayagama Center
- Singhe Pothupitiya Center
- Singhe Lathpandura Center

▲ Singhe Karapitiya Laboratory

Management Discussion and Analysis

Our Business and Strategy

Singhe Hospitals PLC is a “Multi-specialty secondary care Private Hospital” and the leading healthcare provider in the Sabaragamuwa province, offering an unmatched range of primary and secondary healthcare services, with a bed capacity of 50 and over 70 visiting consultants. We serve over 200,000 patients annually, providing care to the largest patients base in Sabaramuwa.

A differentiation coupled with cost effective strategy centered on international standards, best-in-class patient care and advanced technology has enabled the hospital to sustain its unique competitive edge despite intensifying competitive pressure.

The hospital laboratory arm spreads across Sabaragamuwa, Western, Central, Uva and Southern Provinces. Singhe Hospitals operates 11 laboratories and over 60+ own sample collection centers and a network of over 1000 third party sample collection centers that are operated by doctors.

Awards & Accreditations



1. Sabaragamuwa Province Best Entrepreneur of the Year 2018, Extra Large Category - Service Sector - Silver Award
2. Sabaragamuwa Province Best Entrepreneur of the Year 2019, Gold Award
3. Sabaragamuwa Province Best Entrepreneur of the Year 2020, Extra Large Category - Service Sector - Gold Award
4. Sabaragamuwa Province Best Entrepreneur of the Year 2022, Extra Large Category - Service Sector - Gold Award

ISO ACCREDITED



Singhe Hospitals, entering into its' 12th year anniversary of commercial operation has been showing continuous growth and has been able to further, establish its leadership in the private healthcare sector in Sabaragamuwa Province. During the previous year, we have strengthened our existing services and introduced additional services as well. Whilst being equipped with the most experienced doctors and staff, Singhe Hospitals also uses the best equipment in the world to make sure our patients receive the best care at all times.

Cardiac Unit

Singhe Hospital's cardiac unit consists of general diagnostics facilities for cardiac patients. Apart from the state of the art ECHO Scan investigations, we also offer Exercise ECG and Holter Monitoring Facilities, introduced to Ratnapura for the first time in the private sector.



Obstetrics and Gynecology

Our hospital is renowned for its superior maternity care. This is evident in the hospital recording its 2600th child birth during the 12 years of operations. This was achieved with dedicated and specialized staff as well as the support and guidance of our valued consultants. The hospital also consists of specially designed delivery rooms, superior operating theatres as well as luxury accommodation facilities to the patients.



Ophthalmology

We are also proud to be the first to introduce eye surgery as a Private Hospital in Ratnapura. In addition to cataract surgeries, other eye surgeries are performed at the hospital. These are performed at our state of the art Operating Theaters using cutting edge technology. The success of the Ophthalmology department can be attributed to our dedicated experienced staff and our valued Consultants.



Dental Unit

Our Dental Unit consists of the latest in dental care technology imported from Japan. For the first time in Ratnapura, Singhe Hospitals has introduced a dental chair with a video viewing facility enabling the consultant Dental Surgeons/Doctors to arrive at better diagnoses and treat dental issues.



Management Discussion and Analysis

Company Profile

Surgical Department

Our multiple modular theater complexes are equipped with laminar flow air conditioning system and world renowned Draeger theatre equipment's which is second to none compared to any hospital in the country. This has become one of the core strengths in the hospital. Specially trained, dedicated theatre staff and our valued Consultants at the hospital has performed many numbers of surgeries and continually add new types of surgeries to the list.



Radiology Unit

This Unit is at the forefront of technology and consists of the best equipment in radiology. Our Siemens CT scanner from Germany, Digital CR X-Ray system from Shimadzu Japan and latest ultrasound equipment from Toshiba Japan is at the core of the department.

Emergency Care

The Emergency Unit consists of an Ambulance unit, Emergency Treatment Unit and the Intensive Care Unit. We are the first to introduce private ICU facilities in Ratnapura. All these units consist of modern equipment and dedicated staff to handle all types of emergencies.



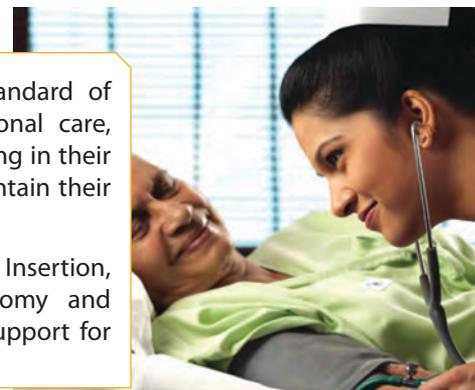
Laboratory Network

With the tremendous success of the main hospital laboratory, as stated at the IPO, expanded its laboratory service and continues to expand. Currently, 11 labs have been opened at Ratnapura, Homagama, Negombo, Bandarawela, Kandy, Embilipitiya, Balangoda, Kahawaththa, Kalawana, Karapitiya and Avissawella. The success of the laboratory network is due to the usage of superior equipment, reagents, other consumables and also the services rendered by highly qualified and experienced staff. We have been able to produce accurate laboratory reports which are requested by the consultants to diagnose health issues correctly.

Home Nursing Service

Home Nursing Service was established to deliver the highest standard of nursing care to patients who are bed ridden or immobile. Personal care, reliability and friendly service to clients, in all age groups who are living in their homes and require a little extra help and support to improve or maintain their health.

Assisting with artificial feeding, changing sterile dressings, Catheter Insertion, monitoring output, Tracheostomy care, Oral suctioning, ileostomy and colostomy, IV cannulation & infusions, Wealth care education and support for rehabilitation are few that the department is primarily focused.



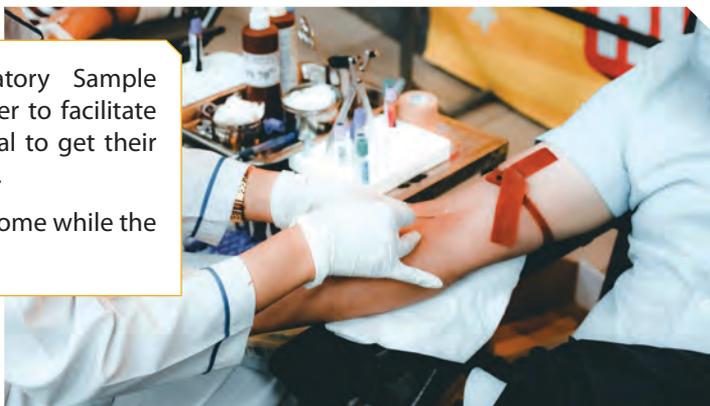
Management Discussion and Analysis

Company Profile

Mobile Sample Collection

Singhe Hospitals introduced Mobile Laboratory Sample Collection for the first time in Ratnapura in order to facilitate patients who may be unable to visit the hospital to get their blood testings are done as prescribed by doctors.

Patients can now enjoy the comfort of being at home while the testings are carried out.



Cosmetic Clinic

With the rising demand among the public, we established a Cosmetic Clinic to fulfill the demand in and around Sabragamuwa Region. A dedicated Surgeon is being assigned in order to channel and obtain required services.





Karl Landsteiner

When a person loses lots of blood through accident or illness, it must be replaced. When transfusions from one person to another were tried, however, the result was very often disastrous. Karl Landsteiner discovered why: when different people's blood was mixed, the red blood cells sometimes clumped. He explained in 1901 that people have different types of red blood cells, that is, there are different blood groups. The discovery led to safe blood transfusions between people with compatible blood groups.

Management Discussion and Analysis

Social Responsibility CSR Initiatives

World Children's Day - 2024

Children's Day is a special occasion celebrated globally to uplift the living standards of children's lives, advocate for their rights, and help them reach their full potential. At Singhe Hospitals, we take great pride in celebrating this day with a special program dedicated to the children born here.

This year, our Children's Day program was filled with joy, laughter, and creativity. The event was meticulously organized to include a variety of competitions and activities designed to engage and entertain the children. Our agenda included: Art Competitions, Singing Competitions, Dancing Competitions, Games and Activities etc...

Every participant was celebrated for their efforts. We presented valuable gifts and awards to the children, making them feel appreciated and special. The joy on their faces was the highlight of the day. Our commitment to making Children's Day memorable stems from our belief in the importance of nurturing and supporting the younger generation. By providing a platform for them to express their talents and creativity, we aim to bring happiness and inspire confidence in their abilities.



Donation

Further, we have arranged many donation programmes throughout the year. This is one of the annual CSR programmes continuing from the start of the hospital.



World Mothers Day Programme 2023



Daham School uniform donation to Sri Chandraloka Daham School Rathganga

Management Discussion and Analysis

Social Responsibility CSR Initiatives

Free Awareness Programmes

The Singhe Hospitals conducted number of free healthcare programmes to the public.



Free medical camps

Female Representation
66.5%



Human Resources

We at Singhe Hospitals understands that the proper management of human resources is vital to the retention of clinical and non-clinical staff, maintaining staff morale, providing opportunities for professional development and the ability of Singhe to deliver quality health care service and improve patient health outcomes. Process and policies are in place to provide staff with opportunities for career expansion, training and development in order to foster a happier environment working. Our human resource functions aim to create a culture that recognizes its people as a direct link to the success of the organization.



Annual Sales Conference and Awards Ceremony 2023/24

Annual Capping Ceremony 2023/24



Aurudu Festival 2024

Management Discussion and Analysis

Chairman's Message

" Singhe Hospitals achieved an annual revenue of Rs. 1.2 billion, marking the third consecutive year of reaching this milestone. This represents the third time the company has recorded a turnover to Rs. 1 billion or more since its establishment. We experienced a growth rate of 18.72% compared to the previous year. Additionally, we attained a profit after tax of Rs. 24.6 million for the financial year ending on March 31st, 2024. "



Dear Shareholders,

I am pleased to present your company's Audited Financial Statements, Auditor's Report, and Director's Report for the financial year that ended on March 31st, 2024.

Looking back at the journey of 2023/24, a year filled with uncertainty and speculation, we take great pride and satisfaction in successfully navigating through numerous challenges. These challenges not only tested our organization's strength but also provided opportunities for growth and innovation. Guided by our core principles of integrity, innovation, and excellence, we emerged stronger and more resilient than ever before. This year showcased sustained growth and a firm commitment to delivering value to our stakeholders, demonstrating unwavering dedication and a positive force for change in our ever-evolving landscape.

As we reflect on the obstacles overcome and the triumphs achieved, a profound sense of pride and satisfaction fills our hearts. Singhe Hospitals PLC has not only weathered the storms of 2023/24, but has also emerged as a symbol of strength and resilience, thanks to the unwavering determination and indomitable spirit of our team.

In 2023/24, Sri Lankan businesses faced a range of challenges while striving to stabilize the economy. Despite achieving some level of macroeconomic stability through adherence to IMF programs, concerns regarding debt sustainability, revenue mobilization, and energy pricing persisted. The government prioritized social safety nets and financial stability, while also grappling with managing inflation amidst tax increases. Although positive indicators such as the rebounding of credit to the private sector and resilience in the external sector were observed, businesses continued to navigate uncertainties, including access to credit and vulnerabilities in the external sector. These complexities highlight the ongoing efforts required to foster sustainable growth.

This economic issue together with political instability had a significant impact on our performance, of the financial year on March 31st, 2024. The prevailing economic uncertainty, shortages of materials, and escalating cost of goods has continued to decrease the purchasing power of the majority of the public. Furthermore, the lack of foreign reserves may hinder the

procurement of essential medicines and equipment in the future. The depreciation of the rupee may also significantly affect our cost structures, leading to increased costs of care across the board. Further increment of the corporate tax rate from 14% to 30% to the Health care sector adversely affects our bottom line. However, we remain hopeful that the implementation of more prudent macroeconomic policies will have a positive long-term impact.

Despite these external barriers, Singhe Hospitals achieved an annual revenue of Rs. 1.2 billion, marking the third consecutive year of reaching this milestone. This represents the third time the company has recorded a turnover of Rs. 1 billion or more since its establishment. We experienced a growth rate of 18.72% compared to the previous year. Additionally, we attained a profit after tax of Rs. 24.6 million for the financial year ending on March 31st, 2024. Throughout the year, we maintained safe and high-quality services for our patients.

Our company's long-term success is grounded in the values of integrity, transparency, and accountability, benefiting both our organization and the communities we serve. In the financial year ending on March 31st, 2024, Singhe Hospital reaffirmed its commitment to conducting business ethically. Through our Governance Structure and Business Ethics and Compliance program, we effectively managed the risks and opportunities presented in emerging markets.

I have complete confidence in the long-term success of the Hospital. We have an exceptional management team fully dedicated to the company's operations. During the review period, I would like to express my gratitude to all stakeholders, including Visiting Consultants, Medical Officers, Employees, Suppliers, and Banks, for their cooperation and support. I would also like to extend my sincere appreciation to my colleagues on the Board of Directors and the senior managers of the company.

It is a privilege to serve you.

A.M. WEERASINGHE
The Chairman

Management Discussion and Analysis

Management Team



Mr. Navinda Weerasinghe
Managing Director



Mr. Lakshika Weerasinghe
Director



Mr. Bathiya Angammana
General Manager



Mr. Asanka De Silva
Finance Manager



Mr. Sanath Senanayaka
Manager Laboratory Operations & Technical



Mr. Chinthaka Kodithuwakku
Human Resources Manager



Mr. Ananda Bandaranayake
Internal Auditor



Mr. Chanaka Narasinghe
Business Development Manager



Mr. Wijedasa
Chief Nursing Officer



Mr. Pradeep Kumara
Accountant



Mr. Nirosch Jayamaha
Manager OPD & Front Office



Florence Nightingale

The founder of modern nursing, Britain's Florence Nightingale (1820-1910) rebelled against the expected role of a woman of her status in Victorian Britain, training in Germany and visiting hospitals in Paris and Rome. The support of her humanitarian efforts in the Crimean War enabled 'the Lady with the Lamp' to push for healthcare reform in Europe.

Corporate Governance Board of Directors



Mr. A. M. Weerasinghe
Chairman / CEO

Founder of Royal Ceramics Lanka PLC in 1990. A Gem Merchant by profession. Mr. Weerasinghe has been in the business field for more than 37 years involved in Real Estate, Construction, Transportation & Hospital Industries, and has been a Landed Proprietor. Presently he is the Deputy Chairman of Royal Ceramics Lanka PLC. In addition to the above, he is the Chairman of Weerasinghe Property Development (Pvt) Ltd., Trade Huts (Pvt) Ltd., Weerasinghe Gems (Pvt) Ltd, Lanka Tiles PLC., and Lanka Walltiles PLC. He also serves as a Director of Swisstek (Ceylon) PLC and Swisstek Aluminum Limited.



Mr. Navinda Weerasinghe
Managing Director

Mr. Navinda Weerasinghe holds a BBA in Business Management from Northwood University Florida USA and Post Graduate Diploma in Management from University of Leicester UK. He is the Managing Director of Singhe Hospitals since the inception of the company and also serves as a Director of Weerasinghe Property Development (Pvt) Ltd.



Mr. Lakshika Weerasinghe
Director

Mr Lakshika Weerasinghe holds a Bachelors' Degree in Business Administration from USA. He Worked as a FINRA Certified Investment Advisor/Stock Broker at NSM Securities, INC USA. He poses over 10 years of experience in the sales and marketing in healthcare industry. Currently he is the Marketing Director of Singhe Hospitals PLC and also serves as a director of Weerasinghe Property Development (Pvt) Ltd



Mr. U. B. H. Jayalath Kithsiri
Independent Non-Executive Director

Mr. Kithsiri is a member of the Institute of Chartered Accountants of Sri Lanka and he commenced his career at KPMG Colombo. He counts over 28 years of working experience as a Finance professional including audit experience in several entities in the manufacturing and service sectors. After moving out of the audit sector, he has been in the manufacturing entities as Head of Finance over two decades including a multinational company and a listed entity. His last employment was with a leading FMCG company in Sri Lanka as the General Manager - Finance & Administration. He became a Non-Executive Director of Singhe Hospitals since the inception of the company and at present he serves as the Chairman of Audit Committee, Nominations and Governance Committee of Singhe Hospitals PLC.

Corporate Governance Board of Directors



Mr. H. M. A. B. Weerasekara
Independent Non-Executive Director

Mr. Weerasekara was appointed as a Director in Singhe Hospitals PLC from 27th May 2015. He retired from Bank of Ceylon as the Additional General Manager with more than 38 years of experience in both local and international banking sectors. Mr. Weerasekara holds a Bachelors Degree in Economics (Special) and possesses a Degree in Bachelor of Philosophy in Industrial Management from University of Ceylon in 1972 and 1974 respectively. He also holds a Diploma in Banking from the Institute of Bankers Sri Lanka. Mr. Weerasekara had been a Director of Merchant Credit of Sri Lanka for a period of six years since 2006 and had been the chairperson of the Risk Committee and Audit Committee until 2012. He had been the Chairman of the Investment Committee of BOC for six years and had been an observing Director at Ceylon Petroleum Corporation. Currently he is an independent Non Executive Director and he is the Chairman of The Remunerations Committee.



Mr. A. M. A. Cader
Independent Non-Executive Director

Mr. Cader is a Fellow Chartered Management Accountant (London), Global Management Accountant CGMA (Lond), Masters Business Studies (Col), Master of Science IT (SLIIT), Post Graduate Diploma Econ (Col), Diploma Chartered Institute of Marketing (London). 25 years (1990-2015) Corporate Advisory, Capital Markets and Fund Management at the Merchant Bank of Sri Lanka and Finance PLC. , Currently, he is a specialist of Trained Business/Financial/Corporate Restructuring at the United Nations Industrial Development Organization (UNIDO).



Mr. Chaaminda Kumarasiri
Independent Non-Executive Director
(Appointed on 30th April 2024)

FCA, FCCA, FCMA, FMAAT, MBA, B.Sc. Accountancy (Sp.) 1st Class Hons.

Mr. Kumarasiri is an award-winning professional with a proven track record, holding senior leadership positions in both local companies and multinational corporations. He is a Senior Chartered Accountant, Management Consultant, Keynote Speaker, Business Advisor, Corporate Trainer, and Financial Wellness Coach. He possesses an array of professional and academic qualifications, along with numerous awards and medallions. He serves on the boards of several leading organizations and holds honorary positions in a few prestigious organizations and professional bodies.

Corporate Governance

Board of Directors



Mr. Piyumal Weerasinghe

Non-Independent Non-Executive Director

Mr. Piyumal Weerasinghe received his Bachelor of Science (B.Sc. Hons) degree in Business Management (General) from Brunel University London, UK. He holds a master's degree in Business Administration from Anglia Ruskin University Cambridge, Sri Lanka. He also serves as a Director in Weerasinghe Property Development (Private) Limited. Furthermore, Mr. Piyumal Weerasinghe has served as the Third Secretary to the Embassy of Sri Lanka in Washington, D.C., USA.



Mr. Dinal Tharindu Gooneratne

*Independent Non-Executive Director
(Resigned on 18th April 2024)*

Mr. Dinal Gooneratne currently works at WSO2, a leading global software company, as a Vice President and General Manager. Prior to working at WSO2, Mr. Dinal Gooneratne worked at MAS Holdings and Virtusa-Sri Lanka. He is a Dual Citizenship holder of New Zealand and Sri Lanka, and received his Bachelor of Information Technology, with a Major in Information Sciences and a Minor in Product Development Engineering from Massey University, New Zealand.



Dr. Aruna Jayakody

*Independent Non-Executive Director
(Appointed on 08th December 2023)*

Dr. Aruna Jayakody is an Independent Non-executive Director appointed in December 2023. Aruna is the founder CEO of Lanka Hospitals Diagnostics and Melsta Laboratories. He served as a director of Joseph Frazer Hospital and Melsta Hospital. He also served as CEO of the Medihelp Hospital chain. Aruna holds a Diploma in Pharmacy, Bachelor of Pharmacy, Master of Business Administration, Certified Management Accountant (Australia), Doctor of Philosophy and graduate certificate on Health Economics. Aruna also serves as a board member of the Industrial Technology Institute (ITI).

Corporate Governance Senior Managers



Mr. Bathiya Angammana
General Manager

Mr. Angammana holds a Post Graduate in Marketing and a MBA from Anglia Ruskin University UK, He has specialized in Brand Management (SLIM) and has experience working with Global Brands such as BAHCO part of Snap On USA., and has experience holding senior management positions of Solex Group of Companies and Ceylon Steel Corporation (Lanwa). He has over 19 years of corporate experience.



Mr. Asanka De Silva
Finance Manager

Mr. Asanka De Silva is a member of the Institute of Chartered Accountants of Sri Lanka and holds a BSc Accounting (Special) Degree from the University of Sri Jayawardenepura. With over 20 years of experience, he has a robust background in Treasury Management, Management Accounting, Financial Accounting Reporting, Auditing, and Taxation. He has held key positions at Hunter & Company PLC, Kahawatte Plantations PLC, and Ceylon Hospitals PLC, gaining extensive industry exposure in Private Hospitals, Trading, and Plantations.



Mr. Sanath Senanayaka
Manager Laboratory Operations & Technical

Mr. Sanath Senanayaka is a Professional Manager in Operation with 24 years of the extensive in managing medical Laboratories with all the ISO and other Standards. He holds MBA from University of Pacific Nicaragua, Managua. He has 'HND' from PATHE Academy of Medical Laboratory Technology.

He Is a Diploma holder of Sri Lanka college of Chemical Sciences in Clinical Laboratory Technology.



Mr. Chinthaka Kodithuwakku
Human Resources Manager

Mr. Kodithuwakku holds a BBA HRM (Sp.) Degree from the University of Ruhuna & completed Chartered Accountancy Intermediate Level. He has over 15 years of experience in the Human Resource Field.

Corporate Governance Senior Managers



Mr. Ananda Bandaranayake

Internal Auditor

Mr. Bandaranayake is a seasoned finance professional with an impressive 29-year career in the mercantile sector. His most recent position was Finance Manager at a leading FMCG entity, where he served for 17 years. He holds the Certified Business Accountant (CBA) qualification from the Institute of Chartered Accountants of Sri Lanka.



Mr. Chanaka Narasinghe

Business Development Manager

Mr. Chanaka has over 10 years of experience in the areas of sales and marketing. He started his career at Coca-Cola Beverages Sri Lanka Limited and joined the Singhe Hospital in 2019. He holds a master's degree in business administration from the University of Kelaniya and a bachelor's degree in marketing management from the University of Sri Jayawardenepura. He is also a passed finalist of the AATSL (Association of Accounting Technicians of Sri Lanka) and has completed the Chartered Accountancy Intermediate level.



Mr. M. Wijeyadasa

Chief Nursing Officer

Mr. Wijedasa has over 42 Years of experience in the field of Nursing in leading hospitals. He has completed 3 years Admin Course N.T.S. NHSL. He also worked for the Sri Lanka Army for various hospital functions.



Mr. Pradeep Kumara

Accountant

Associated Member of AATSL (Association of Accounting Technicians of Sri Lanka) & Completed Chartered Accountancy Intermediate Level. He has over 10 years of experience in the Finance field.

Corporate Governance

Corporate Governance Statement

The Board of Directors holds the highest accountability for overseeing the strategic direction, internal regulations, financial disclosures, risk mitigation, and day-to-day activities of the Singhe Hospitals PLC. Effective corporate governance frameworks, guidelines, mechanisms, and consistent updates aid the Board in fulfilling these responsibilities, all the while establishing a robust business model that generates lasting benefits for stakeholders. These frameworks are continuously adapted to meet external shifts in legal, regulatory, and self-imposed standards, as well as internal demands, to guarantee their relevance in an ever-changing business environment.

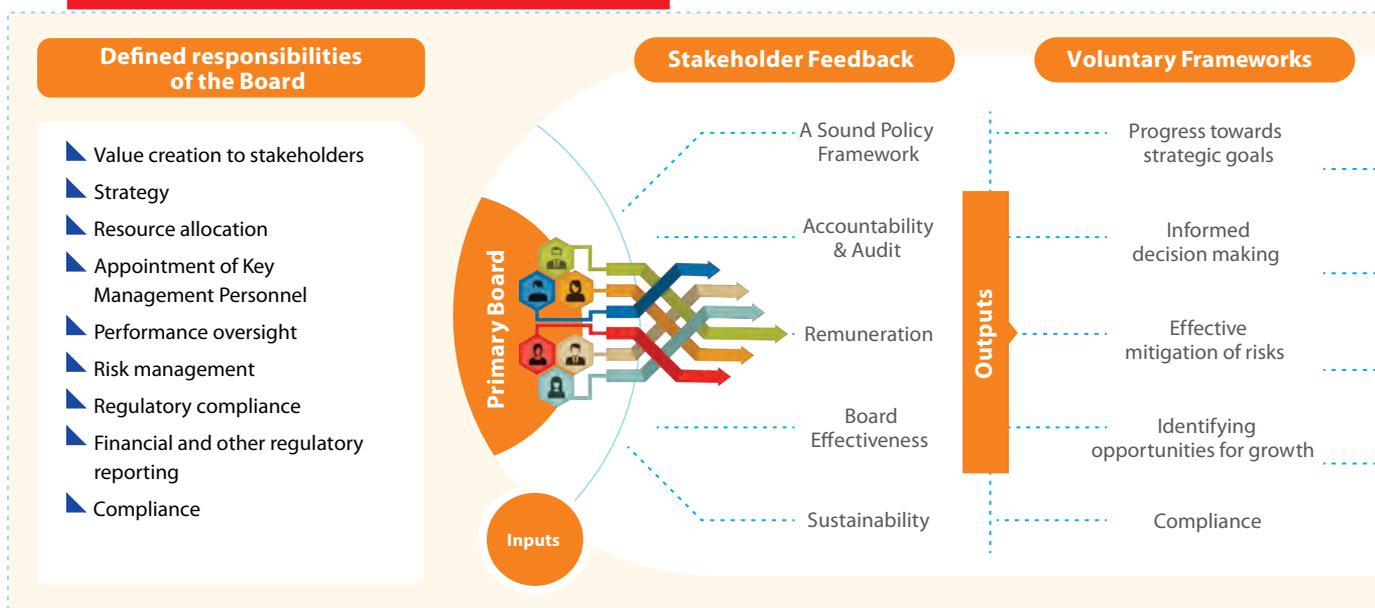
Changes impacting corporate governance

- ▶ Listing Rule No 9 on Corporate Governance issued by the Colombo Stock Exchange with effective dates for compliance set out for specific provisions from 1st October 2023 to 1st January 2025.
- ▶ Directors are in compliance of Rule No. 9.7.3 Fit and Proper criteria for Directors and CEO's and Rule No. 9.14.2(1) composition of the Related Party Transactions Review Committee.
- ▶ Issue of the revised Code of Best Practice on Corporate Governance 2023 by the Institute of Chartered Accountants of Sri Lanka
- ▶ Issue of SLFRS Sustainability Standards by the Institute of Chartered Accountants which are effective for reporting periods beginning on or after January 2025.
- ▶ The Board has reviewed the changes required to governance structures and processes and plans to comply by the dates specified therein.

Key Governance Practices

- ▶ A balance of power established with a majority of non-executive directors of whom Five are independent
- ▶ Annual rotation of a one third of the Director of the Board
- ▶ Annual evaluation of the effectiveness of the Board
- ▶ Shareholders have right to call for special meetings
- ▶ A separate committee reviews the related party transactions of the Company
- ▶ Internal Audit reports directly submitted to the Audit Committee
- ▶ The Nominations and Governance Committee appointed and oversee the process.
- ▶ The Remuneration Committee appointed and oversee the process.

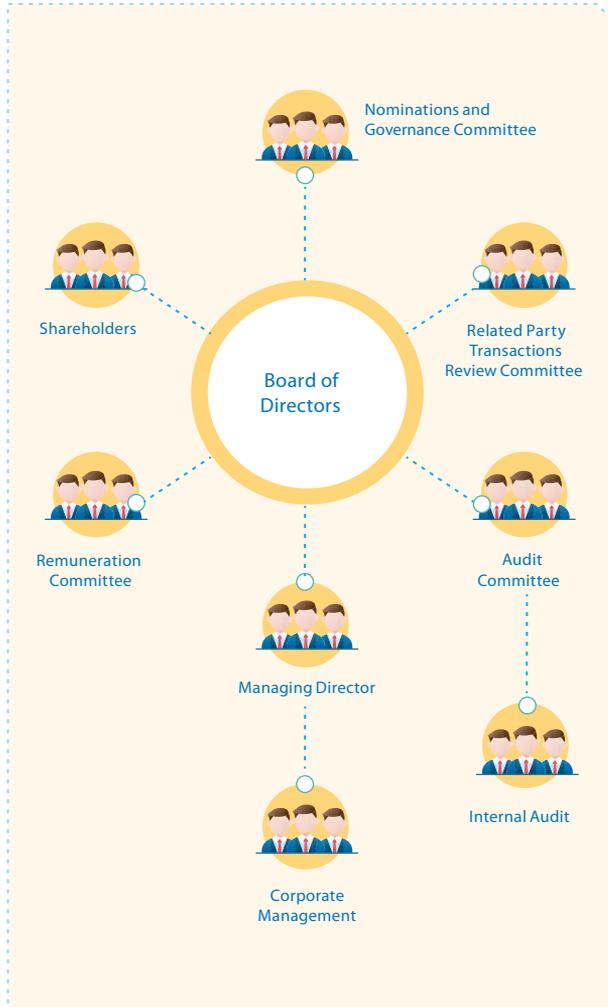
Governance Process



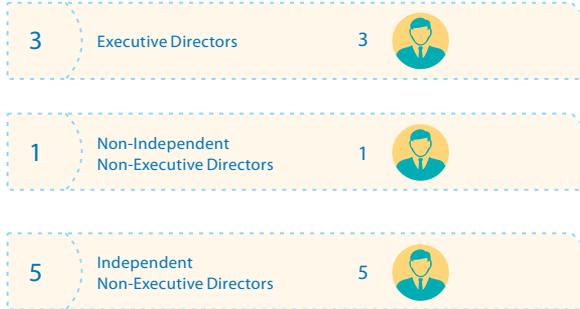
Corporate Governance

Corporate Governance Statement

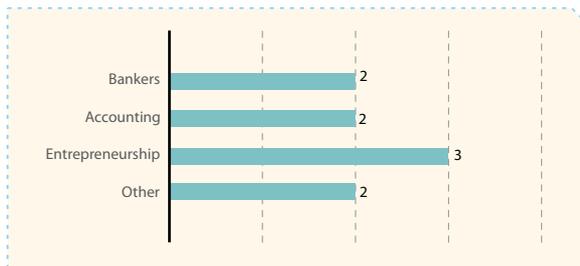
A Sound Governance Structure



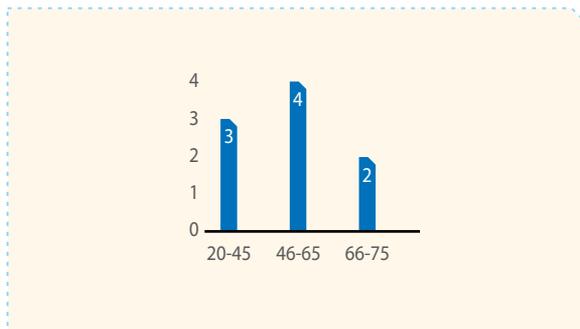
Composition & Balance



Skills & Experience



Age Diversity

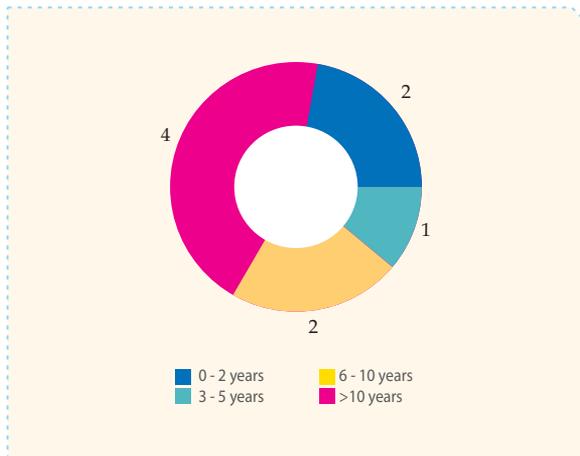


Director Induction & Learning

Outcomes

- Sustainable value to stakeholders
- Enhanced resources
- Management of impacts to people and planet
- Progress on sustainability goals

Tenure on Board



Corporate Governance

Corporate Governance Statement

MAKE UP OF THE BOARD

The Board comprises 9 Directors. There are six Non-Executive directors out of whom five are independent in accordance with the criteria set out in the Corporate Governance Listing Rule no 9. The combination of executive and non-executive directors and the diversity of skills and experience facilitates objective and informed deliberation of matters set before the Board.

Name	Shareholding	Role	AC	RC	RPTRC	N & GC	No of appointments at Public Listed entities	No of Appointments at other entities
Mr. A. M. Weerasinghe	372,697,415	Chairman			□		5	13
Mr. Navinda Weerasinghe	10	Managing Director					1	2
Mr. Lakshika Weerasinghe	50,000	Director - Marketing					1	2
Mr. U. B. H. Jayalath Kithsiri	1,100,000	Director	△	□	□	△	1	
Mr. H. M. A. B. Weerasekara		Director	□	△	□		1	
Mr. A. M. A. Cader		Director	□	□	△	□	4	
Mr. Piyumal Weerasinghe		Director					1	2
Mr. D. T. Gooneratne (Resigned on 18 April 2024)		Director	□					
Dr. Aruna Jayakody (Appointed on 08 Dec. 2023)		Director				□	1	4
Mr. Chaaminda Kumarasiri (Appointed on 30 April 2024)		Director	□				3	3

△ Chairman	AC - Audit Committee	N&GC - Nominations and Governance Committee
□ Member	RC - Remuneration Committee	RPTRC - Related Party Transaction Review Committee
◆ Singhe Hospital PLC	◆ Singhe Hospital PLC Sanasa Development Bank PLC Asia Assets Finance PLC	● Singhe Hospital PLC Tess Agro PLC Standard Capital PLC Kelsey Developments PLC

APPOINTMENTS & EXITS

The Nominations & Governance Committee is responsible for aiding the Board in identifying suitable candidates that align with the business needs of the company and the Board's independence and diversity requirements. Appointments, along with a brief director profile, interests or shareholding in the company, current roles, and director types, are promptly reported to the Colombo Stock Exchange. The Board has the authority to appoint directors to fill any unexpected vacancies as outlined in the Articles of Association. These directors serve until the next Annual General Meeting and can be re-elected by shareholders at that time, enhancing shareholder rights. One third of the Directors retire at each Annual General Meeting through rotation and is typically eligible for re-election. A separate resolution is prepared for the election/re-election of each director. Managing Director is exempted from retirement by rotation.

DETERMINING INDEPENDENCE OF NON-EXECUTIVE DIRECTORS

The Board determines the Independence of the Directors for 2023/24 by reviewing the annual declarations submitted by the Non-Executive Directors in compliance with Listing Rule No. 9 of the Colombo Stock Exchange. Changes in the classification of independent Directors will be implemented based on age-related provisions and other criteria. The reclassification process will be completed by the deadline specified in Rule No. 9.

ROLE OF THE CHAIRMAN & CEO

The Chairman presides over the Board and is responsible for determining the frequency of the meetings, setting the agenda, conducting the meeting, ensuring Board members have sufficient information for decision making and that all Board members participate effectively. The Managing Director/ Chief Executive Officer is responsible for implementing strategy within the agreed policy framework and in compliance with the regulatory requirements

Corporate Governance

Corporate Governance Statement

ROLE OF THE COMPANY SECRETARY

Company Secretarial services are provided by Nexia Corporate Consultants (Pvt) Ltd, who facilitate the scheduling of meetings, circulation of board papers, maintain minutes and file the necessary returns. They also play a key role in advising the directors regarding board procedures and legal requirements with respect to their duties and responsibilities. They are also responsible for arranging the Annual General Meetings, Extraordinary General Meetings, shareholder communications and disclosures to the CSE. Their appointment and removal is a matter for the Board as a whole.

BOARD COMMITTEES

Four Board Committees are established by the Board to assist with discharging its duties and responsibilities effectively and efficiently as set out below.

Audit Committee	Remuneration Committee	Related Party Transactions Review Committee	Nominations and Governance Committee
Composition			
Four independent directors, three of whom are members of professional accounting bodies	Three independent non executive directors	Four Directors, Three of whom are Non-Executive Independent Directors	Three Non-Executive Independent Directors
Mr. U.B.H. Jayalath Kithsiri △ Mr. H.M.A.B. Weerasekara Mr. A.M.A. Cader Mr. D.T. Gooneratne <i>(Resigned on 8th April 2024)</i> Mr. Chaaminda Kumarasiri <i>(Appointed on 30th April 2024)</i>	Mr. H.M.A.B. Weerasekara △ Mr. U.B.H. Jayalath Kithsiri Mr. A.M.A. Cader	Mr. A.M.A. Cader △ Mr. A.M. Weerasinghe Mr. U.B.H. Jayalath Kithsiri Mr. H.M.A.B. Weerasekara	Mr. U.B.H. Jayalath Kithsiri △ Mr. A.M.A. Cader Dr. Aruna Jayakody △ Chairman
Mandate			
Monitor and supervise management's financial reporting process in ensuring: 1. The integrity of financial statements in accordance with Sri Lanka Financial Reporting Standards. 2. The compliance with legal and regulatory requirements of Companies Act and other relevant financial reporting related regulations and requirements. 3. The External Auditor's independence and performance. 4. Review of the adequacy and effectiveness of the company's Internal Control and Risk Management systems, over the financial reporting process.	The Committee focuses on and is responsible for ensuring that the total package is competitive to attract the best talent for the benefit of the Company. Recommend the remuneration payable to the Executive Directors and senior management.	To ensure on behalf of the Board, that all Related Party Transactions of Singhe Hospitals PLC is consistent with the Code of Best Practice on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka. 1. Ensure that the Company complies with the rules set out in the Code 2. Perform other activities related to the Charter as requested by the Board. 3. Have meetings every fiscal quarter and report to the Board on the Committee's activities 4. Share information with the Audit Committee as necessary and as appropriate, to permit the Audit Committee to carry out its statutory, regulatory and other responsibilities with regard to related party transactions. 5. Review the Charter and Policy at least annually and recommend amendments to the Charter and Policy to the Board as and when determined to be appropriate by the Committee.	The Nominations and Governance Committee evaluates if the Board has the right mix of skills, experience, knowledge, and independence to function effectively. It also considers the diversity needed for the Company's best interests and ensures that the composition of the Board allows for the required diversity.
Refer page 45 for Audit Committee Report	Refer page 43 for Remuneration Committee Report	Refer page 44 for Related Party Transactions Review Committee Report	Refer page 42 for Nominations and Governance Committee Report

Corporate Governance

Corporate Governance Statement

GOVERNANCE FRAMEWORK

The governance framework of the Company is given below:

Regulatory	Voluntary Standards, Codes & Frameworks	Internal Documents
<ul style="list-style-type: none"> ▶ Companies Act No.7 of 2007, ▶ Sri Lanka Accounting and Auditing Standards Act No.15 of 1995 ▶ Continued Listing Requirements of the Colombo Stock Exchange ▶ The Shop and Office Employees Act No. 15 of 1954 ▶ Inland Revenue and other relevant Acts 	<ul style="list-style-type: none"> ▶ Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka 	<ul style="list-style-type: none"> ▶ Articles of Association ▶ Board Charter ▶ Policy framework

MANAGING CONFLICTS OF INTEREST

Directors are required to declare their business interests on appointments and update thereafter and the Company Secretaries maintain a register of Directors' Interests. Directors do not participate in the meeting when related party matters are discussed, absenting themselves from the Board room for the duration of the discussion.

Related party transactions are reviewed quarterly by the Related Party Transactions Review Committee who approve the transactions and ensure appropriate disclosures in line with regulatory requirements.

EFFECTIVE MEETINGS

Board meetings are held quarterly in accordance with an annual calendar prepared by the Company Secretaries, with provision for additional meetings as maybe required. The agenda for the meeting is determined by the Chairman and the Company Secretary with inputs where needed from the Managing Director. Relevant Board papers are circulated to the Directors seven days prior to the meeting allowing sufficient time for review and clarification. Performance oversight, risk management and review of financial statements are regular items on the agenda of the Board.

Key Management Personnel (KMP) attend Board meetings on invitation to make presentations and update the Board on material issues that impact the business. They are also available for clarifications that may be required by Board members. Board minutes are circulated to members within 2 weeks and formally

Attendance of Directors at Meetings is Given Below

Directors	Date of Appointment	Board Meeting	AC	RC	RPTRC	N & GC
Mr. A. M. Weerasinghe	16th December 2009	5			4	
Mr. Navinda Weerasinghe	16th December 2009	5				
Mr. Lakshika Weerasinghe	1st August 2011	5				
Mr. U. B. H. Jayalath Kithsiri	4th April 2011	5	4	1	4	1
Mr. H. M. A. B. Weerasekara	27th May 2015	5	4	1	4	
Mr. A. M. A. Cader	21st August 2015	5	4	1	4	1
Mr. Piyumal Weerasinghe	22nd March 2021	5				
Mr. D. T. Gooneratne (Resigned on 18 April 2024)	22nd March 2021	3	2			
Dr. Aruna Jayakody	8th December 2023	2				1
Mr. Chaaminda Kumarasiri	30th April 2024					
Total No of Meetings		5	4	1	4	1

Corporate Governance

Corporate Governance Statement

INDUCTION & TRAINING FOR DIRECTORS

Newly appointed directors are formally inducted to enable effective contribution at Board meetings. The Chairman and the Managing Director arrange meetings with themselves and Key Management Personnel to provide an overview. Directors are expected to apprise themselves of developments in their areas of specialty and undertake learning activities necessary for the effective discharge of their duties. These requirements are coordinated through the Company Secretary.

EVALUATIONS

Appraisal of Managing Director

The performance of the Managing Director is reviewed annually by the Board in line with goals agreed at the beginning of the year. The performance of the Company is assessed in the context of the operating environment and constructive feedback is provided. The outcome of the performance appraisal is linked to the annual increments for the fixed remuneration and determines the variable pay.

Board Evaluations

The Board conducted self-evaluations in line with the requirements of the Code of Best Practice and the results were tabled at the meeting of the Board. Issues raised in the evaluations were discussed and actions agreed for implementation during the year.

REMUNERATION POLICY

The Board is assisted by the Remuneration Committee in determining remuneration of Executive Directors, Non-Executive Directors, KMP and others. Remuneration policy is designed to attract and retain the skills, capabilities and experience required to pursue business objectives. Remuneration of KMP and Executive Directors are linked to the performance of the Company. Please refer page 43 for the Report of the Remuneration Committee and Terms of Reference. Non-Executive Director remuneration comprises a fee for being a Director of the Board and additional fee for being a member of a committee.

ACCOUNTABILITY & AUDIT

The Board approved the quarterly reports prior dissemination to the public through the CSE and the corporate website. The Audit Committee reviews the financial statements and recommends the financial statements for approval by the Board. The following reports set out further information required by the Code:

- ▶ The Directors' Report on pages 37
(including the declaration that the company is a going concern)
- ▶ The Statement of Directors' Responsibility on page 41
- ▶ Report of the Auditors on page 49

External Auditor

The External Auditor is appointed by the shareholders at the Annual General Meeting. The Audit Committee monitors and reviews the External Auditor's independence, objectivity and the effectiveness of the audit process considering relevant professional and regulatory requirements. Assignment of non-audit services to External Auditors is reviewed by the Audit Committee who determines the potential impairment of independence and objectivity of the External Auditor in carrying out their duties and responsibilities.

COMMUNICATION WITH SHAREHOLDERS

The Company engages with Shareholders through multiple channels. These include the Annual General Meeting (AGM), Annual Report, interim financial statements, the Company website and via the CSE's website. Shareholders also have the opportunity to ask questions, comment or make suggestions to the Board through the Company Secretaries and at the Annual General Meeting. All significant issues and concerns of Shareholders are referred to the Board with the views of the Management.

CONSTRUCTIVE USE OF ANNUAL GENERAL MEETING (AGM)

Shareholders are encouraged to participate at the AGM and the Chairman, Board members and Chairpersons of Board Sub-committees are available for discussion at the AGM and respond to questions directed to them by the Chairman. Additionally, Key management personnel of the Company are also present to assist the directors in this regard.

Notice of the AGM, the Annual Report and Accounts and any other resolution together with the corresponding information that may be set before the shareholders at the AGM, are circulated to shareholders minimum 15 days prior to the AGM. Separate resolutions are prepared for each item of business, facilitating voting on each of such issues, separately. Voting procedures at the AGM are circulated to the shareholders in advance. The Company has an effective mechanism to record and count all proxy votes lodged for each resolution. In the event there are a significant proportion of the votes cast against a resolution, the Board will take steps to understand the reasons behind the vote results and determine if any actions are required. The outcome of the vote on each resolution is informed to the CSE, soon after conclusion of the AGM.

Corporate Governance

Corporate Governance Statement

Given below is the status of compliance with the CSE Listing Rules - sections 7-10 and the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.

Reference to ICASL Code & CSE Rules	Corporate Governance Principle	How we Comply	Compliance Status
A. Directors			
A. 1 The Board			
A. 1.1	Board Meetings	Held every quarterly and special meetings held as and when necessary	✓
A. 1.2	Role of the Board	<ul style="list-style-type: none"> ▶ Focus in on developing strategies for business development and to provide guidance to the management. ▶ Sets the budget for the financial year and reviews progress at the quarterly meetings. ▶ Approving of major capital expenditure ▶ Ensures that effective internal control and risk management framework is in place 	✓
A. 1.3	Compliance with laws and access to independent professional advice	<p>The Board seeks independent professional advice when deemed necessary, particularly before making any decisions which could have a significant impact on the Company.</p> <p>Further the Board is always mindful of the new laws/regulations which are implemented and ensures compliance with same.</p>	✓
A. 1.4	Access to advice from the Company Secretary Indemnifying the Board, Directors and key management personnel	All directors have access to the advice of the Company Secretary.	✓
A. 1.5	Independent judgment of the Directors	Board comprises mainly of independent professionals who in turn exercise independent judgement in discharging their duties	✓
A. 1.6	Dedicating adequate time and effort	Regular Board meetings and sub-committee meetings are scheduled well in advance and Board papers circulated 1 week prior to the meetings, giving adequate time to prepare.	✓
A. 1.7	Calls for resolutions	Resolutions are passed for all Board approvals and minutes are kept	✓
A. 1.8	Training of Directors	<p>At the time a Director is appointed a letter confirming such appointment together with details on the duties of a Director in terms of the Act and Listing Rules are forwarded to them.</p> <p>All Directors have considerable experience in the industry. Relevant local and foreign training opportunities are made available.</p>	✓
A. 2	Segregation of Roles of Chairman & CEO	Appointed Senior Independent Director. Refer page 37	✓

Corporate Governance

Corporate Governance Statement

Reference to ICASL Code & CSE Rules	Corporate Governance Principle	How we Comply	Compliance Status
A. 3	Chairman's Role	The Chairman ensures that meetings are conducted in an orderly manner and that each Board Member and Member of staff is given an opportunity to present his views/concerns on matters.	✓
A. 4	Financial Acumen	Members of the Board and Management have sufficient financial knowledge and thus are able to provide guidance on financial matters.	✓
A. 5 Board Balance			
A. 5.1/A. 5.2/ A. 5.3 & A. 5.5	Presence of Non-Executive Directors Independence of Non-Executive Directors	Please refer an Effective Board in page 38.	✓
A. 5.4	Annual Declaration of Independence by the Non-Executive Directors	Annual declarations citing their independence is obtained by the secretary annually.	✓
A. 5.6	Alternate Director to a Non-Executive Director	No Alternate Directorships	✓
A. 5.7 /5.8	Senior Independent Director	Mr. H.M.A.B. Weerasekara was appointed as Senior Independent Director on 30th October 2023	✓
A. 5.9	Chairman meeting with the Non-Executive Directors	When required the Executive Directors and Members of staff are excused from meetings	✓
A. 5.10	Recording concerns	Concerns of directors are recorded in minutes even in the case of disagreement.	✓
A.6 Supply of Information			
A. 6.1	Obligation of the Management to provide appropriate and timely information	Board Papers and Committee papers are provided at least 1 week before the meeting	✓
A. 6.2	Board papers to be provided 7 days prior to Board Meeting	Board papers are provided one week prior to the Board meeting.	✓
A.7 Appointments to the Board			
A. 7.1 / A. 7.2	Nominations and Governance Committee and the assessment of composition of the Board	Refer Nominations Committee Report in page No 42.	✓
A. 7.4	Disclosure of Appointment of a New Director	Disclosure pertaining to any new appointments are made to the CSE within two market days from the date of such appointment. The disclosure includes a brief profile of the Director and whether the Director is an Independent/Non-Executive/Executive Director.	✓
A.8 Re-election			
A. 8.1 / A. 8.2	Re-election	At each AGM one third of the Directors retire and offer themselves for re-election. Newly appointed directors are re-elected at the 1st AGM following their appointment.	✓
A. 8.3	Resignation	In the event of a resignation, a letter of resignation is provided by the Director.	✓

Corporate Governance

Corporate Governance Statement

Reference to ICASL Code & CSE Rules	Corporate Governance Principle	How we Comply	Compliance Status
A.9			
A. 9.1/ A. 9.2/ A. 9.3/ A. 9.4	Appraisals of the Board and the sub committees	Board evaluations were carried out and results were tabled at the Board meeting. The Board discussed the findings and directed changes where there was consensus on matters raised in the evaluations.	✓
A.10 Disclosure of Information in Respect of Directors			
A. 10.1	Profiles of the Board of Directors and other related information	The names of the Directors of the Board and their profiles are given on page 16 to 18.	✓
A.11 Appraisal of Chief Executive Officer			
A. 11.1 / A. 11.2	Setting of the annual targets and the appraisal of the CEO	Appraisal of the CEO was done. Achievement of the budget is a key factor that is considered.	✓
B. Directors' Remuneration			
B. 1 Remuneration Procedure			
B. 1.1	Set up a Remuneration Committee with agreed terms of reference	Refer Directors' Remuneration on page 99. The Report of the Remuneration Committee on page 43 gives the composition of the Committee and a description of its activities during the year.	✓
B. 1.2	Remuneration Committee to consist of Non-Executive Directors only	Consists of three Independent Non-Executive Directors.	✓
B. 1.3	List names of Remuneration Committee in Annual Report	Please refer page 43.	✓
B. 1.4 7.10.5(b)	Determination of the remuneration of the Non-Executive Directors	Remuneration of the Non-Executive Directors is decided by the Board in consultation with the Chairman.	✓
B. 1.5	Consultation with the Chairman and the Managing Director	The Chairman/ MD are consulted when determining the remuneration to be paid to the Executive Directors and Management, respectively.	✓
B. 2 The Level & Makeup of Remuneration			
B. 2.1/ B. 2.2/ B. 2.3/ B. 2.4	The level and makeup of the remuneration of Directors and comparison of remuneration with other companies	Remuneration levels have been designed to attract, retain and motivate Directors while remaining within the industry standards and annual performance approved.	✓
B. 2.5	Performance based remuneration	Part of the remuneration package of the Executive Directors is linked to achievement of targets and individual performance.	✓
B. 2.6	Executive share options		NA
B. 2.7	Designing schemes of performance-based remuneration	Refer the Report of the Remuneration Committee on page 43.	✓
B. 2.8/ B. 2.9	Early Termination of Directors	There is no compensation for early termination of non-executive directors.	✓

Corporate Governance

Corporate Governance Statement

Reference to ICASL Code & CSE Rules	Corporate Governance Principle	How we Comply	Compliance Status
B.3			
B. 3.1	Disclosure of Remuneration	Report of the Remuneration Committee on page 43. Notes 25.3 in the financial statements on page 99.	✓
C. Relations with Shareholders			
C.1 Constructive use of AGM and Conduct of Meetings			
C. 1.1	Dispatch of Notice of AGM and related papers to shareholders	Notice of Meeting, the Agenda for the Annual General Meeting and the Annual Report are circulated to shareholders 15 working days prior to the meeting as required by the Companies Act No: 07 of 2007 and the Articles of Association of the Company.	✓
C. 1.2	Separate resolution for substantially separate issues.	Separate resolutions are passed for each matter taken up at the AGM.	✓
C. 1.3	Accurate recording and counting valid proxy appointments received for general meeting	Valid proxies are listed together with the number of shares held by the shareholder appointing the proxy.	✓
C.1.4	Availability of Chairmen of Board Committees at the Annual General Meeting	The Chairmen of the Board Committees are present to answer any queries of the shareholders directed to them by the Chairman of the Company.	✓
C. 1.5	Summary of Notice of General Meetings and procedures governing voting at General Meetings	A summary of the procedure on voting is given in the Notice of Meeting.	✓
C.2 Communications with shareholders			
C. 2.1 to C. 2.7	Communications with Shareholders	<p>The AGM and EGM (if any) are used as the method for communicating with the shareholders.</p> <p>All quarterly and annual financial information and other important matters as required for by the Act and the Listing Rules are shared by way of disclosures through the CSE.</p> <p>The Company Secretaries/Registrars are the main contact people for the shareholders.</p> <p>All major concerns of the shareholders are brought to the notice of the Board at the AGM and at Board/Subcommittee meetings.</p> <p>All queries of shareholders are answered at the AGM and all shareholders are given the opportunity to express their views/ concerns.</p>	✓
C.3 Major & Material Transactions			
C. 3.1 & C. 3.2	Disclosure of Major Transactions	<p>There were no matters which were identified as Major Transactions during the year as such no disclosure has been made in this regard.</p> <p>In the event there are Major Transactions, relevant disclosures and relevant shareholder approvals are obtained.</p>	✓

Corporate Governance

Corporate Governance Statement

Reference to ICASL Code & CSE Rules	Corporate Governance Principle	How we Comply	Compliance Status
D. Accountability & Audit			
D. 1.1	Annual Report	Refer Accountability & Audit on pages 49 to 53.	✓
D. 1.2	Interim and price sensitive reports to public and regulators	In preparing annual and quarterly Financial Statements, the Company complies with the requirements of the; <ul style="list-style-type: none"> ▶ Companies Act No. 07 of 2007, ▶ Sri Lanka Accounting Standards and ▶ Listing Rules of the Colombo Stock Exchange. <p>The annual and interim Financial Statements were published within the time periods prescribed by the Listing Rules of the Colombo Stock Exchange.</p>	✓
D. 1.3	CEO Declaration	The Statement of Financial contains a declaration by the Chairman	✓
D. 1.4	Directors' Report declarations	Refer Annual Report of the Board of Directors on page 37.	✓
D. 1.5	Statements on responsibilities for preparation of financial statements and internal control	Refer the following: <ul style="list-style-type: none"> ▶ Statement of Board responsibility for preparation of financial statements - page 41 ▶ Statement from Auditors on their reporting responsibilities - page 49 ▶ Statement on Internal Control - page 41 	✓
D. 1.6	Management discussion & analysis	Refer annual report pages from 06 to 14 which provides a management discussion and analysis of the Company's operations	✓
D. 1.7	Serious loss of capital	Shareholders will be informed of a serious loss of capital in the event it happens.	✓
D. 1.8	Related Party transactions	Refer the following disclosures on Related Party Transactions: <ul style="list-style-type: none"> ▶ Relates Party Transactions Review Committee Report on page 44 ▶ Annual Report of the Board of Directors on page 37 ▶ Note 25 to the financial statements 	
D.2 Risk Management & Internal Control			
D. 2.1	Monitor, review and report on financial, operational and compliance risk and internal control systems	The following reports provide details on compliance with these requirements: <ul style="list-style-type: none"> ▶ Directors' Statement on Internal Controls on page 41 ▶ Audit Committee Report on page 45 ▶ Note 34 and 34 of the Financial Statement. 	✓
D. 2.2	Confirm assessment of the principal risks of the company		✓
D. 2.3	Internal Audit		✓
D. 2.4	Require Audit Committee to carry out reviews of & Board responsibility for disclosures		✓
D. 2.5	Compliance with Directors' responsibilities as set out by the Code		✓

Corporate Governance

Corporate Governance Statement

Reference to ICASL Code & CSE Rules	Corporate Governance Principle	How we Comply	Compliance Status
D.3			
D. 3.1	Establish an Audit Committee comprising three directors of which at least 2 must be independent	Audit Committee comprise of all Independent Directors. Refer Audit Committee on page 45.	✓
D. 3.2	Written Terms of Reference for Audit Committee	The Audit Committee has a written Terms of Reference summarised in the Audit Committee Report on page 45.	✓
D. 3.3	Disclosures	The Audit Committee Report with required disclosures are given on page 45.	✓
D.5 Related Party Transactions Review Committee			
D.5.1/D.5.2/ D.5.3/9.3.2	Related Party Transactions Review Committee	Report of the Related Party Transactions Review Committee is given on page 44	✓
D.6 Code of Business Conduct & Ethics			
D. 6.1	Board declaration for compliance with Code	Refer Code of Ethics on declarations on pages 21 to 36.	✓
D. 6.2	Price sensitive information	Material and price sensitive information is promptly disclosed to the CSE by the Company Secretaries.	✓
D. 6.3	Monitor Share purchase by Directors/ KMPs	Refer the Related Party Transactions Review Committee Report on page 44.	✓
D. 6.4	Chairman's statement	Refer the Chairman's Message on page 13 and The Board of Directors' Statement on Internal Controls on page 41.	
D. 7	Corporate Governance disclosures	The Corporate Governance Report on pages 21 and 36 together with its Annexures comply with this requirement.	✓
E. Institutional Investors			
E. 1.1	Institutional investors	The proxies of the major institutional investors, such as the major shareholder are obtained.	✓
E. 2	Evaluation of Governance Disclosures	Information required for evaluation of governance structures is provided in the Annual Report.	✓
F. Other Investors			
F. 1	Investing and divesting decision	We seek to provide sufficient information to investors through the annual report, quarterly financial statements and announcements to the CSE to assist investors with their investment and divestment decision.	✓
F. 2	Encouraging shareholder participation	Refer Shareholder Relations on pages 116 and 117.	
G. Other Matters			
G. 1	Identify connectivity and related cyber risks	The Head of IT was invited to the board and will describe the board every quarters.	✓
G. 2	Appoint a CISO and allocate budget to implement a cybersecurity policy		
G. 3	Include cyber security in Board agenda	It is a regular agenda item for the Board Meetings.	

Corporate Governance

Corporate Governance Statement

Reference to ICASL Code & CSE Rules	Corporate Governance Principle	How we Comply	Compliance Status
G. 4	Obtain periodic assurance to review effectiveness of cybersecurity risk management	Working towards compliance	✓
G. 5	Disclosures in Annual Report	Working towards compliance	✓
H. Sustainability ESG and Opportunities			
H.	Environment, society and governance	Refer ESG Reporting from page 11 to page 12 & Corporate Governance Statement.	✓
H. 1	Consider the impact of sustainability risks and opportunities in the business model, operations and short, medium and long term plans to build resilience and report the same to the Board.	The Company identified and assessed the impact which have been reviewed by the Board.	✓
H. 2	Continuously engage with and consider the views of its stakeholders to better understand and manage the company's sustainability/ESG risk and opportunities.	The Company continuously engages with its stakeholders to consider the views and manage concerns to improve its reputation and to preserve its social license to operate.	✓
H. 3	The company should establish a governance framework and structure which includes conformance, performance and sustainability/ESG factors	Working towards compliance	✓
H. 4	The board should establish a governance structure to support sustainability/ESG factors including its ability to create value and manage risks in the short, medium and long term, recognising, managing and measuring on all pertinent aspects of sustainability using financial and non-financial measures.	<ul style="list-style-type: none"> ▶ The Company has in place a system to capture its non-financial information from all locations of its operations. ▶ Internal controls are in place to ensure the accuracy and materiality of the data. ▶ Internal audit provides assurance on the same to the Audit Committee and the Board, safeguarding its operating licenses, reputation and the social license to operate. ▶ ESG related information is presented to the Board at its quarterly meetings while they are reviewed monthly by Corporate Management. 	✓
I. Special Considerations for Listed Entities			
I. 1	Listed entities shall establish and maintain policies relating to its governance and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the entity on its website.	Policies are being reviewed and revised prior to publishing their details on the Company's website. We expect to have this completed by the effective date specified by the CSE which is 1st October 2024.	Commenced work
I. 2	Listed entities shall establish and maintain a formal policy governing matters relating to the board of directors.		

Corporate Governance

Corporate Governance Statement

SECTION 9 – CORPORATE GOVERNANCE

Rule Ref	Disclosure Requirement	Page Reference
9.1.3	Statement confirming the extent of compliance with the Corporate Governance Rules	21
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted	Effective 1st October 2024
9.2.3 (i)	List of policies in place as per Rule 9.2.1, with reference to website	Effective 1st October 2024
9.2.3 (ii)	Any changes to policies adopted	Effective 1st October 2024
9.4.2	(a) The policy on effective communication and relations with shareholders and investors (b) The contact person for such communication (c) The policy on relations with shareholders and investors on the process to make all Directors aware of major issues and concerns of shareholders	Effective date 1st Oct 2024 refer page 26 and 118
9.5.2	Confirmation on compliance with the requirements of the Policy on matters relating to the Board of Directors. If non-complied reasons for the same with proposed remedial action.	37
9.6.3	Report of SID demonstrating the effectiveness of duties	37
9.6.4	Rationale for appointing SID	i Since Chairman and CEO are the same person ii Chairman is an Executive Director
9.7.5	(a) Statement on Directors and CEO satisfying Fit and Proper Assessment Criteria (b) Any non-compliance/s and remedial action taken	37 Not Observed
9.8.5	Names of Directors determined to be 'independent'	37

Corporate Governance

Corporate Governance Statement

Rule Ref	Disclosure Requirement	Page Reference
9.10.4	<p>Directors details</p> <ul style="list-style-type: none"> ▶ name, qualifications and brief profile ▶ nature of his/her expertise in relevant functional areas ▶ whether either the Director or Close Family Members has any material business relationships with other Directors ▶ whether Executive, Non-Executive and/or independent Director ▶ total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or KMP stating whether listed or unlisted, whether functions as executive or non-executive (If the directorships are within the Group names need not be disclosed) ▶ number of Board meetings attended ▶ names of Board Committees in which the Director serves as Chairperson or a member ▶ Attendance of board committee meetings 	<p>16-18</p> <p>16-18</p> <p>37</p> <p>37</p> <p>16-18,23</p> <p>25</p> <p>37</p> <p>25</p>
9.11.6	<p>Nominations and Governance Committee Report</p> <ul style="list-style-type: none"> ▶ Signed by Chairperson ▶ Names of chairperson and members with nature of directorship ▶ Date of appointment to the committee ▶ Availability of documented policy and processes when nominating Directors ▶ Requirement of re-election at regular intervals at least once in 3 years ▶ Board diversity ▶ Effective implementation of policies and processes relating to appointment and reappointment of Directors ▶ Details of directors re-appointed ▶ Board Committees served Date of first appointment Date of last re-appointment ▶ Directorships or Chairpersonships and other principal commitments, present and held over the preceding three years ▶ Any relationships – close family member, more 10% shareholding ▶ Performance of periodic evaluation of board ▶ Process adopted to inform independent directors of major issues. ▶ Induction / orientation programs for new directors on corporate governance, Listing Rules, securities market regulations or negative statement ▶ Annual update for all directors on corporate governance, Listing Rules, securities market regulations or negative statement ▶ Compliance with independence criteria ▶ Statement on compliance with corporate governance rules, if non-compliant reasons and remedial actions 	<p>42</p> <p>Effective date 1st October 2024</p>
9.12.8	<p>Remuneration Committee Report</p> <ul style="list-style-type: none"> ▶ Names of chairperson and members with nature of directorship ▶ Remuneration Policy ▶ The aggregate remuneration of the Executive and Non-Executive Directors. 	<p>43</p> <p>99</p>

Corporate Governance

Corporate Governance Statement

Rule Ref	Disclosure Requirement	Page Reference
9.13.5	<p>Audit Committee Report</p> <ul style="list-style-type: none"> ▶ Names of chairperson and members with nature of directorship ▶ Status of risk management and internal control – company ▶ Statement on MD and FM assurance on operations and finances ▶ Opinion on compliance with financial reporting requirements, information requirements Listing Rules, Companies Act, SEC Act and any other requirements. ▶ Availability of formal Audit Charter ▶ Internal audit assurance and summary of the work internal audit ▶ Details demonstrating effective discharge of functions and duties ▶ Statement on external auditors' assurance on their independence ▶ Confirmation on determining auditor's independence 	45
9.14.8 (1)	<p>Related Party Disclosures</p> <p>Non-recurrent RPT exceeding 10% of the Equity or 5% of the Total Assets, whichever is lower (in the specified format)</p> <ul style="list-style-type: none"> ▶ Name of the RP Relationship ▶ Value of RPT ▶ Value as % of equity and total assets ▶ Terms and Conditions ▶ Rationale 	There are no Non-recurrent RPT exceeding the threshold
9.14.8 (2)	<p>Recurrent RPT exceeding 10% of the gross revenue/income (in the specified format)</p> <ul style="list-style-type: none"> ▶ Name of the RP Relationship ▶ Nature of RPT ▶ Value of aggregate RPT ▶ Value as % of gross income ▶ Terms and Conditions 	There are no recurrent RPT exceeding the threshold
9.14.8 (3)	<p>Related Party Transactions Review Committee Report</p> <ul style="list-style-type: none"> ▶ Names of the Directors comprising the Committee ▶ Statement that committee has reviewed RPTs and communicated comments/observations to the Board ▶ Policies and procedures adopted by the Committee 	44
9.14.8 (4)	<p>Affirmative declaration by the Board of Directors on compliance with RPT Rules or negative statement to that effect.</p>	37
9.16	<p>Additional disclosures by Board of Directors Declaration on following</p> <ul style="list-style-type: none"> ▶ All material interests in contracts and have refrained from voting on matters in which they were materially interested ▶ Reviewed of the internal controls covering financial, operational and compliance controls and risk management and obtained reasonable assurance of their effectiveness and successful adherence, and, if unable to make any of these declarations an explanation on why it is unable to do so; ▶ Made themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions; ▶ Disclosure of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations. 	37

Corporate Governance

Annual Report of the Board of Directors

on the Affairs of the Company

GENERAL

The Directors have pleasure in presenting their report and the Audited Financial Statement of the Company for the year ended 31st March 2024 and the Auditor's Report on the Financial Statements. This report provides the information as requested 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 27th June, 2024.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company was incorporated on the 16th December 2009 as a Board of Investment (BOI) approved project to commence operations as a Private Hospital, including Laboratory and other related services. The Company started its commercial operations in June 2012. Today, Singhe Hospitals PLC is the best private hospital operating in Ratnapura District with modern health care facilities.

Singhe Hospitals is a fully equipped tertiary care hospital with 50 beds to accommodate patients with a wide range of medical specialties available throughout the day. Patients for indoor treatment are admitted under the care of visiting consultants and with the supervision of in-house medical officers. Singhe Hospitals is committed to continuous improvement of patient care and strives to deliver high quality, cost effective healthcare to the communities. The company was listed in the Colombo Stock Exchange on the 16th April, 2015. As stated at the IPO, the company has initiated expansion of laboratory services island wide. Currently main labs have been opened in Ratnapura, Homagama, Negombo, Kandy, Bandarawela, Embilipitiya, Balangoda, Kahawatta, Avissawella, Kalawana and Karapitiya.

FINANCIAL STATEMENTS OF THE COMPANY

The Financial Statements of the Company duly certified by the Head of Finance and approved by two Directors in compliance with Sections 152, 153 and 163 of the Companies Act No. 07 of 2007 are given from pages 54 to 114 of the Annual Report.

AUDITORS REPORT

External Auditors of the company Messer's B R De Silva & Company, Chartered Accountants performed the audit of the Financial Statements for the year ended 31st March 2024. The Auditors report on the Financial Statement is given on page 49 to 53 of the Annual Report as required by Section 168(1) c of the Status.

ACCOUNTING POLICIES

A summary of the significant accounting policies adopted in the preparation of the Financial Statements are given on Pages 58 to 114 of the Annual Report as required by Section 168 (1) (d) of the Companies Act No: 07 of 2007. The policies adopted are consistent with those adopted in the previous financial year.

RESULTS AND DIVIDENDS

Gross Revenue

The total revenue of the company for the year ended 31st March 2024 was Rs. 1,272,304,737/-.

Profit and Appropriation

The profit before income tax of the Company for the year ended 31st March 2024 was Rs. 32,485,802/- and the profit after the tax for the year ended 31st March 2024 was Rs. 24,627,946/-. The details of profit/(loss) relating to the Company is given on page 54 in this report.

Dividend on Ordinary Shares

The Directors have not recommended any dividend for the financial year ended 31st March 2024.

Provision for Taxation

Income Tax for 2023/24 has been provided on taxable income arising from the operations of the Company has been disclosed in accordance with Sri Lanka Accounting Standards.

Information on Income Tax expenses and Deferred Taxes is given in the Notes to the Financial Statements in page 86 of this Annual Report.

Reserves

The Company's total reserves as at 31st March 2024 amounted to Rs. 423,557,855/- The movement of the reserves is given on Page 56 under the Statement of Changes in Equity.

PPE, Investments Properties, Leasehold Properties and Intangible Assets

Details of capital expenditure incurred on Property Plant and Equipment are given in the Notes to the Financial Statements from Page 87 to 88.

List of Directors

Names of the persons who held office as Directors of the Company as at 31st March 2024 and the

Corporate Governance

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names of the persons who ceased to hold office as Directors of the Company at any time during the year 2023/2024, as required by Section 168 (l) (h) of the Companies Act No: 07 of 2007 are given below:

- ▶ Mr. A. M. Weerasinghe
Chairman
- ▶ Mr. Navinda Weerasinghe
Managing Director
- ▶ Mr. Lakshika Weerasinghe
Director
- ▶ Mr. H. M. A. B. Weerasekara
Independent Non-Executive Director
- ▶ Mr. U. B. H. Jayalath Kithsiri
Independent Non-Executive Director
- ▶ Mr. A. M. A. Cader
Independent Non-Executive Director
- ▶ Mr. Chaaminda Kumarasiri
Independent Non-Executive Director
(Appointed on 30 April 2024)
- ▶ Mr. Piyumal Weerasinghe
Non-Independent Non-Executive Director
- ▶ Mr. D. T. Gooneratne
Independent Non-Executive Director
(Resigned on 18 April 2023)
- ▶ Dr. Aruna Jayakody
Independent Non-Executive Director
(Appointed on 18 December 2023)

Election and Re-election of Directors

In accordance with the Article No. 82 of the Articles of Association of the Company, Mr. A.M. Weerasinghe, Mr. Lakshika Weerasinghe and Mr. Piyumal Weerasinghe come up for re-election and the Board unanimously recommended their re-election.

In accordance with the Article No. 89 of the Articles of Association of the Company, Dr. Aruna Jayakody and Mr. Chaaminda Kumarasiri, who were appointed as Directors since the last Annual General Meeting, come up for election and the Board unanimously recommended their election.

Disclosure of Directors Dealings in Shares

Directors	No of Shares as at 31st March	
	2023	2024
Mr. A.M. Weerasinghe	372,697,415	372,697,415
Mr. Navinda Weerasinghe	10	10
Mr. Lakshika Weerasinghe	50,000	50,000
Mr. U.B.H. Jayalath Kithsiri	1,100,000	1,100,000

Remuneration and Other Benefits

Directors' remuneration and other benefits in respect of the Company for the financial year 31st March 2024 disclosed on Page 99 of this Annual Report.

Related Party Transaction

The Directors confirm that Section 09 of the CSE Listing Rules and the Code of Best Practices on Related Party Transactions issued by Securities and Exchange Commission of Sri Lanka pertaining to Related Party Transactions have been complied with by company.

STATED CAPITAL

The stated capital of the company as at 31st March 2024 was Rs. 375,000,000/-. Details of the stated capital are given in Note 16 to the Financial Statement on Page 94 to the Annual Report.

SHARE INFORMATION

Details of share related information are given on page 116 to 117 of this Annual Report.

PUBLIC HOLDING OF SHARE IN THE COMPANY

The public shareholding as at 31st March 2024 was 13.25%.

SUBSTANTIAL SHAREHOLDING

The Twenty Largest shareholders of the Company as at 31st March 2024 are indicated on page 117 of this Annual Report.

EQUITABLE TREATMENT TO SHAREHOLDERS

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

CORPORATE DONATIONS

During the year the Company made donations to charity amounting to Rs. 25,000/-. The information given above on donations is as required by the Section 168 (l) (g) of the Companies Act No. 07 of 2007.

ENVIRONMENTAL PROTECTION

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

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.

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EVENTS AFTER THE REPORTING PERIOD

There have been no material events occurring after the reporting date that would require adjustment to or disclosure in the Financial Statement other than disclosed on page 101 to this Annual Report.

GOING CONCERN

The Directors have made an assessment of 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.

RISK MANAGEMENT AND SYSTEM OF INTERNAL CONTROL

Risk Management

Specific steps that have been taken by the Company are detailed from page 107 to 113 of this Annual Report.

System of Internal Control

The Board of Directors has established an effective and comprehensive system of Internal Control 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 Accounts are prepared, giving the 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 from Page 45 to 46 of this Annual Report.

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

AUDIT COMMITTEE

The composition of the Audit Committee and their Report is given from Page 45 to 46 of this Annual Report.

RELATED PARTY TRANSACTION REVIEW COMMITTEE

As per Section 9 of the Listing Rules and the Circular No. 01/2016 of the Colombo Stock Exchange, the Company has formed a Related Party Transaction Review Committee and the

committee comprises the following members:

Mr. A.M.A. Cader	- Chairman
Mr. A.M. Weerasinghe	- Member
Mr. U. B. H. Jayalath Kithsiri	- Member
Mr. H.M.A.B. Weerasekara	- Member

REMUNERATION COMMITTEE

The Remuneration Committee comprises the following members:

Mr. H.M.A.B. Weerasekara	- Chairman
Mr. A.M.A. Cader	- Member
Mr. U.B.H. Jayalath Kithsiri	- Member

The Committee reviews and revises the company's recruitments, promotions, remuneration packages, annual increments, bonuses and incentive plans.

The Committee also reviews information related to executive compensation to ensure that it is on par with market/industry rates.

Determining the compensation and benefits of the key Management Personnel and establishing performance parameters in setting individual goals and targets

Name of the member	Attendane
Mr. H.M.A.B. Weerasekera	1/1
Mr. A.M.A. Cader	1/1
Mr. U.B.H. Jayalath Kithsiri	1/1

NOMINATIONS AND GOVERNANCE COMMITTEE

The Nominations and Governance Committee was formed on 30th January 2024 and comprised the following members:

Mr. U.B.H. Jayalath Kithsiri	- Chairman
Mr. A.M.A. Cader	- Member
Dr. A.C. Jayakody	- Member

The Committee reviews and evaluates the appointment of new Directors, considering the relevant knowledge and experience of the Directors, through an established transparent procedure. A criteria, based on academic/professional qualifications, skills and experience would be adopted in selecting Directors. The Committee also established a suitable process to evaluate Directors and CEO and to develop a succession plan for Board of Directors

Corporate Governance

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and Key Management Personnel. The Committee reviews the overall corporate governance framework based on the CSE Rules, to adopt best practices. Management compliance and other corporate and regulatory compliance are reviewed by the Committee.

CORPORATE GOVERNANCE

The Company is committed to high standards of Corporate Governance. The main Corporate Governance practices are set out page 21 of this Annual Report. The Directors acknowledge their responsibility for the company's corporate governance and the system of internal control.

OPERATIONAL EXCELLENCE

To increase efficiency and reduce operating costs, the company has ongoing initiatives to drive policy standardization and to optimize the use of existing technology platform.

APPOINTMENT OF EXTERNAL AUDITORS

The Financial Statements for the year have been audited by Messers B R & De Silva Company, 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.

AUDITOR'S REMUNERATION AND INTEREST IN CONTRACTS WITH THE COMPANY

The Company Audit Fees paid for the year 2023/2024 amounted to Rs. 700,000/-. Apart from that, the Company has engaged an associate company of Messrs. B.R. De Silva & Company, the External Auditors to advise on taxation. As far as the Directors are aware, the Auditors do not have any other relationship or interest in contracts with the Company.

ANNUAL GENERAL MEETING

The 2023/24 Annual General Meeting of the Company will be held on 22nd August, 2024 at First Floor, Singhe Hospitals PLC, Ratnapura at 10.00 A.M.

NOTICE OF MEETING

Notice of Annual General Meeting is published on page number 118 of the report.

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.

FIT AND PROPER ASSESSMENT OF DIRECTORS

In terms of Rule 9.7.4 of the Listing Rules of the Colombo Stock Exchange, Declarations were obtained from the Directors who confirmed that they have continuously satisfied the Fit and Proper Assessment Criteria set out in the Listing Rules during the financial year under review and as at the date of such declarations.

SENIOR INDEPENDENT DIRECTOR

In terms of Rule 9.6.3 of the Listing Rules of the Colombo Stock Exchange, the Senior Independent Director has been appointed since the Chairperson and CEO are the same person and the Chairman is an Executive Director. Mr. H. M. A. B. Weerasekara was appointed as Senior Independent Director on 9th November 2023. His duties are as follows.

The Independent Directors shall meet at least once a year or as often as deemed necessary at a meeting chaired by the SID without the presence of the other Directors to discuss matters and concerns relating to the Entity and the operation of the Board. The SID shall provide feedback and recommendations from such meetings to the Chairperson and the other Board Members. The SID shall chair a meeting of the Non-Executive Directors without the presence of the Chairperson at least annually, to appraise the Chairperson's performance and on such other occasions as are deemed appropriate. The SID shall be entitled to a casting vote at the meetings specified in Rules 9.6.3. (b) and (c).

Sgd.
.....
Director

Sgd.
.....
Director

Sgd.
.....
Nexia Corporate Consultants (Pvt) Ltd.
Secretaries
27th June, 2024

Corporate Governance

Statement of Directors' Responsibility

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

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

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

In preparing the financial statements as disclosed on page 58 to 114, the Directors consider that the Company has used appropriate accounting policies that have been applied consistently and supported by reasonable and prudent judgment and estimates, while all accounting standards considered to be applicable and relevant have been followed.

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

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

Compliance Report

The Directors confirm to the best of their knowledge that all taxes, duties, and levies payable by the Company, all contributions, levies and taxes payable on behalf of and in respect of the

employees of the Company, all other known statutory dues which were due and payable by the Company as at the reporting date has been paid or where relevant provided for in arriving at the financial results for the year under review.

By order of the Board

Sgd.

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Nexia Corporate Consultants (Pvt) Ltd, Secretaries
27th June, 2024

Corporate Governance

Nominations & Governance Committee

The Nomination Committee was formed on 30th January 2024. The Committee evaluates if the Board has the right mix of skills, experience, knowledge, and independence to function effectively. It also considers the diversity needed for the Company's best interests and ensures that the composition of the Board allows for the required diversity. The Nominations and Governance Committee is composed of the following individuals

Mr. U.B.H. Jayalath Kithsiri	- Chairman
Mr. A.M.A. Cader	- Member
Dr. A.C. Jayakody	- Member

Regulations/rules relevant to the functions of the committee

The Nominations and Governance Committee was formed in line with the Best Practices on Corporate Governance

Functions

The functions of the Nominations Committee include

- 01.To regularly review the structure, size, composition and competencies of the Board, the requirement of additional/ new expertise and the succession arrangements for retiring Directors and to make recommendations to the Board with regard to any changes.
02. To ensure that Directors are fit and proper persons to hold office as per the criteria set out in the relevant Statutes.
- 03.To evaluate and recommend the appointment, promotion, transfer and re-designation of the Managing Director and Executive Directors.
- 04.To recommend Directors who are retiring by rotation to be placed before the shareholders, for re-election.
- 05.To oversee and review the Board's succession plan and recommend the requirements of new expertise.
- 06.To consider if a Director is able to and has been adequately carrying out his or her duties as a Director taking into consideration the number

of Listed Company Boards on which the Director is represented and other Principal Commitments.

- 07.To consider and examine such matters as it considers appropriate.
- 08.To provide recommendations on other pertinent issues referred to the Committee by the Board of Directors.

Activities during The Year

The Committee convened a single meeting within the year to discuss the re-election of Directors retiring at the Annual General Meeting, as well as to propose extending the term of office for Directors over the age limit of 70 years. Furthermore, the Committee addressed succession planning for key management personnel, provided recommendations to the Board regarding the replacement or appointment of new Directors. In addition, the Committee assessed the Board's structure and composition, suggesting the need for additional expertise and deliberating on succession plans for retiring Directors.

Policies and Procedures

The Nominations and Governance Committee functions in accordance with the terms of reference endorsed by the Board. As outlined in the aforementioned terms, the Committee will be comprised of a minimum of three members, with the majority being Non-Executive Directors. Meetings of the Committee is to be held at least once per financial year, with the possibility of additional meetings being convened at the discretion of the Chairman or by a member in coordination with the Chairman.

On behalf of the Committee;

Sgd.

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 U.B.H. Jayalath Kithsiri
 Chairman - Nominations and
 Governance Committee
 27th June 2024

Corporate Governance

Remuneration Committee Report

Committee Composition

The Composition of the Remuneration Committee is as follows.

Mr. H.M.A.B. Weerasekera - Chairman
 Mr. A.M.A. Cader - Member
 Mr. U.B.H. Jayalath Kithsiri - Member

The Remuneration Policy

The remuneration policy of the Company endeavors to attract, motivate, and retain quality management in a competitive environment with the relevant expertise necessary to achieve the objectives of the Company. The Committee focuses on and is responsible for ensuring that the total package is competitive to attract the best talent for the benefit of the Company. The remuneration framework of the Company for the Executive Directors and Senior Management are designed to create and enhance value to all stakeholders of the Company and ensure alignment with the short- and long-term interests of the Company and its Executives. When designing competitive compensation packages, the Committee consciously balances the short term performance with medium to long-term goals of the Company

Scope of the Committee

The Committee reviews all significant changes in the corporate sector in determining salary structures and terms and conditions relating to staff at Senior Executive level. In this decision-making process, necessary information, and recommendations are obtained from the Chairman and Managing Director. The Committee deliberates and recommends to the Board of Directors the remuneration packages and annual increments and bonuses of the Managing Director, members of the Corporate Management and Senior Executive staff and lays down guidelines for the compensation structure for all Executive staff and overviews the implementation thereof. The Managing Director who is responsible for the overall management of the Company attends all meetings by invitation and participates in the deliberations except when his own performance and compensation package is discussed. Non-Executive Directors Fee All Non-Executive Directors receive a fee for attendance at Board Meetings and serving on sub-committees. They do not receive any performance or incentive payments.

Meeting Attendance

A report of the decisions approved and recommended to the Board by the Committee has been approved by the Board of Directors. The meeting attendance of the committee members is as follows.

Name of the member	Attendance
Mr. H.M.A.B. Weerasekera	1/1
Mr. A.M.A. Cader	1/1
Mr. U.B.H. Jayalath Kithsiri	1/1

Professional Advice

The Committee has the authority to seek external professional advice on matters within its purviews on behalf of the Committee;

Sgd.

.....
 Mr. H.M.A.B. Weerasekera
 Chairman
 Remuneration Committee
 27th June 2024

Corporate Governance

RPTR Committee Report

The Board of Directors of Singhe Hospitals PLC adopted the Code of Best Practices on related party transactions issued by the Colombo Stock Exchange (CSE) and established the Related Party Transactions Review Committee (RPTRC) on 28th May 2016.

As at the date of this report, the Committee of Singhe Hospitals PLC consists of four (04) Directors. The members of the Committee during the year were.

Mr. A. M. A. Cader	– Chairman
Mr. A. M. Weerasinghe	– Member
Mr. H. M. A. B. Weerasekera	– Member
Mr. U. B. H. Jayalath Kithsiri	– Member

Nexia Corporate Consultants (Pvt) Ltd, the Company Secretaries of the Company functions as the Secretary to the Committee. The Finance Manager of the Company attends the meetings by invitation.

The objective of the Committee is to exercise oversight on behalf of the Board of Directors by ensuring that all Related Party Transactions (RPT) of Singhe Hospitals PLC, together with the required disclosures are in compliance with Section 9 of the Colombo Securities Exchange (CSE) listing rules and made in a timely manner.

The responsibility of the Committee is to ensure that the interests of shareholders are collectively taken into account by the Company when entering into a RPT.

Accordingly, the Committee developed and recommended an RPT policy for adoption by the Board of Directors of Singhe Hospitals PLC. This policy which is consistent with the operating model and the delegated decision-making rights of the Singhe Hospitals PLC set out the following guidelines among others:

- ▶ Definition and establishment of threshold values for every RPT.
- ▶ Established and differentiated between RPTs which have to be pre-approved by the Board, requiring immediate market disclosure, requiring shareholder approval, and requiring disclosure in the Annual Report.

- ▶ Established principles that determine the RPTs requiring pre-approval of the Board and those that do not require prior Board approval, which can be reviewed retrospectively.
- ▶ Established a process to identify recurring RPTs.
- ▶ The introduction of a standard document to be used by the Company when presenting RPT information to the Committee.

Based on the criteria established for identifying and reporting RPTs for the year under review the RPT Review Committee:

- ▶ Identified the existing RPTs as per the rules set out under Section 9 of the CSE listing rules.
- ▶ Submitted agreements / Memorandums of Understanding already entered into with related parties to the Board for their information and approval.
- ▶ Communicated the minutes of the RPT Review Committee Meeting to the Board, together with other relevant documents.

Conduct of Meetings

The Committee held four meetings during the financial year ended 31st March 2024. The attendance of the respective committee member is tabulated below.

Name of the member	Attendance
Mr. A.M.A. Cader	4/4
Mr. A.M. Weerasinghe	4/4
Mr. H.M.A.B. Weerasekera	4/4
Mr. U.B.H. Jayalath Kithsiri	4/4

Sgd.

 A. M. A. Cader
 Chairman,
 Related Party Transactions Review Committee
 27th June 2024

Corporate Governance

Audit Committee Report

Composition of the Audit Committee

The Audit Committee, appointed by the Board of Directors of Singhe Hospitals PLC, comprises of four Independent Non-Executive Directors and is chaired by Mr. U. B. H. Jayalath Kithsiri, who is an Associate Member of the Institute of Chartered Accountants of Sri Lanka. The members of the Board appointed Audit Committee.

Mr. U. B. H. Jayalath Kithsiri

Chairman of the Committee

Non-Executive Independent Director

Mr. H. M. A. B. Weerasekera

Non-Executive Independent Director

Mr. A. M. A. Cader

Non-Executive Independent Director

Mr. D. T. Gooneratne

Non-Executive Independent Director

(Resigned on 18 April 2024)

Mr. Chaaminda Kumarasiri

Non-Executive Independent Director

(Appointed on 30 April 2024)

The profile of each member is set out on page 16 to 18 of this Annual Report.

Conduct of Meeting

The committee held four meetings during the financial year ended 31st March 2024. The Chairman, Managing Director, Executive Director, Manager Finance, Accountant, Manager IT, Manager HR and External Auditors also attended these meetings by invitation. The proceedings of these meetings with adequate details of matters are regularly reported to the Board of Directors. The attendance of members at the meetings held is given below.

Directors	Attendance
Mr. U.B.H. Jayalath Kithsiri	4/4
Mr. H.M.A.B. Weerasekera	4/4
Mr. A.M.A. Cader	4/4
Mr. D.T. Goonaratne	1/4

Objective and Role

The Audit Committee is empowered to examine the financial reporting process and to review the adequacy of the internal controls established by the management, disclosure of Accounting policies, compliance with Sri Lanka Accounting Standards, compliance with statutory laws and corporate governance, the Internal Auditors reports, External Auditors Management reports, the respective internal and external audit programme, Companies Act and rules and regulations of CSE and SEC.

The Audit Committee reviewed and discussed in detail, the quarterly Internal Audit Reports submitted by the Internal Auditors. The Internal Audit reports for these months covered all the areas of operations of the Company and were extensively documented. The observations detailed in the Internal Audit Reports together with their recommendations were discussed at the meetings with the Internal Auditors. They also reported to the Audit Committee the status of the implementation of their recommendations and consequently action was taken by the management to ensure that they are effectively carried out by the respective departmental heads of the Company. The Audit Committee is of the view that adequate internal controls and procedures have been established by the management to ensure the effectiveness of the operations of the Company and to safeguard its assets. The Internal Auditors submitted the Internal Audit Plan, to the Audit Committee and after a detailed review and discussion; the Internal Audit Plan was approved by the Audit Committee.

The Audit Committee reviewed the quarterly financial statements submitted to the Colombo Stock Exchange, prior to these statements being submitted to the Board of Directors for their approval.

Purpose of the Audit Committee

- I. Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the Financial Statements are correct, sufficient and credible.
- II. Reviewing, with the management, the Annual Financial Statements before submission to the Board for approval.

Corporate Governance

Audit Committee Report

- III. Reviewing, with the management, the quarterly Financial Statements before submission to the Board for approval.
- IV. Reviewing, with the management, performance of statutory and Internal Auditors and the adequacy of the internal control systems.
- V. Reviewing the adequacy of internal audit function, including the structure of the Internal Audit Department, staffing, and seniority of the official heading the department, reporting structure coverage and frequency.
- VI. Recommending to the Board, the appointment, re-appointment and, if required the replacement or removal of the Statutory Auditor and the fixing of audit fees.
- VII. Reviewing the independence and performance of the External Auditors.

Regulatory Compliance

The Finance Manager has submitted quarterly reports on compliance with mandatory statutory requirements. The Committee reviewed the procedures established by the Management for compliance with the requirements of regulatory bodies and ensured compliance with Corporate Governance disclosure requirements. Matters of special interest in the current environment and the processes that support certification of the Financial Statements by the Company's Managing Director and Finance Manager were also discussed.

Internal Audit and Inspection

Messers Ernest & Young carries out the inspection of the company with the concurrence of the Board. The Audit Committee closely monitors the Internal Audit and inspection function.

During the year, the Audit Committee reviewed the performance of the internal audit function, the findings of the audits completed which covered the head-office (Hospital), Out Laboratory reference to the internal controls, and the Department's resource requirements including succession planning. The Internal Audit

Plan was also reviewed and approved by the committee and follow up actions were monitored regularly.

External Auditor

The committee meets the external Auditor and monitors their independence and performance. The external Auditors reports with management responses for the year under review were tabled at the Audit Committee Meeting.

The Committee is satisfied that the independence of the External Auditors had not been impaired by any event or service that give rise to a conflict of interest. Due consideration has been given to the nature of the services provided by the External Auditors and the level of an audit and non-audit fee received by them. The Audit Committee reviewed the performance of the External Auditors and recommended to the Board the re-appointment of Messrs B. R. De Silva, Chartered Accountants as the External Auditors of the company for the ensuing financial year, subject to the approval of the Shareholders at the Annual General Meeting.

Sgd.

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U. B. H. Jayalath Kithsiri

Chairman Audit Committee

27th June 2024



Dr. Bandula Wijerathne

Inventing Perfusion angioplasty catheter and perfusion pump
Nested loop Stent Low-profile angiography imaging catheters



Financial Statements

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Financial Statements Independent Auditors' Report

B.R.DE SILVA & CO.
Chartered Accountants



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

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Singhe Hospitals PLC (*"the company"*), which comprise the Statement of Financial Position as at 31st March 2024, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including material accounting policy information.

In our opinion, the accompanying Financial Statements of the Company give a True and Fair view of, the Financial Position of the Company as at 31st March 2024, and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Key Audit Matters

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

Partners - N.S.C. De Silva FCA, FCMA(UK), L.C. Piyasena FCA, L.L.S. Wickramasinghe 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.
Telephone : 0112 513 420-22
Fax : 0114 512 404

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

Financial Statements

Independent Auditors' Report

Key Audit Matter	How the matter was Addressed
<p>1. <u>Recognition of Revenue</u> The company derived its revenue of Rs. 1,272,304,737 by providing healthcare services as disclosed in Note 3 to the financial statements.</p> <p>Revenue is considered as a key audit matter due to:</p> <ul style="list-style-type: none"> • Significance of the reported revenue coupled with the significant increase in revenue recorded by the company during the year. • Complexity of revenue recognition due to involvement of multiple divisions to provide medical services • Revenue streams are captured and invoiced through the Hospital Management Software which is not fully integrated with the transaction recording modules. 	<ul style="list-style-type: none"> • Our audit procedures in relation to revenue recognition included both test of controls as well as substantive procedures. • Our testing of the company's manual and automated controls focused on controls around the timely & accurate recording of sales transactions. • We reviewed the company's accounting policies in respect of revenue recognition and found them to be in compliance with Sri Lanka Accounting Standards. • We performed analytical review procedures to assess whether the recognized revenue was in line with the expected level. • Checked a sample of invoices raised to patients, to ensure whether revenue is recognized and measured in accordance with the contractual terms of the contracts and the Company's accounting policies. • Checked a sample of invoices raised to patients, to ensure all the transactions have been accurately recorded in the accounting system • Carried out substantive tests in respect of cut off at the end of the year. • Assessed the adequacy of the disclosures in the financial statements.

Financial Statements

Independent Auditors' Report

Other Information

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

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

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained on the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Financial Statements

Independent Auditors' Report

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

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

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

Financial Statements

Independent Auditors' Report

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

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

Report on Other Legal and Regulatory Requirements

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

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



B. R. DE SILVA & CO.

Chartered Accountants
Colombo 05.

27th June 2024



Financial Statements

SINGHE HOSPITALS PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST MARCH 2024.

	<i>Notes</i>	<i>Rs.</i>	<i>2023</i> <i>Rs.</i> <i>Restated</i>
Revenue	(3)	1,272,304,737	1,071,705,911
Cost of Services		<u>(507,415,695)</u>	<u>(461,081,926)</u>
Gross Profit		764,889,042	610,623,985
Other Income	(4)	1,829,548	1,789,544
Administration Expenses		(577,265,127)	(468,644,034)
Selling & Distribution Expenses		(99,556,134)	(62,969,286)
Profit from Operating Activities		<u>89,897,329</u>	<u>80,800,210</u>
Finance Costs	(5)	<u>(57,411,527)</u>	<u>(64,852,753)</u>
Profit/(Loss) Before Taxation	(6)	32,485,802	15,947,457
Income Tax Expense	(7)	<u>(7,857,856)</u>	<u>(28,673,204)</u>
Profit/(Loss) For the Year		24,627,946	(12,725,747)
<u>Other Comprehensive Income</u>			
<u>Items That Will Not be Reclassified to Profit or Loss</u>			
Actuarial Gain/(Loss) from Valuation of Defined Benefit Plans		(2,851,854)	(460,383)
Deferred Tax Impact on Defined Benefit Plan Actuarial Gain/(Loss)		570,371	64,454
Gain on Revaluation of Property Plant & Equipment		378,247,579	-
Deferred Tax Impact on Revaluation Gain		(75,649,516)	-
Deferred Tax Charge on Revaluation Due to Change in Income Tax Rate		-	7,412,294
Deferred Tax Charge on Defined Benefit Plan Actuarial Gain/(Loss) Due to Change in Income Tax Rate		-	218,789
Other Comprehensive Income for the Year		<u>300,316,580</u>	<u>7,235,153</u>
Total Comprehensive Income/(Loss) for the Year		<u><u>324,944,525</u></u>	<u><u>(5,490,593)</u></u>
Basic Earnings/(Loss) Per Share	(8)	<u><u>0.06</u></u>	<u><u>(0.03)</u></u>

The Notes to the Financial Statements in pages (58) to (114) form an integral part of these Financial Statements.

Financial Statements

SINGHE HOSPITALS PLC

STATEMENT OF FINANCIAL POSITION

AS AT 31ST MARCH 2024,

	<i>Notes</i>	<i>Rs.</i>	<u>2023</u> <i>Rs.</i> <i>Restated</i>
<u>ASSETS</u>			
<u>Non-Current Assets</u>			
Property, Plant and Equipment	(9)	1,107,195,535	730,156,297
Right to Use of Assets	(10)	67,914,375	54,362,082
Intangible Assets	(11)	11,836,754	6,462,625
		1,186,946,664	790,981,004
<u>Current Assets</u>			
Inventories	(12)	64,881,846	110,357,773
Trade and Other Receivables	(13)	53,952,925	44,795,323
Financial Assets	(14)	13,929,503	12,028,265
Cash and Cash Equivalents	(15)	30,498,151	23,030,636
		163,262,425	190,211,997
Total Assets		1,350,209,089	981,193,001
<u>EQUITY AND LIABILITIES</u>			
<u>Capital and Reserves</u>			
Stated Capital	(16)	375,000,000	375,000,000
Reserves	(17)	402,064,349	101,747,769
Retained Earnings		21,493,506	(3,134,440)
Total Equity		798,557,855	473,613,329
<u>Non-Current Liabilities</u>			
Retirement Benefit Obligations	(18)	16,432,268	11,872,980
Interest Bearing Borrowings	(19)	147,243,754	165,781,071
Lease Liability	(10.1)	26,887,440	16,717,516
Deferred Tax	(20)	176,103,408	101,896,623
		366,666,871	296,268,190
<u>Current Liabilities</u>			
Bank Overdrafts	(21)	21,379,965	34,797,921
Trade and Other Payables	(22)	71,640,835	95,122,656
Interest Bearing Borrowings	(19)	66,790,780	60,127,987
Lease Liability	(10.1)	17,706,915	17,058,267
Taxation	(23)	7,465,868	4,204,650
		184,984,363	211,311,481
Total Equity and Liabilities		1,350,209,089	981,193,001

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



Mr. Asanka De Silva
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,



Mr. A M Weerasinghe
Chairman



Mr. Lakshika Weerasinghe
Director

The Notes to the Financial Statements in pages (58) to (114) form an integral part of these Financial Statements.

27th June 2024
Rathnapura

Financial Statements

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2024

	<u>Stated</u> <u>Capital</u>	<u>Revaluation</u> <u>Reserve</u>	<u>Gain/(Loss)</u> <u>on Defined</u> <u>Benefit Plan</u>	<u>Retained</u> <u>Earnings</u>	<u>Total</u>
	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 31st March, 2022	375,000,000	106,242,881	3,531,900	9,591,307	494,366,088
(Loss) for the Year	-	-	-	(12,725,747)	(12,725,747)
Other Comprehensive Income	-	-	(460,383)	-	(460,383)
Deferred Tax Impact on Actuarial Gain/(Loss)	-	-	64,454	-	64,454
Deferred Tax Charge due to Change in Income Tax Rate	-	(7,412,294)	(218,789)	-	(7,631,083)
Balance as at 31st March, 2023	<u>375,000,000</u>	<u>98,830,587</u>	<u>2,917,182</u>	<u>(3,134,440)</u>	<u>473,613,329</u>
Profit for the Year	-	-	-	24,627,946	24,627,946
Other Comprehensive Income	-	378,247,579	(2,851,854)	-	375,395,725
Deferred Tax Impact on Other Comprehensive Income	-	(75,649,516)	570,371	-	(75,079,145)
Balance as at 31st March, 2024	<u>375,000,000</u>	<u>401,428,650</u>	<u>635,699</u>	<u>21,493,506</u>	<u>798,557,855</u>

The Notes to the Financial Statements in pages (58) to (114) form an integral part of these Financial Statements.

Financial Statements

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2024

	Rs.	<u>2023</u> Rs.
<u>Cash Flow from/(Used in) Operating Activities</u>		
Profit/(Loss) Before Income Tax Expenses	32,485,802	15,947,457
<u>Adjustments for :</u>		
Depreciation	47,595,934	55,013,274
Depreciation on ROUA	24,492,544	20,092,307
Intangible Assets Amortization	1,611,854	1,382,863
Interest Income	(1,499,275)	(1,112,332)
Finance Costs	57,410,497	64,852,753
Fair Value (Gain)/Loss on Quoted Investments	1,030	(7,545)
Provision for Retirement Benefit Obligations	4,625,094	3,807,386
Bad Debts Written off	751,455	57,416
Stocks Written Off	3,778,358	-
Operating Profit/(Loss) before Working Capital Changes	171,253,293	160,033,579
<u>Changes in Working Capital</u>		
(Increase)/ Decrease in Inventories	41,697,570	(25,407,788)
(Increase)/ Decrease in Trade & Other Receivables	(10,221,059)	(6,229,085)
Increase/ (Decrease) in Trade & Other Payables	(23,481,822)	57,066,392
Increase/ (Decrease) in Related Parties	-	(672,111)
Cash Generated from/(Used in) Operating Activities	179,247,983	184,790,987
Finance Cost Paid	(49,313,467)	(64,852,753)
Defined Benefit Plan Costs Paid	(2,917,660)	(2,450,056)
WHT Paid	(43,708)	(25,206)
Income Tax Paid	(5,425,290)	-
Net Cash Generated from/(Used in) Operating Activities	121,547,857	117,462,972
<u>Cash Flows from/(Used in) Investing Activities</u>		
Acquisition of Property, Plant & Equipment	(42,436,449)	(40,168,451)
Acquisition of Right to Use of Assets	-	(8,899,024)
Acquisition of Capital Work in Progress	(3,951,141)	(2,162,948)
Acquisition of Intangible Assets	(3,857,483)	(750,000)
Acquisition of Capital Work in Progress - Intangible Assets	(3,128,500)	(70,000)
Investment in Fixed Deposit	(1,902,268)	(12,000,000)
Income from Investments - Interest Received	1,499,275	1,112,332
Net Cash Generated from/(Used in) Investing Activities	(53,776,566)	(62,938,091)
<u>Cash Generated from/(Used in) Financing Activities</u>		
Net Proceeds from Interest Bearing Borrowings	(11,874,524)	(9,118,045)
Proceeds from Leases	-	12,665,493
Repayments of Lease Liability	(35,011,297)	(31,498,967)
Net Cash Generated from/(Used in) Financing Activities	(46,885,821)	(27,951,519)
Net Increase/ Decrease in Cash and Cash Equivalents	20,885,470	26,573,363
Cash and Cash Equivalents at the Beginning of the Year	(11,767,284)	(38,340,647)
Cash and Cash Equivalents at the End of the Year	9,118,186	(11,767,284)
<u>Analysis of Cash and Cash Equivalents</u>		
Cash at Bank	17,693,143	3,265,877
Bank Overdrafts	(21,379,965)	(34,797,921)
Cash in Hand	12,805,008	19,764,760
Cash and Cash Equivalents at the End of the Year	9,118,186	(11,767,284)

The notes to the Financial Statements in pages (58) to (114) form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

1. GENERAL INFORMATION - REPORTING ENTITY

1.1. Legal Form

Singhe Hospitals PLC (the Company) is a quoted public company with limited liability incorporated in Sri Lanka under the provisions of Companies Act No. 07 of 2007. Its registered office and principal place of business are located at No: 362, Colombo Road, Rathnapura.

1.2. Total Number of Employees

<i>Total Number of Employees</i>	<i>2023-24</i>	<i>2022-23</i>
Company	530	517

1.3. Principal Activities and Nature of Operations

During the year the principal activity of the company, were to operate a hospital, by providing healthcare services. There were no significant changes in the nature of principal activities during the reporting year.

1.4. Approval of Financial Statements

The financial statements for the year ended 31st March 2024 were authorized for issue by the Directors on 27th of June 2024.

2. BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1. Basis of Preparation of Financial Statements and Statement of Compliance

2.1.1. Statement of Compliance

The Financial Statements of the Company comprise the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows together with the Notes to the Financial Statements.

These Financial Statements of the company have been prepared as per the Sri Lanka Accounting Standards comprising SLFRS/LKAS (hereinafter SLFRS) as issued by the Institute of Chartered Accountants in Sri Lanka and the requirements of Companies Act No. 07 of 2007.

2.1.2. Responsibility for Financial Statements

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

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

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

2.1.3. Basis of Measurement

The Financial Statements have been prepared on the historical cost basis and applied consistently with no adjustments being made for inflationary factors affecting the Financial Statements, except for the following material items in the Statement of Financial Position:

- ▶ Land and buildings are measured at fair value.
- ▶ Non-derivative financial instruments are classified as “Financial Assets – Fixed Deposits” and “Interest Bearing Borrowings” measured at amortized cost.
- ▶ Defined Benefit Obligations are measured at present value, based on actuarial valuation as explained in Note 18.

The Financial Statements have been prepared on the basis that the Company would continue as a going concern for the foreseeable future.

2.1.4. Going Concern

The directors have assessed the Company's ability to continue as a going concern and they confirmed that the company has adequate resources to continue its operations in the foreseeable future.

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

Moreover, the Chairman of the Company, Mr. A. M. Weerasinghe has agreed to provide funds to the company as and when it is necessary.

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

2.1.5. Functional Currency and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Financial Statements are presented in Sri Lankan Rupees, which is the Company's functional and presentation currency. All financial information presented in Rupees has been rounded to the nearest Rupee.

2.1.6. Materiality and Aggregation

Each material class of similar items are presented separately in the Financial Statements. Items of dissimilar nature or functions are presented separately, unless they are immaterial as permitted by the LKAS 01 on "Presentation of Financial Statements".

2.1.7. Comparative Information

The Financial Statements for the Comparative periods comprise results for the 12-months from 01st April 2022 to 31st March 2023. In this circumstance, the comparative information for the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and related notes are comparable with the current reporting period.

The previous year's figures and phrases have been rearranged whenever necessary to confirm to the current year's presentation.

2.1.8. Significant Accounting Judgments, Estimates and Assumptions

The presentation of Financial Statements in conformity with SLFRS/LKAS requires management to make judgments, estimates and assumptions that affect the application of Accounting Policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Financial Statements is included in the under mentioned notes:

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

Significant Accounting Judgments, Estimates and Assumptions (Cont'd)

a) Assessment of Impairment - Key Assumptions Used in Discounted Cash Flow Projections

The Company assesses at each reporting date whether there is an objective evidence that an asset or portfolio of asset is impaired. The recoverable amount of an asset or Cash Generating Unit (CGU) is the greater of its Value in Use (VIU) and its Fair Value (FV) less cost to sell. In assessing value in use, the estimated future cash flows are discounted to present value using appropriate discount rates that reflect the current market assessment of the time value of money and risks specific to the asset.

b) Useful Lifetime of the Property, Plant & Equipment

The Company reviews the residual values, useful lives and method of depreciation of Property, Plant and Equipment at each reporting date. The judgment of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

c) Deferred Taxation - Utilization of Tax Losses

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the level of future taxable profits together with future tax planning strategies.

d) Defined Benefit Plans

The assessment of the present value of the defined benefit obligations involves a significant element of assumptions; including discount rates, future salary escalations, mortality rates and future pension increases and due to the long term nature of these plans, such estimations are subject to uncertainty.

e) Current Taxation

Current tax liabilities are provided for in the Financial Statements applying the relevant tax statutes and regulations, which the management believes reflect the actual liability.

2.2. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements by the Company unless otherwise indicated.

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

2.2.1. Foreign Currency Translation

The Financial Statements of the Company are presented in Sri Lankan Rupees, which is the functional and presentation currency of the Company. Transactions denominated in foreign currencies are recorded at the functional currency by using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency by using the exchange rate prevailing at the date of Statement of Financial Position.

Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the prevailing exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value denominated in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Foreign Currency differences arising on retranslation are generally recognized in profit or loss.

2.3 Valuation of Assets and their Measurement Bases

2.3.1 Inventories

Inventories are valued at the lower of cost and net realizable value, after making due allowances for obsolete and slow moving items. Net realizable 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 of inventories is based on actual cost. The costs incurred in bringing inventories to their present location and condition are accounted for as follows,

Pharmacy and Surgical	- At actual cost
General	- At actual cost

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

2.3.2 Cash and Cash Equivalents

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

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts that are repayable on demand and form an integral part of the company'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.

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

2.3.2 Cash and Cash Equivalents (Cont'd)

Statement of Cash Flows

The Statement of Cash Flows has been prepared using the 'indirect method'. Interests paid are classified as operating cash flows while interests received are classified as investing cash flows for the purpose of presentation of Cash Flow Statement.

For the purpose of Statement of Cash Flows, Cash & Cash Equivalents consist of cash at bank and in hand and short-term deposits net of outstanding bank overdrafts.

2.3.3. Property, Plant & Equipment

(a) Recognition and Measurement

Items of property, plant and equipment other than land and buildings and motor vehicles, are measured at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labor and any other costs directly attributable to bringing the asset to the working condition for its intended use, and borrowing costs if the recognition criteria are met.

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 the property plant and equipment are required to be replaced at intervals, the company derecognizes the replaced part, and recognizes the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognized 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 recognized in the statement of comprehensive income 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.

All items of property, plant and equipment are recognized initially at cost.

Land and buildings and motor vehicles are measured at fair value less accumulated depreciation and impairment losses recognized 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. Revaluation of Property, Plant & Equipment are undertaken by professionally qualified valuer.

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024

Property, Plant & Equipment - Owned Assets (Cont'd)

Any revaluation surplus is recognized in other comprehensive income and credited to the revaluation surplus in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the statement of profit and loss, in which case the increase is recognized in the statement of profit and loss, except to the extent that it offsets an existing surplus in the same asset recognized in the asset revaluation reserve. Any balance remaining in the revaluation surplus in respect of an asset is transferred directly to retained earnings in retirement or disposal of the assets.

The Company Policy is to revalue its land and building and motor vehicles once in every 3-5 Years thereafter to comply with the requirement of Revaluation Model under the Sri Lanka Accounting Standard 16 - 'Property, Plant & Equipment'.

Expenditure incurred for the purpose of acquiring, extending or improving assets of a permanent nature by means of which to carry on the business or to increase the earning of the business has been treated as capital expenditure.

The provision for depreciation is calculated by using straight line based 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.

(b) Depreciation

Depreciation is based on the cost of an asset less its residual value. Depreciation is recognized in the income statement on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment. 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 or on the date that the asset is disposed. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The estimated useful lives of property plant and equipment are as follows:

Buildings	02%
Furniture & Fittings	10%
Computer Equipment	25%
Office Equipment	10%
Linen	50%
Computer Software	10%
Elevators	10%
Generator	10%
Tool and Equipment	10%
Television	10%
Motor Vehicle	20%
Medical Equipment	10%
Laundry Equipment	10%
Housekeeping Equipment	10%

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

Depreciation (Cont'd)

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 derecognized.

The cost of replacement of components of assets recognized in the carrying amount of property, plant and equipment is depreciated over the balance useful life of the asset. Depreciation methods, useful lives and the residual values are reviewed at each reporting date and adjusted accordingly.

(c) Restoration Cost

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

(d) De-Recognition

The carrying amount of an item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition of an item of property, plant and equipment is included in profit or loss when the item is de-recognized.

2.3.4 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) The Company as lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

(b) The Company as lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Right of Use Assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

Lease Liability

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

2.3.5 Capital Work-In-Progress

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

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

2.3.6 Investment Property

Recognition and measurement

A property that is held to earn rentals or for capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of business, by the Company is accounted for as investment properties.

An investment property is measured initially at its cost. The cost of a purchased investment property comprises of its purchase price and any directly attributable expenditure. The cost of a self-constructed investment property is its cost at the date when the construction or development is complete.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on a valuation performed by an accredited external independent valuer.

Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

Changes in fair values are recognized in the income statement. Investment properties are derecognized when they have been disposed or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of de-recognition. The amount of consideration to be included in the gain or loss arising from the de-recognition of investment property is determined in accordance with the requirements for determining the transaction price in SLFRS 15.

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024

Recognition and measurement (Cont'd)

If an item of revalued owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of the item at the date of transfer is treated in the same way as a revaluation under LKAS 16; Property, plant and equipment. Accordingly, the surplus on revaluation is recognized in the statement of comprehensive income to the extent that it reverses a previous impairment loss. Further, any resulting decrease in the carrying amount of the property is initially charged in the statement of comprehensive income against any previously recognized revaluation surplus, with any remaining decrease charged to profit or loss. The effect of depreciation on revalued property is also reversed within the statement of comprehensive income.

2.3.7 Intangible Assets

2.3.8 Initial Recognition and Measurement

The Company recognizes intangible assets if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

Separately acquired intangible assets are measured on initial recognition at cost. The cost of such separately acquired intangible assets includes the purchase price, import duties, non-refundable purchase taxes and any directly attributable cost of preparing the asset for its intended use.

The cost of intangible assets acquired in a business combination is the fair value of the asset at the date of acquisition.

The cost of an internally generated intangible asset arising from the development phase of an internal project which is capitalized includes all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by the Management. Other development expenditures and expenditures on research activities, undertaken with the prospect of gaining new technical knowledge and understanding are expensed in the income statement as and when incurred.

2.3.9 Subsequent Costs

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

2.3.10 Subsequent Measurement

After initial recognition an intangible asset is stated at its costs less any accumulated amortization and any accumulated impairment losses.

The useful economic life of an intangible asset is assessed to be either finite or indefinite.

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

Intangible assets with finite lives are amortized over the useful economic life of the asset. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the income statement.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level.

The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Intangible Assets Recognized by the Company

Computer Software

All computer software costs incurred and licensed for use by the Company, which does not form an integral part of related hardware, which can be clearly identified and reliably measured with the probability of leading to future economic benefits, are capitalized under intangible assets and such intangible assets capitalised are amortized over the useful lifetime as follows,

Hospital Billing Management System's (Intangible Assets) amortization rate – 10% P.A.

2.3.11 SLFRS 9 -Financial Instruments

Recognition and initial measurement

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

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

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at amortized cost; FVOCI- debt investment; FVOCI – equity investment; or FVTPL.

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

Classification and subsequent measurement (Cont'd)

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

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

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

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

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

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

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

Financial Assets - Business Model Assessment:

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

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

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

Financial Assets - Business Model Assessment: (Cont'd)

- ▶ How managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- ▶ The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial Assets - Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

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

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

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

Financial Liabilities – Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, and other financial liabilities.

Financial Liabilities – Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and Borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized 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 amortization is included as finance costs in the Statement of Profit or Loss.

Financial Assets - Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expired, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

Financial Liabilities - Derecognition

The Company derecognizes a financial liability when its contractual obligations are discharged or canceled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Off setting

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

Impairment

Impairment policy

Non-derivative financial assets

Financial instruments and contract assets

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information

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

The Company considers a financial asset to be in default when:

- ▶ The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- ▶ The financial asset is more than 180 days past due.

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

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

Twelve-month ECLs are the portion of ECLs that result from default events that are possible within the twelve months after the reporting date (or a shorter period if the expected life of the instrument is less than twelve months).

The maximum period is considered when estimating ECLs is the maximum contractual period over which the Company is exposed to the credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-Impaired Financial Assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have been occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

Significant financial difficulty of the borrower or issuer;

A breach of contract such as a default or being more than 180 days past due;

The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;

It is probable that the borrower will enter bankruptcy or other financial reorganization; or

The disappearance of an active market to a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company procedures to the recovery of amounts due.

2.4 Liabilities and Provisions

Liabilities classified as current liabilities on the statement of financial position 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 recognized when the company has a present obligation (Legal or Constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of Comprehensive Income net of any reimbursement.

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

All known liabilities have been accounted for in preparing the Financial Statement.

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

2.4.1 Retirement Benefit Obligations

(a) Defined Benefit Plan – Employee Benefits

The liability recognized in the Statement of Financial Position in respect of defined benefit plan is the present value of the defined benefit obligation at the reporting date. Benefits falling due more than 12 months after the reporting date are discounted to present value.

The present value of the defined benefit obligations is calculated annually by independent actuaries using Projected Unit Credit Method (PUC) as recommended by LKAS 19 Employees benefits. The defined benefit liability is recognized in the Statement of Financial Position.

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 actuarial gains and losses are charged to the Statement of Comprehensive Income in the period in which they arise. The assumptions based in which the results of the actuarial valuation were determined as at 31st March 2022, are included in the Note 19 to the Financial Statements. Gratuity liability was computed from the first year of service for all employees in conformity with Sri Lanka Accounting Standard 19 (LKAS 19) – 'Employee Benefit'

However, according to the Payment of Gratuities Act No.12 of 1983, the liability for the gratuity payable to an employee arises only on the completion of 5 years of continued service with the Company.

The Company is liable to pay gratuity in terms of the relevant statute. The Liability is not externally funded.

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

Employees' Provident Fund and Employees' Trust Fund is a post-employment benefit plan under which an entity pays fixed contribution to a separate entity and will have no legal or constructive obligation to pay further amounts.

All employees who are eligible for Employees' Provident Fund and Employees' Trust Fund are covered by relevant contribution funds in line with the respective statutes. Employer's contribution to the defined contribution plans are recognized as an expense in the Statement of Comprehensive Income when incurred.

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

2.5 The Statement of Profit or Loss and Other Comprehensive Incomes

2.5.1 Revenue from Contracts with Customers

Revenue from contracts with customers, establishes a comprehensive framework for determining whether, how much and when revenue is recognised. The Company recognises revenue when a customer obtains control of the goods or services. Judgement is used to determine the timing of transfer of control - at a point in time or over time.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided below.

2.5.1.1 Healthcare service

Revenue primarily comprises fees charged for inpatient and outpatient hospital services. Services include charges for accommodation, theatre, medical professional services, equipment, radiology, laboratory and pharmaceutical goods used.

Revenue is recognized over time as the services are provided. The stage of completion for determining the amount of revenue to recognise is assessed based on provision of services. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated based on their relative stand-alone selling prices. The stand-alone selling price is determined based on the list prices at which the company sells the services in separate transactions.

2.5.1.2 Sale of Goods

Pharmacy Sales are recognised when the risk and reward of ownership are passed to the customer.

Revenue is recognized at a point in time and measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue is reduced for rebates and loyalty points granted upon purchase and are stated net of returns and discounts wherever applicable.

■ Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return. The rights of return give rise to variable consideration.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in

SLFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Company recognizes a refund liability.

2.5.1.3 Interest Income

Interest income is recognized as it accrues in the income statement. For all financial instruments measured at amortized cost interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating effective interest rate, the Company estimates the future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

Interest income is included under other income in the Statement of Comprehensive Income.

2.5.1.4 Other Income.

Other income comprises, gain on disposal of Property, Plant & Equipment, and interest income. Net gains and losses of revenue nature resulting from the disposal of Property, Plant & Equipment have been accounted for in the Statement of Comprehensive Income.

2.5.2 Expenditure Recognition

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

2.5.3 Expenditure Recognition (Cont'd)

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

2.5.4 Borrowing Costs

Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent where borrowing costs are 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 capitalized as part of the cost of the respective assets.

All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.5.5 Dividends on Ordinary Shares

Dividends on ordinary shares are recognized as a liability and deducted from equity when they are approved by the company shareholders. Interim dividends are deducted from equity when they are declared and are no longer the discretion of the company.

2.5.6 Income Tax Expense

Income Tax Expense comprises current tax and deferred tax. The income tax expense is recognized in the income statement except, to the extent that it relates to the items recognized directly in the statement of other comprehensive income or statement of changes in equity, in which case it is recognized directly in the respective statements.

2.5.6.1 Current Taxation

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Taxation for the current and previous periods to the extent unpaid is recognized as a liability in the financial statements. When the amount of taxation already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognized as an asset in the financial statements.

Provision for taxation is based on the profit for the year adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No 24 of 2017 commencing from 01st April, 2019.

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31ST MARCH 2024**

2.5.6.1 Current Taxation (Cont'd)

The Company enjoyed a five-year tax holiday period recorded from the year in which the enterprise commences to make profits or any year of assessment not later than two (02) year from the date of commencement of the commercial operations whichever year is earlier.

After the expiration of the tax exemption period, the profits and income of the enterprise shall be charged at the rate of 10% for the period of two years immediately succeeding the last date of tax exemption period.

Subsequent to the expiration of the aforesaid concessionary tax rate of 10%, the profits and income of the Enterprise shall for any year of assessment be charged at the rate of 20%, but according to the new amendment effective rate is 20% for the financial year since the normal tax rate is 30%. Therefore, we have considered tax rate of 20% for business income and 30% for investment income.

2.5.6.2 Deferred Tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they are related to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will have realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against the which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to extent that it is no longer probable that the related tax benefit will be released, based on the level of future taxable profit forecast and tax planning strategies.

2.6 DETERMINATION OF FAIR VALUES

The Company accounting policies and disclosures require the determination of fair value, both financial and non-financial assets and liabilities. Fair Values have been determined for measurement and / or disclosure purposes based on following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset and liability.

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

DETERMINATION OF FAIR VALUES (Cont'd)

When measuring the fair value of an asset or liability the company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1 – Quoted market price (unadjusted) in an active market of an identical assets or liabilities that the entity can access the measurement date.

Level 2 – Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices), this category included instruments valued using: quoted market prices in active markets similar instruments; quoted prices for identical or similar instruments in markets are considered less than active: or other valuation techniques where all significant inputs are directly observable from market data.

Level 3 – Valuation techniques use significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable market data and the unobservable inputs have a significant effect on the instrument's valuation. (Unobservable Inputs)

If the inputs used to measure the fair value of an asset or a liability might categorize in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level inputs that is significant to the entire measurement.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist, other equity pricing models and other valuation models. Assumptions and inputs used in valuation technique include risk free and benchmark interest rates, credit spreads and other premium used in estimating discount rates, bond and other equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instruments at the reporting date that would have been determined by market participants acting at arm's length.

(a) Property, Plant & Equipment

The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using the quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustment for physical deterioration as well as functional and economic obsolescence.

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024

(b) Inventories

The fair value of inventories is determined based on the estimated selling price in the ordinary course of business less the estimated cost of completion and sale and a reasonable profit margin is based in the effort required to complete and sell the inventories.

(c) Trade and Other Receivables

The fair values of trade and other receivables, are estimated at present value of future cash flows, discounted at the measured date. Short term receivables with no stated interest rates are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

(d) Other Non-Derivative Financial Liabilities

Other non-derivative financial liabilities are measured at fair value, at initial recognition and for the disclosure purposes, at each reporting date. Fair value is calculated based on the present value of the future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

For finance leases the market rate of interest is determined with reference to similar lease agreements.

2.7 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Companies' principal financial liabilities comprise interest bearing loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company has trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

The Company is exposed to market risk, credit risk, and liquidity risk. The senior management of the Company oversees the management of these risks. The senior management of the Company determines on financial risks and the appropriate financial risk governance framework for the Company. The financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the company policies and risk appetite.

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

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

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 risk comprises four types of risk: interest rate risk, currency risk, commodity price risk and another price risk such as equity price risk. Financial instruments affected by market risk include loans and borrowings, equity investments classified as fair value through profit or loss.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt and short-term borrowings with floating interest rates. The Company manages its risk by striking a balance between long term and short-term debts. The company has easy access to funds at competitive interest rates.

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 Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks.

Trade Receivables

Customer credit risk is managed in accordance with the Company's established policy, procedures and control relating to customer credit risk management. Individual credit limits are defined in accordance with the prior experience with the customers. Outstanding customer receivables are regularly monitored. The requirement for an impairment is analyzed 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 actually incurred historical data. The Company evaluates the concentration of risk with respect to trade receivables as low.

Liquidity Risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, and finance leases. The Company 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.

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

2.8 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company 's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

2.8.1. Classification of Liabilities as Current or Non-current - Amendment to LKAS 1

Amendments to LKAS 1 relate to classification of liabilities with covenants as current or non-current. The amendments clarify that if an entity 's right to defer settlement of a liability is subject to the entity complying with the required covenants only at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. The requirements apply only to liabilities arising from loan arrangements.

The amendments are effective for annual periods beginning on or after 1 January 2024. The amendments are not expected to have a material impact on the Company.

2.8.2. Disclosures: Supplier Finance Arrangements - Amendments to LKAS 7 and SLFRS 7

The amendments clarify the characteristics of supplier finance arrangements and require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements.

The amendments are effective for annual periods beginning on or after 1 January 2024. The amendments are not expected to have a material impact on the Company.

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024,

	Rs.	<u>2023</u> Rs.
(3) <u>REVENUE</u>		
Healthcare Services	1,272,304,737	1,071,705,911
	<u>1,272,304,737</u>	<u>1,071,705,911</u>
(4) <u>OTHER INCOME</u>		
Interest on Fixed Deposits	1,455,302	1,097,030
Interest on Savings Accounts	43,973	15,302
Sundry Income	330,273	669,667
Change in fair value of Investments Valued at FVTPL	-	7,545
	<u>1,829,548</u>	<u>1,789,544</u>
(5) <u>FINANCE COSTS</u>		
Bank Charges	2,274,873	3,283,481
Loan Interest - Term Loans	40,965,637	49,630,838
Finance Cost on Lease Liability	8,097,030	5,127,780
Overdraft Interest	6,072,957	6,810,654
FV Loss on Quoted Shares	1,030	-
	<u>57,411,527</u>	<u>64,852,753</u>
(6) <u>PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE TAXATION</u>		
Profit/(Loss) from ordinary activities before taxation is stated after charging all expenses including the following.		
Salaries and Wages	167,094,354	134,226,021
Auditors' Remuneration	700,000	693,000
Depreciation	72,088,480	75,105,580
Amortization	1,611,854	1,382,863
Provision for Retirement Benefit Obligations	4,625,094	3,807,386
Charity & Donations	25,000	15,000
Emoluments Paid to Directors	11,009,000	7,894,000
Bad Debt Written off	751,455	57,416

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024.

(7) <u>INCOME TAX EXPENSES</u>	<u>Notes</u>	Rs.	<u>2023</u> Rs. <i>Restated</i>
Income Tax on Current Year Profit	(7.1)	8,730,216	5,450,494
Transferred/ (Reversal) to Deferred Taxation	(20.3)	(872,360)	144,096
Deferred Tax due to change in income tax rate		-	23,078,614
		<u>7,857,856</u>	<u>28,673,204</u>

(7.1) RECONCILIATION OF TAXABLE PROFIT AND ACCOUNTING PROFIT & EFFECTIVE TAX RATES

Profit/(Loss) before Income Tax	32,485,802	15,947,457
Items considered as separate sources of income	(1,454,272)	(1,104,575)
Aggregated Non Deductible Expenses for Tax	89,601,434	85,272,867
Aggregated Deductible Expenses for Tax	(79,164,838)	(69,796,355)
Total Assessable Income	<u>41,468,126</u>	<u>30,319,394</u>
Tax Losses Claimed	-	-
Taxable Profit/(Loss)	<u>41,468,126</u>	<u>30,319,394</u>
<u>Current Income Tax Expense</u>		
Taxation on Business Income		
at a rate of 14%	-	2,122,356
at a rate of 20%	8,293,625	3,031,939
Taxation on Investment Income		
at a rate of 24%	-	131,644
at a rate of 30%	436,591	164,555
Tax Provision for the Year	<u>8,730,216</u>	<u>5,450,494</u>

The Company is enjoying a five year tax holiday period commencing from 16th August 2014, and a concessionary rate of Tax at 10% for two years thereafter, in terms of the agreement entered into with the Board of Investment.

Subsequent to the expiration of the aforesaid concessionary tax rate of 10%, the profits and income of the Company be charged for Tax at the rate of 20%. However according to the new amendment to the Inland Revenue Act, effective tax rate is 20% for the financial year since the normal tax rate is 30%.

Investment income of the company will be taxed at 30% for the financial year.

(8) EARNINGS / (LOSS) PER SHARE

(8.1) Basic Earnings/ (Loss) Per Share

Basic earnings/(loss) per share is calculated by dividing the net Profit/(loss) for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Net Profit / (Loss) Attributable to Ordinary Shareholders (Rs)	24,627,946	(12,725,747)
Weighted Average Number of Shares Outstanding During the Year	431,300,895	431,300,895
Basic Earnings/(Loss) Per Share (Rs)	<u>0.06</u>	<u>(0.03)</u>

(8.2) Diluted Earnings Per Share

There was no dilution of ordinary shares outstanding at any time during the year. Therefore, diluted earnings per share is the same as basic earning per share as shown in Note 8.1.

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH 2024,

(9) PROPERTY, PLANT & EQUIPMENT

(9.1) Description of Assets	<u>Opening Balance as at 01.04.2023</u> Rs.	<u>Additions/ Transfers During the Year</u> Rs.	<u>Revaluation During the Year</u> Rs.	<u>Disposals/Transfers During the Year</u> Rs.	<u>Closing Balance as at 31.03.2024</u> Rs.
<u>Cost or Valuations</u>					
<u>At Valuation</u>					
Land	177,450,000	-	58,800,000	-	236,250,000
Building	384,259,412	-	319,447,579	(53,244,591)	650,462,400
Motor Vehicles	19,163,473	-	-	-	19,163,473
	<u>580,872,885</u>	<u>-</u>	<u>378,247,579</u>	<u>-</u>	<u>905,875,873</u>
<u>At Cost</u>					
Air Conditioners	46,235,718	4,105,248	-	-	50,340,966
Computer Equipment	43,203,399	9,959,418	-	-	53,162,817
C.S.S.D.	14,056,936	-	-	-	14,056,936
Elevators	4,375,933	-	-	-	4,375,933
Fixtures and Fittings	78,875,564	11,981,889	-	-	90,857,453
Furniture and Fittings	19,451,257	1,940,001	-	-	21,391,258
Generator	18,217,098	-	-	-	18,217,098
Hospital Furniture	23,823,979	-	-	-	23,823,979
Housekeeping Equipment	1,044,971	-	-	-	1,044,971
Kitchen Equipment	9,541,356	224,024	-	-	9,765,380
Laundry Equipment	8,818,345	-	-	-	8,818,345
Office Equipment	6,514,718	1,247,099	-	-	7,761,817
Television	3,755,366	-	-	-	3,755,366
Tools and Equipment	2,841,815	-	-	-	2,841,815
Linen	2,320,244	-	-	-	2,320,244
UPS	5,723,029	-	-	-	5,723,029
Medical Equipment	344,170,954	9,198,656	-	-	353,369,610
Name Boards	15,532,266	3,780,114	-	-	19,312,380
CCTV Camera System	1,961,109	-	-	-	1,961,109
Mortuary	909,841	-	-	-	909,841
	<u>651,373,898</u>	<u>42,436,449</u>	<u>-</u>	<u>-</u>	<u>693,810,347</u>
Total	<u>1,232,246,783</u>	<u>42,436,449</u>	<u>378,247,579</u>	<u>-</u>	<u>1,599,686,221</u>

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH 2024,

(9.2) Depreciation

Description of Assets	<u>Opening Balance as at 01.04.2023</u> Rs.	<u>Additions/ Transfers During the Year</u> Rs.	<u>Depreciation on Revaluation During the Year</u> Rs.	<u>Disposals/ Transfers During the Year</u> Rs.	<u>Closing Balance as at 31.03.2024</u> Rs.
<u>Depreciation At Valuation</u>					
Buildings	45,538,350	7,706,241	-	(53,244,591)	-
Motor Vehicles	18,506,129	217,211	-	-	18,723,340
	64,044,479	7,923,452	-	(53,244,591)	18,723,340
<u>At Valuation</u>					
Air Conditioners	33,973,798	2,287,592	-	-	36,261,390
Computer Equipment	31,442,486	5,923,362	-	-	37,365,848
C.S.S.D.	10,864,029	528,581	-	-	11,392,609
Elevators	3,471,929	149,915	-	-	3,621,844
Fixtures and Fittings	33,873,653	4,700,799	-	-	38,574,452
Furniture and Fittings	10,521,731	1,862,850	-	-	12,384,581
Generator	15,445,076	720,716	-	-	16,165,792
Hospital Furniture	23,573,839	39,433	-	-	23,613,272
Housekeeping Equipment	653,706	57,459	-	-	711,165
Kitchen Equipment	9,118,326	91,955	-	-	9,210,281
Laundry Equipment	8,491,061	35,495	-	-	8,526,556
Medical Equipment	237,097,573	20,601,123	-	-	257,698,696
Office Equipment	3,947,536	480,729	-	-	4,428,265
Television	3,418,999	55,628	-	-	3,474,627
Tools and Equipment	2,691,006	100,129	-	-	2,791,135
UPS	5,443,306	34,650	-	-	5,477,956
Linen	2,310,531	-	-	-	2,310,531
Name Boards	5,186,081	1,736,985	-	-	6,923,065
CCTV Camera System	698,275	196,649	-	-	894,924
Mortuary	440,724	68,433	-	-	509,158
	442,663,664	39,672,482	-	-	482,336,147
Total	506,708,143	47,595,934	-	(53,244,591)	501,059,487

The number of buildings constructed on the entity's land holding is one. This is the hospital premises located in No. 362, Colombo Road, Ratnapura.

(9.3) Capital Work In Progress

	<u>Opening Balance as at 01.04.2023</u> Rs.	<u>Additions/ Transfers During the Year</u> Rs.	<u>Transfers to Property, Plant & Equipment</u> Rs.	<u>Closing Balance as at 31.03.2024</u> Rs.
Capital Work in Progress	4,617,657	3,951,145	-	8,568,802
	4,617,657	3,951,145	-	8,568,802

(9.3.1) Capital work-in-progress is stated at cost. These are expenses of a capital nature directly incurred on property plant and equipment.

(9.4) NET BOOK VALUE OF PROPERTY PLANT AND EQUIPMENT AND CAPITAL WORK IN PROGRESS

	<u>31/03/2023</u> Rs	<u>31/03/2024</u> Rs
Property Plant & Equipment	725,538,640	1,098,626,734
Capital Work in Progress	4,617,657	8,568,802
Total Net Book Value	730,156,297	1,107,195,535

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH 2024.

(9.5) Revaluation of Land and Buildings

"The following properties were revalued in the Financial Year 2023/2024 and recorded under freehold land and buildings. Fair Value measurement disclosure for revalued land based on unobservable inputs are as follows,

(A) Quoted Price (unadjusted) in active markets for identical assets or liabilities (Level - 1).

(B) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is derived from prices) (Level - 2)

(C) Input for the assets or liability that are not based on observable market data (that is, unobservable inputs) (Level - 3).

<u>Company</u>	<u>Location</u>	<u>Property</u>	<u>Extent</u>	<u>Independent Valuer</u>	<u>Effective Date of Valuation</u>	<u>Valuation Details</u>	<u>Significant Unobservable Input/ Price per Perch.</u>	<u>Value per Perch (Rs)</u>	<u>Fair Value measurement sensitivity to unobservable input</u>	<u>Fair Value Measurement/ Level 03 (Rs)</u>
Singhe Hospitals PLC	No 362,Colombo Road, Rathnapura	Land 01	0A-1R-13.00P	Mr D S N Perera	31st March, 2024	Open Market Based Approach	Land Value per perch	2,250,000	Significant increase/(decrease) in estimated price per perch in isolation would result in a significantly higher/(lower) fair value.	119,250,000
Singhe Hospitals PLC	No 362,Colombo Road, Rathnapura	Building (06 Levels)	49,158 Sq. Ft.	Mr D S N Perera	31st March, 2024	Direct Capital Comparison method adopting the depreciated value of building	Rate per Sq. Ft.	4,500-17,500	Significant increase/(decrease) in estimated price per Sq. Ft. in isolation would result in a significantly higher/(lower) fair value.	650,462,400
Singhe Hospitals PLC	No.362,Colombo Road, Rathnapura	Land 02	0A-1R-20.00P	Mr D S N Perera	31st March, 2024	Open Market Based Approach	Land Value per perch	1,950,000	A Significant increase/(decrease) in the estimated price per perch in isolation would result in a significantly higher/(lower) fair value.	117,000,000

Significant increases/ (decreases) in unobservable input/estimated price per unit in isolation would result in a significantly higher (lower) fair value.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH 2024.

(9.6) Revaluation of Land and Buildings

The value of land which has been revalued by an independently qualified valuer is indicated above together with the last date of revaluation. The valuation was performed by Mr D S N Perera - Incorporated Valuer, (Chartered Valuation Surveyor-UK) using Market Approach and the Value of these Assets has been reflected in the Financial Statements at the revalued amounts.

Valuations are based on market prices, adjusted for any difference in nature, location or condition of the specific property.

The land No 01 is a commercial land directly facing to the Colombo Rathnapura main road and the hospital main building has been constructed on this land.

The land No 02 is the company's car park.

Valuation is as defined in the Sri Lanka Accounting Standards (SLFRS 13) made on Fair value measurement. The valuation is based on the price that would be received on selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying amount of revalued assets that would have been included in the financial statements if the assets were carried at cost less depreciation is as follows:

Class of Asset	2023/24			2022/23		
	Cost	Accumulated Depreciation if Assets were Carried at Cost	Carrying Amount as at 31st March, 2024	Cost	Accumulated Depreciation if Assets were Carried at Cost	Carrying Amount as at 31st March, 2023
Free Hold Land	Rs. 103,505,106	Rs. -	Rs. 103,505,106	Rs. 103,505,106	Rs. -	Rs. 103,505,106
Building	282,929,248	58,903,176	224,026,072	282,929,248	53,244,591	229,684,657
	<u>386,434,354</u>	<u>58,903,176</u>	<u>327,531,178</u>	<u>386,434,354</u>	<u>53,244,591</u>	<u>333,189,763</u>

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH 2024.

(10) RIGHT OF USE ASSETS

Asset Details	Balance as at		Additions during the year		Transfer		Balance as at		Depreciation		Carrying Value		
	1st April 2023	Rs.	Rs.	Rs.	Rs.	Rs.	31st March 2024	Rs.	Charge for the Year	Rs.	31st March 2023	Rs.	
Land & Building	111,670,743		37,362,291		-		149,033,035		22,731,568		46,133,689		60,764,413
Laboratory Machine	17,609,736		682,546		-		18,292,282		1,760,976		8,228,392		7,149,962
Motor Vehicle	937,020		-		-		937,020		-		-		-
Total	130,217,499		38,044,837		-		168,262,337		24,492,544		54,362,081		67,914,375

(10.1) Lease Liability

	Balance as at		Lease Additions during the		Interest Charge		Payments		Balance as at	
	1st April 2023	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	31st March 2024	Rs.
Land & Building	32,298,250		37,050,296		8,050,408		(32,893,355)		44,505,596	
Laboratory Machine	1,477,533		682,546		46,622		(2,117,942)		88,759	
Total	33,775,783		37,732,842		8,097,030		(35,011,297)		44,594,355	
Amount Payable Within One Year									17,706,915	
Amount Payable After One Year									26,887,440	
									44,594,355	

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH 2024

(11) INTANGIBLE ASSETS

	<u>Opening Balance as at 01.04.2023</u>	<u>Additions for the Year</u>	<u>Disposals/ Transfers</u>	<u>Closing Balance as at 31.03.2024</u>
	Rs.	Rs.	Rs.	Rs.
(11.1) <u>Cost</u>				
Hospital Management System	14,442,416	3,857,483	-	18,299,899
	<u>14,442,416</u>	<u>3,857,483</u>	<u>-</u>	<u>18,299,899</u>
	<u>Opening Balance as at 01.04.2023</u>	<u>Charge for the Year</u>	<u>Disposals/ Transfer</u>	<u>Closing Balance as at 31.03.2024</u>
	Rs.	Rs.	Rs.	Rs.
(11.2) <u>Amortization</u>				
Hospital Management System	8,157,291	1,611,854	-	9,769,145
	<u>8,157,291</u>	<u>1,611,854</u>	<u>-</u>	<u>9,769,145</u>
(11.3) <u>Capital Work in Progress</u>				
Hospital management System	177,500	3,128,500	-	3,306,000
Net Book Value	<u>6,462,625</u>	<u>3,128,500</u>	<u>-</u>	<u>11,836,754</u>

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NOTES TO THE FINANCIAL STATEMENTS

AS AT 31ST MARCH 2024

	<u>Note</u>	Rs.	<u>2023</u> Rs.
(12) <u>INVENTORIES</u>			
General Stock		43,095,753	67,545,199
Pharmaceutical & Surgical Items		21,786,093	42,812,574
		<u>64,881,846</u>	<u>110,357,773</u>
(13) <u>TRADE AND OTHER RECEIVABLES</u>			
Trade Receivables		34,283,815	26,933,311
Prepayments, Deposits & Advances		12,063,604	13,570,554
Other receivables		7,605,506	4,291,458
		<u>53,952,925</u>	<u>44,795,323</u>
(14) <u>FINANCIAL INVESTMENTS</u>			
Financial Assets at Fair Value Through P&L	(14.1)	27,235	28,265
Fixed Deposits		13,902,268	12,000,000
		<u>13,929,503</u>	<u>12,028,265</u>
(14.1) <u>Investments Valued at Fair Value Through Profit and Loss</u>			
<u>Equity Investments in Quoted Public Companies</u>			
Market Value as at the Beginning of the Year		28,265	20,720
Gain / (Loss) in Market Value During the Year		(1,030)	7,545
Market Value as at the End of the Year		<u>27,235</u>	<u>28,265</u>

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NOTES TO THE FINANCIAL STATEMENTS

AS AT 31ST MARCH 2024,

		<u>2023</u>
	Rs.	Rs.
(15) <u>CASH AND CASH EQUIVALENTS</u>		
Cash at Bank	17,693,143	3,227,285
Petty Cash	3,066,518	2,010,296
Cash in Hand	9,738,490	17,754,464
Cheque in Hand	-	38,591
	<u>30,498,151</u>	<u>23,030,636</u>
(16) <u>STATED CAPITAL</u>		
431,300,895 Ordinary Shares	<u>375,000,000</u>	<u>375,000,000</u>
	<u>Note</u>	
(17) <u>RESERVES</u>		
Revaluation Reserve	(17.1) 401,428,650	98,830,587
Other Reserves - Gain/(Loss) on Defined Benefit Plan	635,699	2,917,182
	<u>402,064,349</u>	<u>101,747,769</u>
(17.1) <u>REVALUATION RESERVE</u>		
<u>On Property Plant and Equipment</u>		
Balance as at 01st April,	98,830,587	98,830,587
Net of Tax Surplus on revaluation done during the Year	302,598,063	-
Balance as at 31st March,	<u>401,428,650</u>	<u>98,830,587</u>

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH 2024.

	<u>Notes</u>	
	Rs.	<u>2023</u> Rs.
(18) RETIREMENT BENEFIT OBLIGATIONS		
<u>The Amount Recognized in the Statement of Financial Position</u>		
Present Value of Defined Benefit Obligations	<u>16,432,268</u>	<u>11,872,980</u>
(18.1) <u>Movement in the Present Value of Defined Benefit Obligations (PV DBO)</u>		
Balance at the Beginning of the Year	11,872,980	10,055,267
Current Service Cost (18.2)	2,487,957	2,299,096
Interest Cost (18.2)	2,137,137	1,508,290
During the year payments	(2,917,660)	(2,450,056)
Actuarial (Gain) / Loss on PV DBO (18.3)	2,851,854	460,383
Balance at the End of the Year	<u>16,432,268</u>	<u>11,872,980</u>
(18.2) <u>Amount Recognized in the Income Statement</u>		
Current Service Cost	2,487,957	2,299,096
Interest Cost	2,137,137	1,508,290
	<u>4,625,094</u>	<u>3,807,386</u>
(18.3) <u>Amount Recognized in Other Comprehensive Income</u>		
Actuarial (Gains) / Losses recognized during the year	2,851,854	460,383
	<u>2,851,854</u>	<u>460,383</u>
(18.4) The retirement benefit liability of the company is based on the actuarial valuation carried out by Actuarial & Management Consultant (Pvt) Ltd, a qualified actuary.		
As recommended by the Sri Lanka Accounting Standard (LKAS 19 - Employee Benefits), the Projected Unit Credit (PUC) method has been used in this valuation.		
(18.5) <u>Actuarial Assumptions</u>	<u>2024</u>	<u>2023</u>
Discount Rate	13%	18%
Expected Rate of Salary Increase	8%	8%
Staff Turnover Rate	30%	23%
Retirement Age - As specified by the Company	60 Years	55 Years
In addition to above, demographic assumptions such as mortality and withdrawal disability were considered for the actuarial valuation. A 1967/70 mortality table issued by the Institute of Actuaries, London was taken as the base for the valuation.		
(18.6) <u>Sensitivity Analysis of Present Value of Defined Benefit Obligations</u>		
The Sensitivity analysis depicted below have been determined based on a method that extrapolates the impact on employee benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant.		
The Sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.		
In order to illustrate the significance of the salary escalation rate and discount rate assumed in this valuation as at 31st March, 2024 assuming the following salary escalation rate and discount rate.		
	<u>PV-DBO</u>	
	<u>2023/24</u>	<u>2022/23</u>
	<u>(Rs.)</u>	<u>(Rs.)</u>
<u>Assumption Changed</u>		
01% Increase in Discount Rate	16,030,839	11,554,943
01% Decrease in Discount Rate	16,856,268	12,210,191
01% Increase in Salary Increment Rate	16,946,634	12,292,992
01% Decrease in Salary Increment Rate	15,938,009	11,472,092
(18.7) <u>Maturity Analysis of The Payments</u>	<u>2023/24</u>	<u>2022/23</u>
	<u>(Rs.)</u>	<u>(Rs.)</u>
Within the next 12 months	4,450,280	2,806,021
Between 1 and 2 years	3,518,671	2,283,039
Between 2 and 5 years	5,921,627	4,407,259
Between 5 and 10 years	2,193,517	1,951,584
Beyond 10 years	348,173	425,077
Total expected payments	<u>16,432,268</u>	<u>11,872,980</u>

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH 2024

(19) INTEREST BEARING BORROWINGS

(19.1) BORROWINGS - LONG-TERM LOANS

	2023/24			2022/23		
	Re-Payable Within One Year	Re-Payable After One Year	Total (Rs)	Re-Payable Within One Year (Rs)	Re-Payable After One Year (Rs)	Total (Rs)
Sampath Bank PLC	20,640,000	66,328,483	86,968,483	20,640,000	88,760,001	109,400,001
Sampath Bank PLC	-	-	-	792,137	-	792,137
Sampath Bank PLC	3,000,000	4,500,000	7,500,000	3,000,000	7,500,000	10,500,000
Sampath Bank PLC	8,040,000	13,200,000	21,240,000	8,040,000	21,910,000	29,950,000
Sampath Bank PLC - Covid Loan 1	-	-	-	1,011,315	-	1,011,315
Sampath Bank PLC - Covid Loan 2	-	-	-	204,875	-	204,875
Sampath Bank PLC - WC Loan	4,200,000	-	4,200,000	12,480,000	4,200,000	16,680,000
National Development Bank PLC	1,718,059	469,273	2,187,332	1,874,856	2,344,104	4,218,960
National Development Bank PLC	4,043,105	7,916,677	11,959,782	4,999,992	11,666,670	16,666,662
Nations Trust Bank	2,300,004	5,209,538	7,509,542	2,265,005	7,328,876	9,593,881
Nations Trust Bank	-	-	-	4,819,807	22,071,420	26,891,227
Nations Trust Bank - Term Loan 1 (16.2 Mn)	4,636,499	9,652,590	14,289,089	-	-	-
Nations Trust Bank - Term Loan 2 (8.6 Mn)	2,475,447	5,295,447	7,770,893	-	-	-
Nations Trust Bank - Term Loan (25Mn)	6,250,000	16,663,480	22,913,479	-	-	-
Nations Trust Bank - Term Loan (13.2Mn)-FD	6,600,000	4,133,623	10,733,623	-	-	-
Nations Trust Bank - Term Loan (8.1Mn)	1,366,333	6,553,228	7,919,561	-	-	-
Nations Trust Bank - Term Loan (6Mn)	1,000,000	4,796,214	5,796,214	-	-	-
Nations Trust Bank - Term Loan (3.1Mn)	521,333	2,525,201	3,046,535	-	-	-
	66,790,780	147,243,754	214,034,533	60,127,987	165,781,071	225,909,058

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH 2024

	Rs.	<u>2023</u> Rs.
(21) <u>BANK OVERDRAFTS</u>		
Bank of Ceylon	2,510,446	4,771,421
Sampath Bank PLC	4,526,339	10,632,812
Nations Trust Bank	14,343,180	19,393,688
	<u>21,379,965</u>	<u>34,797,921</u>
(22) <u>TRADE AND OTHER PAYABLES</u>		
Trade Payables	20,911,690	76,165,700
Other Payables	50,729,145	18,956,956
	<u>71,640,835</u>	<u>95,122,656</u>
(23) <u>CURRENT TAX LIABILITIES / (RECOVERABLE)</u>		
Opening Balance as at 01st April	4,204,650	(1,220,639)
Income Tax Provision for the Year	8,730,216	5,450,495
WHT Receivable	(43,708)	(25,206)
Income Tax Paid	(5,425,290)	-
Closing Balance as at 31st March	<u>7,465,868</u>	<u>4,204,650</u>

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NOTES TO THE FINANCIAL STATEMENTS

AS AT 31ST MARCH 2024

(25) DIRECTORS' INTEREST IN CONTRACTS / RELATED PARTY TRANSACTIONS

(25.1) PARENT AND ULTIMATE CONTROLLING PARTY

The Company doesn't have ultimate parent or controlling party.

(25.2) IDENTIFYING THE RELATED PARTIES

The Company maintains related party relationships with the Affiliated Companies, Directors of the Company, Key Management Personnel of the Company and their Close Family Members.

(25.3) TRANSACTIONS HELD WITH KEY MANAGEMENT PERSONNEL

According to the Sri Lanka Accounting Standard 'LKAS 24 - Related Party Disclosures', Key Management Personnel (KMP), are those having authority and responsibility for planning, directing and controlling the activities of the entity.

Accordingly, the Board of Directors (including Executive and Non Executive Directors) of Singhe Hospitals PLC have been classified as Key Management Personnel of the Company.

(25.3.1) Compensation of Key Management Personnel

	<u>2023/24</u>	<u>2022/23</u>
	Rs.	Rs.
Short Term Employee Benefits	11,009,000	7,894,000

(25.3.2) Loans from Chairman

<u>Name of the Related Party</u>	<u>Relationship</u>	<u>Nature of the Transaction</u>	Rs.	Rs.
Mr. A.M. Weerasinghe	Chairman	Balance as at 01st April	-	672,111
		Repayments	-	(672,111)
		Balance as at 31st March	-	-

(25.3.3) Other Transactions Held with Key Management Personnel

As at the reporting date Directors of the Company hold 86.41% of the voting shares of the Company directly and indirectly.

Transactions held with Key Management Personnel and their Related Parties have been conducted on relevant commercial terms.

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

(25.4) NON RECURRENT RELATED PARTY TRANSACTIONS

There were no non-recurrent related party transactions of which aggregate value exceeds 10% of the equity or 5% of the total assets which ever is lower of the Company as per 31st March 2024 audited financial statements, which required additional disclosures in the 2023/24 Annual Report under the Colombo Stock Exchange Listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under the Section 13(c) of the Security Exchange Commission Act.

(25.5) RECURRENT RELATED PARTY TRANSACTIONS

There were no recurrent related party transactions in which aggregate value exceeds 10% of the revenue of the Company as per 31st March 2024 audited financial statements, which required additional disclosures in the 2023/24 Annual Report under Colombo Stock Exchange Listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under section 13(c) of the Security Exchange Commission Act.

(25.6) TRANSACTIONS, ARRANGEMENTS & AGREEMENTS INVOLVING WITH KEY MANAGEMENT PERSONNEL (KMP) & THEIR CLOSE FAMILY MEMBERS (CFM)

Close Family Members (CFM) of a Key Management Personnel (KMP) are those family members who be expected to influence, or be influenced by, that individual in their dealing with the entity.

They may include,

- (a) The individual's domestic partner and children;
- (b) Children of the individual's domestic partner ; and
- (c) Dependent of the individual or the individual's domestic partner CFM are related parties to the entity.

There were no transactions with Close Family Members during the reporting year.

(25.7) TERMS AND CONDITIONS OF TRANSACTIONS HELD WITH RELATED PARTIES

Transactions held with related parties are carried out in the ordinary course of the business. Outstanding balances at the year end are unsecured and settlement will be occurred in cash.

All the transactions have been entered into with these related parties on an Arm's length basis under normal commercial terms and conditions.

The employees of Royal Ceramics Lanka PLC, are entitled to discount on Hospital Room Charges (VIP 30%, Luxury & Family 20%, Supreme 15%, and Executive 10%) and other services (CT Scan 10%, Ultrasound Scan 10%, X-Ray 10%, Echo 10%, Theatre Charges 5%, Endoscopy 10%, Colonoscopy 10% and Pharmacy 5%) from Singhe Hospitals PLC.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

(26) CONTINGENT LIABILITIES

There were no significant Contingent Liabilities as at the reporting date that require adjustment to or disclosure in the Financial Statements except the following. A court case has been filed against the Company by a patient, case no bearing 33371/M, which is pending at the District Court - Rathnapura.

(27) EVENTS OCCURRING AFTER THE REPORTING DATE

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

(28) CAPITAL COMMITMENTS

There were no contract for capital expenditure of material amounts approved or contracted for as at the reporting date of the company.

(29) PRIOR YEAR ADJUSTMENT

Comparative figures in 2022/2023 financial period were restated due to following.

Increase in income tax rate during the year 2022/2023 from 14% to 20% was not considered in computing deferred tax charge and liability of the company resulting in deferred tax charge and liability be understated by Rs 30,709,697 in the 2022/2023 financial statements of the company. This error was corrected in restating the 2022/2023 financial statements, detail of which are as follows.

	<u>2022/2023</u>
	Rs
Profit Before Tax as reported in the audited financial statements	15,947,457
Income Tax as reported in the 2022/2023 audited financial statements	(5,594,590)
<u>Prior Year Adjustment</u>	
Increase in Deferred Tax Due to Change in Tax Rate	(23,078,614)
Profit After Tax as reported in the restated financial statement	<u>(12,725,747)</u>
 <u>Other Comprehensive Income</u>	
Other Comprehensive Income After Tax as reported in the 2022/2023 audited Financial Statements	(395,929)
<u>Prior Year Adjustment</u>	
Increase in Deferred Tax on OCI Due to Change in Tax Rate	7,631,083
Total Other Comprehensive Income reported in the rested Financial Statements	<u>7,235,153</u>
Total Comprehensive Income for the year 2022/2023	<u><u>(5,490,593)</u></u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

(29) ASSETS PLEDGED AS COLLATERALS

Assets Pledged As Collaterals by the Company

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

<u>Name of the Financial Institution</u>	<u>Nature of the Facility</u>	<u>Facility Granted (Rs.)</u>	<u>Securities Pledged</u>	<u>Balance as at Reporting Date of 31st March 2024 (Rs.)</u>
Sampath Bank PLC	Term Loan	247,000,000	Primary Mortgage Bond for Rs 272,000,000.00 over land and buildings at No 362, Colombo Road, Rathnapura, depicted as Lot No 01 in Plan No 1220 dated 10.01.2015 made by K A K L Edirisinghe (L.S.)	86,968,483
Sampath Bank PLC	Term Loan	40,000,000	Primary Mortgage Bond for Rs 272,000,000.00 over land and buildings at No 362, Colombo Road, Rathnapura, depicted as Lot No 01 in Plan No 1220 dated 10.01.2015 made by K A K L Edirisinghe (L.S.)	21,240,000
Sampath Bank PLC	Bank Overdraft Facility	10,000,000	Primary Mortgage Bond for Rs 272,000,000.00 over land and buildings at No 362, Colombo Road, Rathnapura, depicted as Lot No 01 in Plan No 1220 dated 10.01.2015 made by K A K L Edirisinghe (L.S.)	4,526,339
Nation Trust Bank PLC	Term Loan-1	40,000,000	Primary Mortgage Bond for Rupees 63,000,000.00 over property Depicted as Lot 1 and 2 in dated 31-July-2019 prepared by Mr. K.A.K L Edirisinghe	22,059,982
Nation Trust Bank PLC	Term Loan-1	11,500,000	Primary Mortgage Bond for Rupees 63,000,000.00 over property Depicted as Lot 1 and 2 in dated 31-July-2019 prepared by Mr. K.A.K L Edirisinghe	7,509,542
Nation Trust Bank PLC	Bank Overdraft Facility	15,000,000	Primary Mortgage Bond for Rupees 63,000,000.00 over property Depicted as Lot 1 and 2 in dated 31-July-2019 prepared by Mr. K.A.K L Edirisinghe	14,343,180

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024**

**(30) FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT
(30.1) ACCOUNTING CLASSIFICATIONS & FAIR VALUES**

Financial Instruments are measured on an ongoing basis either at Fair Value or Amortized Cost. The summary of significant accounting policies describes how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognized.

The following methods and assumptions were used to estimate the fair values:

Cash & Cash Equivalents, Short Term Deposits, Trade and Other Receivables, Trade and Other Payables approximate their carrying amounts largely due to the short term maturities of these instruments.

Long Term Loans and Leases approximate their carrying amount.

Fair Value Hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques.

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

Level 2 : Inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 : Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

**(30.2) Fair Value vs Carrying Amounts
Classification as at 31st March, 2024**

	<u>Financial Assets Recognized Through Profit or Loss (FVTPL)</u>	<u>Financial Assets at Amortized Cost</u>	<u>Total Carrying Amount</u>	<u>Fair Value</u>
	Rs.	Rs.	Rs.	Rs.
Financial Assets				
Financial Investments	27,235.00	13,902,268	13,929,503	13,929,503
Cash & Cash Equivalents	-	30,498,151	30,498,151	30,498,151
Trade and Other Receivables	-	53,952,925	53,952,925	53,952,925
Total Financial Assets	<u>27,235.00</u>	<u>98,353,344</u>	<u>98,380,579</u>	<u>98,380,579</u>
Financial Liabilities				
Interest Bearing Borrowings		214,034,533	214,034,533	214,034,533
Finance Lease Liabilities		44,594,355	44,594,355	44,594,355
Trade & Other Payables		71,640,835	71,640,835	71,640,835
Bank Overdrafts		21,379,965	21,379,965	21,379,965
Total Financial Liabilities		<u>351,649,688</u>	<u>351,649,688</u>	<u>351,649,688</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024**

(31) ACCOUNTING CLASSIFICATIONS & FAIR VALUES

**(31.1) Fair Value vs Carrying Amounts
Classification as at 31st March 2023**

	<u>Financial Assets Recognized Through Profit or Loss (FVTPL)</u>	<u>Financial Assets at Amortized Cost</u>	<u>Total Carrying Amount</u>	<u>Fair Value</u>
	Rs.	Rs.	Rs.	Rs.
Financial Assets				
Financial Investments	28,265	12,000,000	12,028,265	28,265
Cash & Cash Equivalents	-	23,030,636	23,030,636	23,030,636
Trade and Other Receivables	-	44,795,323	-	-
Total Financial Assets	28,265	79,825,959	35,058,901	23,058,901
Financial Liabilities				
Interest Bearing Borrowings		225,909,058	225,909,058	225,909,058
Finance Lease Liabilities		33,775,783	33,775,783	33,775,783
Trade & Other Payables		95,122,656	95,122,656	95,122,656
Bank Overdrafts		34,797,921	34,797,921	34,797,921
Total Financial Liabilities		389,605,418	389,605,418	389,605,418

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2024

(32) FINANCIAL INSTRUMENTS - FAIR VALUE

(32.1) The following tables show an analysis of financial instruments at fair value & by levels of the fair value hierarchy.

As at 31st March 2024	Total Carrying Amount	Level 1	Level 2	Level 3	Fair Value
	Rs.	Rs.	Rs.	Rs.	Rs.
Financial Assets Measured at Fair Value					
Investment in Quoted Equity Shares	27,235	27,235	-	-	27,235
	<u>27,235</u>	<u>27,235</u>	<u>-</u>	<u>-</u>	<u>27,235</u>
Financial Assets not Measured at Fair Value					
Investment in Fixed Deposits	13,902,268	-	13,902,268	-	13,902,268
Trade and Other Receivables	53,952,925	-	-	53,952,925	53,952,925
Cash and Cash Equivalents	30,498,151	-	-	30,498,151	30,498,151
	<u>98,353,343</u>	<u>-</u>	<u>13,902,268</u>	<u>84,451,076</u>	<u>98,353,343</u>
Total Financial Assets	<u>98,380,579</u>	<u>27,235</u>	<u>13,902,268</u>	<u>84,451,076</u>	<u>98,380,579</u>
Financial Liabilities not measured at Fair Value					
Interest Bearing Borrowings	214,034,534	-	214,034,534	-	214,034,534
Finance Lease Liability	44,594,355	-	44,594,355	-	44,594,355
Trade and Other Payables	71,640,835	-	-	71,640,835	71,640,835
Bank Overdraft	21,379,965	-	21,379,965	-	21,379,965
Total Financial Liabilities	<u>351,649,690</u>	<u>-</u>	<u>280,008,854</u>	<u>71,640,835</u>	<u>351,649,690</u>
As at 31st March 2023	Total Carrying Amount	Level 1	Level 2	Level 3	Fair Value
	Rs.	Rs.	Rs.	Rs.	Rs.
<u>Financial Assets measured at Fair Value</u>					
Investment in Quoted Equity Shares	28,265	28,265	-	-	28,265
	<u>28,265</u>	<u>28,265</u>	<u>-</u>	<u>-</u>	<u>28,265</u>
<u>Financial Assets</u>					
Investment in Fixed Deposits	12,000,000	-	12,000,000	-	12,000,000
Trade and Other Receivables	44,795,323	-	-	44,795,323	44,795,323
Cash and Cash Equivalents	23,030,636	-	-	23,030,636	23,030,636
	<u>67,825,959</u>	<u>-</u>	<u>12,000,000</u>	<u>67,825,959</u>	<u>67,825,959</u>
Total Financial Assets	<u>67,854,224</u>	<u>28,265</u>	<u>12,000,000</u>	<u>67,825,959</u>	<u>67,854,224</u>
<u>Financial Liabilities</u>					
Interest Bearing Borrowings	225,909,058	-	225,909,058	-	225,909,058
Finance Lease Liability	33,775,783	-	33,775,783	-	33,775,783
Trade and Other Payables	95,122,656	-	-	95,122,656	95,122,656
Bank Overdraft	34,797,921	-	34,797,921	-	34,797,921
Total Financial Liabilities	<u>389,605,418</u>	<u>-</u>	<u>294,482,762</u>	<u>95,122,656</u>	<u>389,605,418</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

FINANCIAL INSTRUMENTS - FAIR VALUE

(32.2) Transfers Between Levels of Fair Value Hierarchy

There were no transfers between Level 1, Level 2 and Level 3 during the year.

(32.3) Valuation Techniques and Significant Unobservable Inputs

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable Input used.

<u>Assets and Liabilities</u>	<u>Valuation Techniques</u>	<u>Significant Unobservable Input</u>
Interest Bearing Borrowings	Discounted cash flows The valuation model considers the present value of the expected payments, discounted using a risk adjusted discount rate.	Current market interest rates
Lease Liabilities	Discounted cash flows The valuation model considers the present value of the expected payments, discounted using a risk adjusted discount rate.	Current market interest rates

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2024**

(33) FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks arising from financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk
- Operational Risk

This note represents information about the Company's exposure to each of above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

(34) RISK MANAGEMENT FRAMEWORK

The Board of Directors has the overall responsibility for the establishment & oversight of the company's Risk Management Framework.

The Company's risk management policies are established to identify and analyze the risk faced by the Company, to set appropriate risk limits and controls, and monitor risks and adhere to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and company's activities. The Company, through its training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee, oversees how management monitors compliance with the Company's risks, management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of controls and procedures, the results of which are reported to the Audit Committee. Further quantitative disclosures are included throughout these Company Financial Statements.

(34.1) Credit Risk

Credit risk is the risk of financial loss to the Company if a client or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's Receivables from customers.

Trade and Other Receivables

The company is exposed to the credit risk mainly from its normal course of business in terms of individual characteristics of each customer. The Management has established credit policy under which each new corporate customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered.

Management of Credit Risk Include Following components

- Formulating credit policies in consultation with business units covering credit assessment, risk grading and reporting, documentary and legal procedures and compliance with regulatory and statutory requirements.
- Establishing the authorization structure for the approval.
- The carrying amount of financial assets represents the maximum credit exposure.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2024**

FINANCIAL INSTRUMENTS

(34) RISK MANAGEMENT FRAMEWORK (Cont'd)

Investments

Investments of surplus fund are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimize concentration of risks and therefore mitigate financial loss through potential counter party's failure.

Cash and Cash Equivalents

The Company held cash and cash equivalents of Rs.30,498,151 as at 31st March 2024 (2022/23- Rs 23,030,636) which represents its maximum credit exposure on these assets.

Company as at 31.03.2024	<u>Neither</u>	<u>Past Due</u>	<u>Individually</u>	<u>Impairment</u>	<u>Totals</u>
	<u>Past Due</u>	<u>But not</u>	<u>Impaired</u>	<u>Provision</u>	
Assets	<u>Nor Impaired</u>	<u>Impaired</u>			
	Rs.	Rs.	Rs.	Rs.	Rs.
Trade Debtors and Other Receivables	53,952,925	-	-	-	53,952,925
Cash & Cash Equivalents	30,498,151	-	-	-	30,498,151
Total Financial Assets	84,451,076	-	-	-	84,451,076
Company as at 31.03.2023					
Assets	<u>Neither</u>	<u>Past Due</u>	<u>Individually</u>	<u>Impairment</u>	<u>Totals</u>
	<u>Past Due</u>	<u>But not</u>	<u>Impaired</u>	<u>Provision</u>	
	<u>Nor Impaired</u>	<u>Impaired</u>			
	Rs.	Rs.	Rs.	Rs.	Rs.
Trade Debtors and Other Receivables	44,795,323	-	-	-	44,795,323
Cash & Cash Equivalents	23,030,636	-	-	-	23,030,636
Total Financial Assets	67,825,959	-	-	-	67,825,959

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2024**

RISK MANAGEMENT FRAMEWORK (Cont'd)

Analysis of Concentration of Risk

The following table shows the risk concentration by sector for the components of the Statement of Financial Position.

Company as at 31.03.2024	Cash & Cash Equivalents		Other Financial Assets		Interest Bearing Borrowings		Other Financial Liabilities		Totals	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Corporate Institutions	17,693,143	13,902,268	13,902,268	214,034,534	-	-	-	-	245,629,945	
Others	12,805,008	-	-	-	-	-	-	-	12,805,008	
Total	30,498,151	13,902,268	13,902,268	214,034,534	-	-	-	-	258,434,953	

(34.2) Liquidity Risk

Liquidity risk is the risk that the Company will not have adequate financial resources to meet Company's obligations as and when they fall due. This risk arises from mismatches in the timing of cash flows.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdraft and bank loans. The Company assessed the concentration of risk with respect to refinancing its debts and concluded it to be low. Access to source of funding is sufficiently available and debt maturing within 12months can be rolled over with existing lenders.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2024**

RISK MANAGEMENT FRAMEWORK - (Cont'd)

Maturity Analysis of Financial Liabilities

The table below summarizes the maturity profile of the company's financial liabilities as at reporting date based on contractual undiscounted payments.

<u>Year Ended 31st March 2024</u>	<u>Carrying Amount</u>	<u>On Demand</u>	<u>Upto 1 Year</u>	<u>Over 1 Year</u>
<u>Liabilities</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
Interest Bearing Borrowings	214,034,534	-	66,790,780	147,243,754
Leases Liability	44,594,355	-	17,058,267	27,536,088
Trade and Other Payables	71,640,835	-	71,640,835	-
Bank Overdrafts	21,379,965	21,379,965	-	-
As at 31st March 2023	351,649,689	21,379,965	155,489,883	174,779,842
<u>Year Ended 31st March 2023</u>	<u>Carrying Amount</u>	<u>On Demand</u>	<u>Upto 1 Year</u>	<u>Over 1 Year</u>
<u>Liabilities</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
Interest Bearing Borrowings	225,909,058	-	60,127,987	165,781,071
Trade and Other Payables	95,122,656	-	95,122,656	-
Leases Liability	33,775,783	-	17,058,267	16,717,516
Bank Overdrafts	34,797,921	34,797,921	-	-
As at 31st March 2022	389,605,418	34,797,921	172,308,910	182,498,587

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2024**

RISK MANAGEMENT FRAMEWORK - (Cont'd)

Exposure to Liquidity Risk - Maturity Analysis of Financial Assets

The table below summarizes the maturity profile of the company's financial assets as at reporting dates based on contractual undiscounted payments.

<u>Year Ended 31st March 2024</u>	<u>Carrying Amount</u>	<u>On Demand</u>	<u>Upto 1 Year</u>	<u>1 - 3 Years</u>	<u>3 - 5 Years</u>	<u>Over 5 Years</u>
<u>Assets</u>						
Cash & Cash Equivalents	30,498,151	30,498,151	-	-	-	-
Trade and Other Receivables	53,952,925	-	53,952,925	-	-	-
As at 31st March 2024	84,451,076	30,498,151	53,952,925	-	-	-

<u>Year ended 31st March 2023</u>	<u>Carrying Amount</u>	<u>On Demand</u>	<u>Upto 1 Year</u>	<u>1 - 3 Years</u>	<u>3 - 5 Years</u>	<u>Over 5 Years</u>
<u>Assets</u>						
Cash & Cash Equivalents	23,030,636	23,030,636	-	-	-	-
Trade and Other Receivables	44,795,323	-	44,795,323	-	-	-
As at 31st March 2023	67,825,959	23,030,636	44,795,323	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024

FINANCIAL INSTRUMENTS

(34.2.1) CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to the extent of collaterals provided by counter parties:

		<u>2024</u>	<u>2023</u>
<u>Counterparties without external credit ratings</u>			
Counterparties without external credit ratings & Cash in hand		12,805,008	19,803,351
		<u>12,805,008</u>	<u>19,803,351</u>
<u>Cash at bank and short-term bank deposits</u>	<i>Rating</i>		<u>2023</u>
Hatton National Bank PLC	AA- (lka)	337,094	332,037
Sampath Bank PLC	A+ (lka)	292,600	362,872
Bank of Ceylon	AA+ (lka)	6,545,135	1,759,330
Commercial Bank of Ceylon PLC	AA (lka)	1,795,897	398,444
Nations Trust Bank (FD)	A (lka)	13,902,268	12,000,000
Nations Trust Bank (Bank A/C)	A (lka)	7,858,537	-
National Development Bank	A- (lka)	863,880.00	374,601
Counterparties without external credit rating		12,805,008	19,803,351
		<u>44,400,419</u>	<u>35,030,635</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024

RISK MANAGEMENT FRAMEWORK - (Cont'd)

(34.3) Market Risk

Market Risk is that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risks: Interest Rate Risk, Currency Risk, Commodity Price Risk and Other Price Risks.

Financial Instruments affected by market risk include loans and borrowings, short term deposits.

The objective of market risk management is to manage control and control market risk exposure within acceptable parameters, while optimizing the return.

(34.3.1) Management of Market Risk

All interest bearing borrowing rates are linked to AWPLR and SLIBOR. Hence, any movement will be in line with the market and have a corresponding impact.

(34.3.2) Interest Rate Risk

Interest Rate is the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company mainly borrows in the short term to fund its working capital requirement which is linked and floating interest rates. For other funding needs the Company maintains a proper mix of fixed and floating interest rates based on the predictability of future cash flow.

(34.4) Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the company's reputation with overall cost effectiveness and innovation. In all cases, Company policy requires compliance with all applicable legal and regulatory requirements.

Risk Management Committee is responsible for the development and implementation of controls to address operational risk. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- information technology and cyber risks;
- ethical and business standards.

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024

(35) CAPITAL MANAGEMENT

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

Capital consists of Ordinary Shares, Retained Earnings and Revaluation Reserve of the Company.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payments to shareholders, retain 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, 2023 and 31st March, 2024.

The Company's policy is to keep the gearing ratio between 25% and 40%.

The Company's net debts to adjusted equity ratio as at the reporting date were as follows.

	<u>Notes</u>	<u>2023/24</u>	<u>2022/23</u>	<u>2021/22</u>
Interest Bearing Borrowings	(19)	214,034,533	225,909,058	235,027,103
Other Financial Liabilities	(10.1)	44,594,355	33,775,783	52,609,256
Trade and Other Payables	(22)	71,640,835	95,122,656	51,245,450
Bank Overdrafts	(21)	21,379,965	34,797,921	50,719,160
Less : Cash & Cash Equivalents	(15)	(30,498,151)	(23,030,636)	(12,378,514)
Net Debts		<u>321,151,537</u>	<u>366,574,782</u>	<u>377,222,455</u>
Total Equity		<u>798,557,855</u>	<u>473,613,329</u>	<u>494,366,088</u>
Adjusted Net Debts to Adjusted Equity Ratio		40%	77%	76%

Supplimentary Statements

Value Added Statements

Value Added	Year Ended 31st March 2024		Year Ended 31st March 2023	
	Amount	%	Amount	%
Turnover	1,272,304,737		1,071,705,911	
Cost of Materials and Services	(858,611,385)		(720,662,956)	
Other Income	1,829,548		1,789,544	
	415,552,900		352,832,499	
<u>Distribution of Value Added</u>				
<u>To Employees</u>				
Salaries and Others	268,371,128	65%	210,765,761	60%
<u>To Government</u>				
Tax	7,857,856	2%	28,673,204	8%
<u>To Capital Providers</u>				
Bank Charges	40,965,637	10%	49,630,838	14%
Net Profit/(Loss) Attributable to Ordinary Share Holders	24,627,946	6%	(12,725,747)	-4%
<u>To Expansion and Growth</u>				
Depreciation	73,700,334	18%	76,488,443	22%
	415,552,900	100%	352,832,499	100%

Ten Year Summary

Rs' 000	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>OPERATING RESULTS</u>										
Turnover	1,272,305	1,071,706	1,001,699	700,337	671,631	595,107	488,314	405,367	297,636	234,887
Other Income	1,830	1,790	687	173	2,020	35,217	3,880	4,387	7,524	-
Profit/(Loss) Before Tax	32,486	15,947	14,143	5,801	(18,846)	17,518	(66,003)	(74,340)	(66,346)	(59,422)
Income Tax	(7,857)	(28,673)	2,269	(3,502)	13,096	(29,392)	16,957	(3,610)	(7,688)	(8,981)
Profit/(Loss) After Tax	24,628	(12,726)	16,413	2,299	(5,750)	(11,873)	(49,046)	(77,951)	(74,035)	(68,404)
<u>BALANCE SHEET</u>										
<u>Assets</u>										
Total Fixed Assets	1,186,947	790,981	815,419	803,304	824,633	787,089	791,290	844,343	802,340	674,659
Inventories	64,882	110,358	84,950	67,886	48,596	39,368	35,479	36,023	28,966	18,582
Receivables	67,882	56,823	39,865	53,034	46,291	32,477	26,062	43,300	26,692	253,157
Cash & Cash Equivalent	30,498	23,031	12,379	27,809	15,268	22,182	21,219	16,743	104,879	1,940
	1,350,209	981,193	952,613	952,033	934,789	881,116	874,050	940,409	962,877	948,338
<u>Equity & Liabilities</u>										
Share Capital	375,000	375,000	375,000	375,000	375,000	914,352	848,201	848,201	848,201	848,201
Reserves	423,557	98,613	119,366	101,511	97,846	(434,021)	(422,634)	(364,017)	(325,427)	(330,062)
Interest Bearing Borrowings	214,035	225,909	235,027	241,764	193,325	225,507	295,886	279,132	301,390	289,908
Payables	316,237	246,873	172,500	162,999	182,051	116,676	88,331	96,314	82,677	94,052
Overdraft	21,380	34,798	50,719	70,759	86,567	59,602	64,266	80,779	56,036	46,239
	1,350,209	981,193	952,613	952,033	934,789	881,116	874,050	940,409	962,877	948,338

Supplimentary Statements

Share Information

Shareholding	Resident			Non - Resident		
	Number of Shareholders	No. of Shares	%	No of Shareholders	No. of Shares	%
1 - 1000	722	227,716	0.05%	2	1,200	0.00%
1001 - 10000	416	1,904,018	0.44%	1	2,000	0.00%
10001 - 100000	212	6,836,133	1.59%	0	-	0.00%
100001 - 1000000	59	15,562,243	3.61%	1	511,224	0.12%
Over 1,000,000	10	406,256,361	94.19%	0	-	0.00%
	1419	430,786,471	99.88%	4	514,424	0.12%

Categories of Shareholders

	Number of Shareholders	No. of Shares
Individuals	1380	404,370,101
Institutional	43	26,930,794
	1423	431,300,895

Public Shareholding

	2023 - 2024	2022 - 2023
No. of Shareholders	1418	1376
No. of Shares	57,168,396	57,168,396
Percentage	13.25%	13.25%

Investor Ratios

	2023 - 2024	2022 - 2023
Earnings Per Share (Rs)	0.06	(0.03)
Net Assets Value per Share (Rs)	1.85	1.17

Market Activities

Market Value Per Share

	2023 - 2024			2022 - 2023		
	Highest Traded Price	Lowest Traded Price	Last Traded Price	Highest Traded Price	Lowest Traded Price	Last Traded Price
Voting Shares (Rs)	2.80	2.10	2.30	3.10	1.70	2.60
Date	11th July 2023	18th March 2024	28th March 2024	03rd January 2023	30th March 2023	31st March 2023

Share Trading Information

	2023 - 2024		2022 - 2023	
	Share Traded Numbers	Turnover Rs.	Share Traded Numbers	Turnover Rs.
	8,559,931	29,686,947	14,438,641	38,387,804

	2023 - 2024	2022 - 2023
Market Capitalization	991,992,059	1,121,382,317
Float adjusted Market Capitalization	131,487,311	148,637,830

Supplimentary Statements

Share Information

Top 20 Shareholders,

S/ N	Name of the Shareholders	Country Residence	As at 31st March 2024		As at 31st March 2023	
			Number of Shares	Holding %	Number of Shares	Holding %
01	Mr. A. M. Weerasinghe	Sri Lanka	372,697,415	86.41%	372,697,415	86.41%
02	Hatton National Bank PLC/Almas Organisation (PVT) LTD	- Do -	14,831,860	3.44%	18,231,720	4.23%
03	DFCC Bank PLC/G.A.C De Silva	- Do -	5,480,000	1.27%	5,345,875	1.24%
04	Mr. A.M.C.S. Atapattu	- Do -	4,406,379	1.02%	2,990,049	0.69%
05	Mr.A.S. Jayasinghe	- Do -	2,133,599	0.49%	2,133,599	0.49%
06	Assetline Finance Limited/M.S.Hiripitiya	- Do -	1,631,248	0.38%	1,920,534	0.45%
07	Mr. K. K. D. P. A. P. Weligepola	- Do -	1,497,101	0.35%	1,497,101	0.35%
08	Mr. W.A.S.P. De Saram	- Do -	1,378,759	0.32%	1,430,363	0.33%
09	Hatton National Bank PLC/A. P. Lasantha Fernando	- Do -	1,100,000	0.26%	1,000,000	0.23%
10	Mr. U.B.H.J. Kithsiri	- Do -	1,100,000	0.26%	1,100,000	0.26%
11	Senkadagala Finance Plc/S.Gobinath	- Do -	1,000,000	0.23%	999,998	0.23%
12	Techtron Intergrated Solutions (PVT) LTD	- Do -	893,430	0.21%	793,430	0.18%
13	Mr. G.P.D.M. Pathiraja	- Do -	808,151	0.19%	654,780	0.15%
14	Mr. D.F.H.K. Perera	- Do -	539,896	0.13%	-	0.00%
15	Mr. P.R. De Silva	- Do -	528,256	0.12%	443,521	0.10%
16	Dr. G.S.Perera	- Do -	511,224	0.12%	511,224	0.12%
17	Mr. K. B. Kannangara	- Do -	500,000	0.12%	500,000	0.12%
18	Dialog Finance Plc/M.M.S. Asela	- Do -	487,674	0.11%	-	0.00%
19	Hatton National Bank PLC/Ravindra Erle Rambukwelle	- Do -	480,000	0.11%	480,000	0.11%
20	Mr. L. E. Liyanage	- Do -	436,000	0.10%	436,000	0.10%
Total			412,440,992	95.64%	413,165,609	95.79%

Supplementary Statements

Notice of Meeting

Notice is hereby given that the Annual General Meeting of the Shareholders of Singhe Hospitals PLC, will be held at Singhe Hospitals PLC, No 362, Colombo Road, Rathnapura on 22nd August 2024 at 10.00 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 2024 with the Report of the Auditors thereon. (Resolution 1)
2. To re-elect Mr. A.M. Weerasinghe, who retires by rotation under Article 82 of the Articles of Association and being eligible offers himself for re-election. (Resolution 2)
3. To re-elect Mr. Lakshika Weerasinghe, who retires by rotation under Article 82 of the Articles of Association and being eligible offers himself for re-election. (Resolution 3)
4. To re-elect Mr. Piyumal Weerasinghe, who retires by rotation under Article 82 of the Articles of Association and being eligible offers himself for re-election. (Resolution 4)
5. To elect Dr. Aruna Jayakody, who was appointed since the last Annual General Meeting, in terms of Article No.89 of the Articles of Association. (Resolution 5)
6. To elect Mr. Chaaminda. Kumarasiri, who was appointed since the last Annual General Meeting, in terms of Article No.89 of the Articles of Association. (Resolution 6)
7. To pass the ordinary resolution set out below to appoint Mr. H.M.A.B. Weerasekara, who is more than 72 years of age, as a Director of the Company in terms of Section 211 of Companies Act No.7 of 2007:

"IT IS HEREBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act No.7 of 2007 shall not apply to Mr. H.M.A.B. Weerasekara, who is more than 72 years of age and that he be and is hereby appointed a Director of the Company in terms of Section 211 of the Companies Act No.7 of 2007." (Resolution 7)
8. To re-appoint M/s BR De Silva & Company, Chartered Accountants, the retiring Auditors who have expressed their willingness to continue in office as Company's Auditors, until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to determine their remuneration. (Resolution 8)
9. To authorize the Directors to determine donations for the year 2024/25. (Resolution 9)
10. Any Other Business

Proposed Amendments to the Articles of Association as mandated by the Listing Rules of Colombo Stock Exchange on Corporate Governance

The revised Corporate Governance Rules implemented by the Colombo Stock Exchange on 1 October 2023 ("Listing Rules") has mandated that the Articles of Association of Listed Entities be amended to reflect the requirements set forth in Section 9.9 of the Listing Rules pertaining to the Board Composition and Alternate Directors and also in order to facilitate broader provisions in method of sending notices to shareholders.

SPECIAL RESOLUTION - AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY IN LINE WITH THE REVISED CORPORATE GOVERNANCE RULES OF THE COLOMBO STOCK EXCHANGE ("CSE")

"IT IS HEREBY RESOLVED THAT the Articles of Association of the Company be amended by deleting the entirety of existing Article Nos.74, 101 and 141 by substituting the new **Articles 74, 101 and 141** thereof, as follows:

· **Article 74. of the Articles of Association – DIRECTORS**

- 74.** The number of directors shall not be less than five (05) nor more than fifteen (15) in number. Subject to the provisions contained in the Statutes, the Company may from time to time by Special Resolution, increase or reduce the number of Directors.

· **Article 101 of the Articles of Association – ALTERNATE DIRECTORS**

- 101.(i).** In the event of an exceptional circumstance, a Director may notify the Board in writing of the requirement to appointment an alternate for such Director and the Board may appoint any person to be an alternate Director of the Company, to act in such Director's place during his/ her absence, subject to applicable laws, rules and regulations. Any such appointment shall not exceed a period of one (1) year from the date of appointment.

- 101.(ii).** However, he shall ipso facto cease to be an alternate Director in any of the following events, that is to say:
(a) upon the return of his appointor including a return to Sri Lanka;

- (b) if his appointor ceases for any reason to be a Director; provided that if any Director retires by rotation but is re-elected at the meeting at which such retirement took effect, any appointment made by him pursuant to this article which was in force immediately prior to his retirement shall continue to operate after his re-election as if he had not so retired;
- (c) if the alternate Director shall have a receiving order made against him or compounds with his creditors or is adjudicated an insolvent;
- (d) if the alternate Director be lunatic or become of unsound mind;
- (e) if the appointment of the alternate Director is revoked by his appointor by a notice in writing left at the office;
- (f) if the Board resolves that the appointment of the alternate Director be terminated;
- (g) is disqualified by Statute;

- 101.(iii).** An alternate Director shall (on his giving an address for such notices to be served upon him) be entitled to receive notices of all meetings of the Board and to attend and vote as Director at any such meeting at which the Director appointing him is not personally present and generally to perform all the functions of his appointor as a Director in the absence of such appointor.
- 101.(iv).** A person appointed to be an alternate Director shall not in respect of such appointment be entitled to receive any remuneration from the Company nor be required to hold any share qualification but the Board may repay the alternate Director such reasonable expenses as he may incur in attending and returning from meetings of the Board which he is entitled to attend or as he may otherwise properly incur in or about the business of the Company or may pay such allowances as they may think proper in respect of these expenses.
- 101.(v).** A Director shall not vote on the question of the approval of an alternate Director to act for him or on the question of the termination of the appointment of such an alternate Director under the foregoing sub-clause (f) of this Article, and if he does so his vote shall not be counted; nor for the purpose of any resolution for either of these purposes shall he be counted in the quorum present at the meeting.
- 101.(vi).** If an alternate Director is appointed for a non-executive Director such alternate should not be an executive of the Company. Similarly, if an alternate Director is appointed for an independent Director, the person so appointed shall meet the criteria for independence under applicable laws, rules and regulations.
- 101.(vii).** The attendance of any alternate Director at any meeting subject to (v) above, including Board committee meetings shall be counted for the purpose of the quorum.

Article 141 - Notices

- 141.** Any notice or document (including a share certificate) may be served by the Company on any Member either personally or by sending it through the post in a prepaid letter addressed to such member at his registered address or (if he has no registered address within Sri Lanka) to the address supplied by him to the Company as his address for the service of notice. Where a notice or other document is sent by post to an address within Sri Lanka, it shall be deemed to have been served at the expiration of Three (03) days after the letter containing the same is posted, and in proving such service it shall be sufficient to prove that such letter was properly addressed, stamped and posted. Notice of General Meetings and any communications to be made to the shareholders from time to time may be displayed on the websites of the Company and the Colombo Stock Exchange (CSE), published in national newspapers or any other method of communication as recommended by the CSE from time to time. In such situations the notices given in the aforesaid manner shall be deemed to have duly served on the shareholders of the Company.

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

27th June 2024.

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.

Supplimentary Statements Form of Attendance

I hereby record my presence at the Annual General Meeting of Singhe Hospitals PLC, No 362, Colombo Road, Rathnapura on 22nd August 2024 at 10.00 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.



Supplimentary Statements Form of Proxy

I/We.....

.....of.....

.....being a

shareholder / shareholders of Singhe Hospitals PLC. hereby appoint

- | | |
|--------------------------------|----------------|
| Mr. A. M. Weerasinghe | or failing him |
| Mr. Navinda Weerasinghe | or failing him |
| Mr. Lakshika Weerasinghe | or failing him |
| Mr. U. B. H. Jayalath Kithsiri | or failing him |
| Mr. H. M. A. B. Weerasekara | or failing him |
| Mr. A. M. A. Cader | or failing him |
| Mr. Piyumal Weerasinghe | or failing him |
| Dr. Aruna Jayakody | or failing him |
| Mr. Chaaminda Kumarasiri | 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 22nd August 2024 at 10.00 A.M. and at any adjournment thereof.

Resolutions

Resolutions	For	Against
1. To receive the Statement of Accounts for the year ended 31st March 2024	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Mr. A.M. Weerasinghe, who retires by rotation	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr. Lakshika Weerasinghe, who retires by rotation	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect Mr. Piyumal Weeasinghe, who retires by rotation	<input type="checkbox"/>	<input type="checkbox"/>
5. To elect Dr. Aruna Jayakody	<input type="checkbox"/>	<input type="checkbox"/>
6. To elect Mr. Chaaminda Kumarasiri	<input type="checkbox"/>	<input type="checkbox"/>
7. To appoint Mr. H.M.A.B. Weerasekara in terms of Section 211 of Companies Act No.7 of 2007	<input type="checkbox"/>	<input type="checkbox"/>
8. To re-appoint the Auditors	<input type="checkbox"/>	<input type="checkbox"/>
9. To authorized Directors to determine donations	<input type="checkbox"/>	<input type="checkbox"/>
10. To pass the Special Resolution	<input type="checkbox"/>	<input type="checkbox"/>

Signed on thisday of
2024

Signature



Note

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. Kindly perfect the Form of Proxy after filling legibly your full name and address by signing in the space provided and dating same.
3. 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.
4. The complete Proxy Form should be deposited at the Registered Office of the Company at No. 362, Colombo Road, Ratnapura (not less than 48 hours before the time appointed for the holding of the meeting).

Supplimentary Statements

Corporate Information

NAME OF THE COMPANY

Singhe Hospitals PLC

LEGAL FORM

A quoted public company with limited liability incorporated in Sri Lanka under the companies act no 07 of 2007.

Company Registration Number
PB 70371 PQ

STOCKS EXCHANGE LISTING

The company ordinary share are listed on the Colombo Stock Exchange of Sri Lanka.

REGISTERED OFFICE

No 362, Colombo Road, Ratnapura.
Tel : 045 7 555 555
Email : info@singhehospitals.com
Web : singhehospital.com

DIRECTORS OF THE COMPANY

Mr. A. M. Weerasinghe

Chairman

Mr. Navinda Weerasinghe

Managing Director

Mr. Lakshika Weerasinghe

Director

Mr. H. M. A. B. Weerasekara

Independent Non-Executive Director

Mr. U. B. H. Jayalath Kithsiri

Independent Non-Executive Director

Mr. A. M. A. Cader

Independent Non-Executive Director

Mr. Chaaminda Kumarasiri

Independent Non-Executive Director

(Appointed on 30 April 2024)

Mr. Piyumal Weerasinghe

Non-Independent Non-Executive Director

Mr. D. T. Gooneratne

Independent Non-Executive Director

(Resigned on 18 April 2023)

Dr. Aruna Jayakody

Independent Non-Executive Director

(Appointed on 18 December 2023)

BANKERS

Bank of Ceylon
Hatton National Bank PLC
Commercial Bank of Ceylon PLC
Sampath Bank PLC
Nations Trust Bank PLC
National Development Bank PLC

AUDITORS

Messers BR De Silva & Co.
Chartered Accountants
No 22/4, Vijaya Kumarathunga Mawatha,
Colombo 05.
Tel : 0112 513421
Email : brds@eureka.lk

SECRETARIES

Nexia Corporate Consultants (Pvt) Ltd
No. 130, Level 02, Nawala Road,
Narahenpita.
Tel : 0112 368154
Email : nexia@eureka.lk

REGISTRARS

SSP Corporate Services (Pvt) Ltd
546, Galle Road, Colombo 03.
Tel : 0112 573485
Email : kishank@sltnet.lk



The heart with humanity

ANNUAL REPORT 2023-24

Singhe Hospitals PLC

Tel: 0457 555 555

362,Colombo Road,Ratnapura

info@singhehospitals.com