

COMMITMENT to CARE



DURDANS HOSPITAL
A Heritage Built On Values And Expertise

Annual Report 2011/12

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At Durdans Hospital, we are completely committed to care of every patron who walks through our doors. We are able to do this with the combination of world-class healthcare services together with our own warm and caring medical and nursing care that has touched the lives of many over the years.

We believe that the strength of our tradition, our technological superiority and our personalised care make us stand out from the rest. Our commitment is to continue to maintain this advantage always.

Vision

To be acknowledged as the finest healthcare institution providing clinical and nursing services to the people of Sri Lanka.

Mission

Our management leadership, world-class technology and professionally trained staff will deliver top quality clinical and nursing care in both the current core disciplines and emerging areas. We are committed to creating a customer centric culture and providing excellent service backed by technology enabled, sustainable operations.

Core Values

Compassion

Sympathy for the suffering of others and the desire to help, which is abundantly expressed to the patients, staff and society alike

Innovation

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

Excellence

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

Honesty and Integrity

Our moral uprightness and the strong principles help us deliver high professional standards

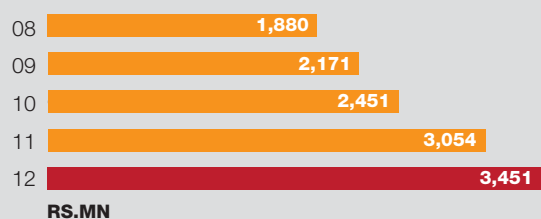
Team Spirit

The power of the cohesive group of people working together to deliver common goals in absolute harmony

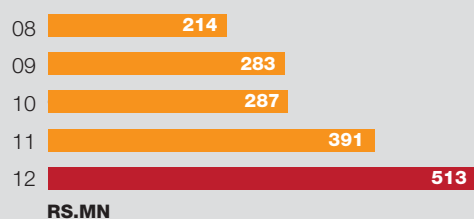
Financial Highlights

Group	2008	2009	2010	2011	2012
Turnover (Rs.Mn)	1,880	2,171	2,451	3,054	3,451
Profit Before Interest and Tax (Rs.Mn)	214	283	287	391	513
Profit after Interest and Tax (Rs.Mn)	131	169	110	158	289
Fixed Assets (Rs.Mn)	1,887	1,938	2,331	4,000	4,310
Net Assets (Rs.Mn)	1,614	1,783	1,962	2,047	2,925
Earning Per Share (EPS) (Rs.)	4.87	5.5	3.52	3.78	7.41
Dividends Per Share (DPS) (Rs.)	1.5	1.5	1.5	1.5	1.5
Annual Income Growth (%)	15.23	15.31	12.89	24.6	13.01
Interest Cover (Times)	4.83	3.31	2.35	2.59	3.15
Net Assets Per Share (Rs.)	62.38	68.91	73.62	60.43	71.87

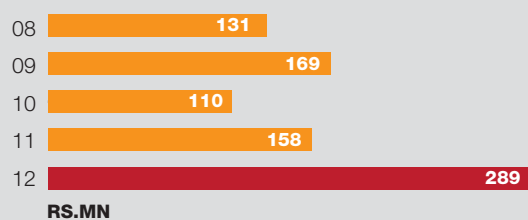
TURNOVER



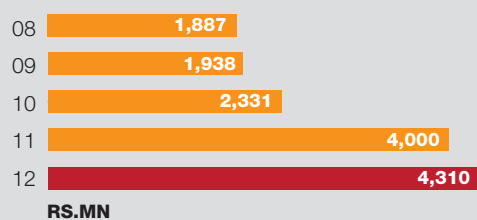
PROFIT BEFORE INTEREST & TAX



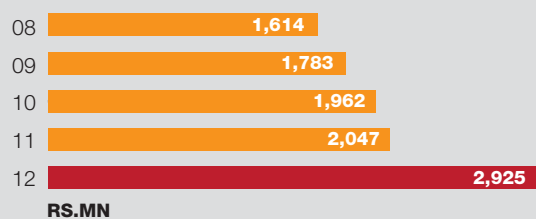
PROFIT AFTER INTEREST & TAX



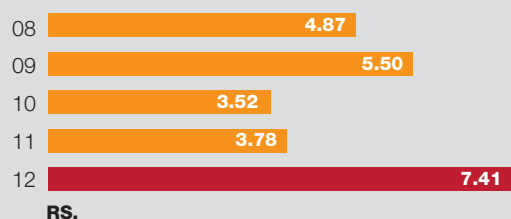
FIXED ASSETS



NET ASSETS



EARNINGS PER SHARE



Pledged to heal

Durdans Hospital established its flagship facility Durdans Heart Centre in 1999 with cardiac surgeries commencing in the year 2000.



Management Information

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Durdans Heart Centre specialises in prevention, early detection, diagnosis and prompt treatment of heart disease. With the expertise of qualified and specialised healthcare professionals and technical staff, we deliver an exclusive and highly personalised hospital experience to our patients.

Our totally dedicated centre is equipped with state-of-the-art technology. To complement our world-class medical attention, we offer luxurious new facilities to cater to patient comfort. In keeping with tradition, we place high emphasis on caring for patients' needs, from the moment they walk in until they leave.

Chairman's Message

Our journey over the decades has been illustrious and remarkable, but not always smooth. The many challenges that were placed in our path consolidated our capabilities. It made us innovate, upgrade, create solutions and continue to provide excellent clinical and medical care to our patrons.

I am indeed privileged to present to you the Annual Report and the Statement of Accounts of Ceylon Hospitals PLC for the year 2011/2012. It was also another year full of many achievements. Our journey over the decades has been illustrious and remarkable but not always smooth. The many challenges that were placed in our path consolidated our capabilities. It made us innovate, upgrade, create solutions and continue to provide excellent clinical care to our patrons. Our vision has been clearly defined: we want to continue "to be acknowledged as the finest private healthcare institution providing outstanding clinical and nursing services to the people of Sri Lanka" and the region. We have created an agile and progressive organisation which is geared to face the challenges of the future. Today, whilst pursuing our vision, we are ready and able to epitomise our defined values at every level of interaction. Any patron who enters our premises witnesses the essence of dedicated service by our team of committed professionals. We are devoted to ensure that this excellent standard of service is experienced by everyone, every time. Our organisation has been recognised for generations for its professional clinical care as well as caring and dedicated aftercare. The clinical care provided by us is a continuously upgrading benchmark, that keeps us motivated and dedicated in our call of duty.

Macro Economic Situation

The year recorded an impressive GDP growth of over 8%, which slowed down during the last quarter. The forecast for the new year still remains in an impressive 6-7% range. The widening trade deficit has been adjusted with the depreciation of the rupee and a rise in interest rates. This could impact the debt servicing of businesses and cost of operation. However, given that the need for healthcare is not a choice but a necessity, the sector will continue to

grow. Your company is truly committed to capitalise on opportunities created and is fully geared to take advantage of them.

Healthcare in Sri Lanka

Private healthcare has been a focus of interest and investment for several years now. The interest in the sector is generated due to several reasons. Primarily, the fact remains that the public healthcare system will always be stressed, providing free healthcare to the nation in a challenging environment. With negatively evolving lifestyles responsible for many conditions faced today, the need for curative healthcare has become essential. In addition, the country is also burdened with an aging population, in which the elders as well as the dependants are not clearly prepared to face the impending realities. Thus, I believe private healthcare shoulders the responsibility of offering knowledge and support for both preventive and curative care. The rapid expansion that has been witnessed during the last few years, with all the key service providers investing in expanding their capacity and capability, confirms the acute needs that have evolved. Healthcare today has become an essential need for any family across all socio economic strata, and much of the time is embarked spontaneously in a crisis situation. Planning to handle medical emergencies and leading a life full of physical activity and healthy eating is becoming a need to many. Private healthcare has a greater role to play in today's stressful lifestyles. We can become the catalyst in generating the required lifestyle changes, and also encourage the involvement in preventive care.

Our Achievements

We as the management team of your organisation take our responsibilities very seriously. We are aware of the enormous trust you have placed on us, to constantly create equity for the strong brand you have placed your trust in and at the same time, maximise the return on your investment. We are proud to say that our performance has been consistent and dependable always.

During the year under review, your company achieved a turnover of Rs. 2,189 Mn, which is 12.5% over the previous year. Turnover of the group reached a growth of 13% compared to the last year, which is Rs. 398 Mn. Although the finance costs have seen an increase, it has been due to the investment that is being made on the upcoming venture. The total finance costs of Rs. 163 Mn, compared to Rs. 151 Mn we incurred last year including interest payments for the loans. In addition, the administrative costs have also

seen an increase. Whilst this created pressure on the bottom line, the profit after tax grew over the previous year by 82%, reaching Rs.288 Mn for the group.

Durdans Medical and Surgical Hospital, the latest venture undertaken by your organisation, is proving to be a success. The entity which was inaugurated eighteen months ago is still witnessing a phased-out facility launch. This mode of operation enabled the Organisation to continuously maintain the demand it has been witnessing for the services we provide. The patrons are now well accustomed to the cutting edge facilities offered in the Sixth Lane Wing, and have embraced the new disciplines of Orthopaedic and Urogenital care that are being catered to by the best clinical care teams in the country. Durdans Hospital is renowned for leading the innovations in private healthcare by learning from the developed world. From the time we embarked on cardiac care, we have made it our responsibility to understand the emerging needs of the local market and to be able to create the best solution using the most advanced technology available in the relevant discipline. We have many milestones in our journey which bears testimony to our ever present thirst for innovation and creativity.

Whilst facing a massive challenge of making a new venture successful, your team continued to excel in creating higher value of our existing entities, which is confirmed by the results proudly presented to you in this report.

Our Immediate Focus

We have already undertaken another challenge to be delivered in the year 2012/13. That is to achieve a world recognised international accreditation that would carve greater meaning to the exceptional standards we maintain within our organisation.

The entire team is already aggressively pursuing the commitment on delivery and timelines.

Durdans Team - Our Greatest Asset

The foundation for our achievements as an organisation rests on the most valuable asset we have, our people. Consistency in our achievements and the quality we provide to our patrons, is only possible because of the efficiency and dedication of the members of the team.

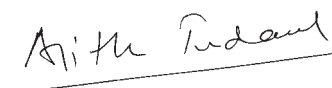
Two years ago, we embarked on an organisation-wide Human Resource Development and Management Programme, which is now bearing fruit. Our team is now aligned according to the needs of our business and their performance is measured on clearly defined parameters. Every team member will be supported to acquire the skills and competencies needed to perform their functional responsibilities efficiently with a holistic approach to the business. The organisation has clearly embraced a performance driven culture.

Conclusion

Let me end this message by placing on record my gratitude to all the stakeholders who are an integral part of our success, year on year. I am humbled by the dedication and the commitment of each member of our team, which results in world-class service delivery. My special appreciation is to the Senior Management Team for their uncompromising loyalty to this business and the focus and commitment to drive it to a higher level year after year. Last but not least, I am grateful and consider it an honor to be supported by the outstanding Board of Directors from multiple disciplines, who help me in guiding this operation efficiently and effectively.

Our promise to you as our valued stakeholder is that your organisation will continue to be the pivotal force in shaping private healthcare of this country. We will also ensure that our service delivery will exceed the expectations of our patrons. I am committed to guiding the best team in the healthcare industry to face any challenges that will be fielded our way in the future, as well as to generate greater return on your investment.

I conclude quoting from Michael Porter, whom I admire "A strategy delineates a territory in which the company seeks to be unique." That is something we strive for always.



Ajith E Tudawe
Chairman/Chief Executive Director

Operational Review



Durdans Hospital

Our constant commitment to providing world-class technology and care right at home has driven us to achieve many firsts in the past. We believe it is our responsibility. Our team is on a continuous journey to understand the evolving needs of the consumers as well as the best

Story of

Dhanuka and Deshika Samarasinghe - Kotte

Dhanuka and Deshika share their experience at Durdans during the most special moment in their life, the birth of their baby son Yevan.

"The joy you experience during the whole process of bringing your first child to the world cannot be explained in words. Deshika had somewhat of a complicated pregnancy and our gynaecologist was Dr Thilak Jayarathna, who provided us constant advice and guidance through the whole period. Even before we realised it, it was time for us to decide where our precious baby was going to be born. We had the choice of all the private hospitals, but we narrowed down to Durdans because it is the most technologically advanced, sophisticated in ambience, and unmatched in service and we were proven right."

"Both of us had lost our mothers some time ago, therefore we decided to say by each others side throughout the process. The room we selected was so spacious and comfortable, that we never felt we were in hospital. If the nurses and the doctors who check on you from time to time never appeared, there was no way to know that this was a hospital. That is more than a testimonial. We had lots of visitors but there was so much space for all of them and it was never an issue. The attention and care we received from all staff was outstanding. We will recommend Durdans to all our friends without any hesitation and thank you for the experience."

solution for each of them from across the world. Today with the advancement of information technology, any new idea is disseminated much faster. Our team ensures that we are forever connected and ready for such endeavors. Our primary objective is to provide world-class treatment to our patrons fast and efficiently.

To be virtually connected to the world

- Durdans Website

An interactive website, today, is a basic requisite to any business. With the advancing penetration of internet access locally and the constant inquiries from the expat community and international visitors seeking information at a touch of a button, an interactive and informative website is an essential tool for any marketing campaign.

We understand the thirst for information related to healthcare by most patrons and the efforts made in researching for the ideal service they require using high tech digital resources. Given the evolution a patron is no longer required to visit the facility but could successfully assess the capabilities using online tools long before they consume the service. Our upgraded website fulfils the expectations of any visitor. A quick visit to our website at www.durdans.com will be the proof to our commitment. Not only does it provide an almost virtual tour of the facility, it also lists in-depth the services, resources and the technologies that we use to ensure world-class patient care across all disciplines. Our journey of being connected to the world continues to expand and during the ensuing year further upgrades are planned which will create even greater interactivity, knowledge and convenience.



Diabetes & Endocrinology Centre

Diabetes in Sri Lanka has reached alarming levels, one in five today is either diabetic or close to reaching the condition. The experts claim that the key reasons for the situation are unhealthy food habits and sedentary lifestyles. Whilst diabetes in the early stage is not life threatening, it could become detrimental to patients who have other health conditions. The awareness of how it occurs and its effective management has become an important area of focus all over the world. Durdans Diabetes and Endocrinology Centre therefore was introduced with prevention and management being considered equally important. At this dedicated centre services related to diabetes and endocrinology can be obtained from one convenient location.

At the centre both basic and comprehensive screening facilities are available to ensure accurate diagnosis of the condition. The centre encourages registration for continuous input in effective improvement to lifestyle. The specially trained podiatric nurse is directly responsible to prepare the guided programme for each patron. This would also require input from a nutritionist on healthy eating habits and from specialist consultants on the medical management of the condition. The caring touch of the organisation has resulted in the tie up with a footwear supplier for special footwear required by diabetic patients at reasonable prices.



Dental Centre

The World Health Organisation (WHO) report published in 2009 has revealed that Oral Hygiene is way below desirable levels in Sri Lanka. It indicates that 90% of the adults suffer from tooth decay and 91% from gum related problems. In the case of children 52% suffer from tooth decay and 75% suffer from gum related issues. Unfortunately, the irony is that most are not aware of the prevalence of the condition. Once again our objective is to play a meaningful role in the process of preventative education and support with curative input as required. The Dental Centre was set up to deliver a pleasurable experience to the patrons and their families, with an ambience geared to deliver what we promise.

Our Dental Centre intends to play a pivotal role in educating patrons on the importance of "Total Oral Hygiene." The team associated will be highly competent and will be able to provide dental, periodontal, and orthodontic support as the need arises. Thus, Durdans has once again unveiled much needed holistic services all under one roof for the broader convenience of our patrons.

"Excellent hospital with superb facilities and friendly staff.
Staff is always courteous and helpful."

Mrs S Rajapakse - Dehiwela
A patient of Ward 15 (Gynaecology and Obstetrics ward)

Operational Review



Surgical Intensive Care Unit (SICU)

With the recent focus on surgical support, it was a necessity to establish high quality support for needs that could arise from post complex surgical procedures. This has been a burning need for the organisation and was not addressed adequately due to severe restriction of space from which we operated for many years. Today with the planned expansion programme it has been possible to set up a SICU that matches the standards of world-class outfits.

Our attention always establishes identifying the most advanced technological capacities in every sphere we operate in. The SICU thus is equipped with ECG monitors and D-Fib machines that could support cardiac emergencies that could arise from post surgery.

Cardiac FFR Measurement System

The decision to perform a PCI is usually based on angiographic results alone. Angiography can be used for the visual evaluation of the inner diameter of a vessel.

In ischemic heart disease, deciding which narrowing is the culprit lesion is not always clear-cut. The Cardiac Fractional Flow Reserve Measurement System provides a functional evaluation by measuring the pressure decline caused by a vessel narrowing, thereby creating the opportunity for effective intervention. This relatively advanced system is another step in our continuous drive to keep our system updated with the most advanced technology available. This method today is successfully used in all world-class Catheterisation laboratories and thus becomes a necessary introduction to our continuously upgrading facility.



Radiology

Our already up to date Radiology facility was installed with a new computer based radiology mapping system capable of imaging and storing the exposure of our advanced CT and MRI machines. This technology further assists the radiologists to perform their tasks even faster and efficiently, resulting in clinicians being able to make informed decisions relate to the management of any condition.

“Durdans has always been our family hospital, we appreciate their service standards, keep up the good work, we will be with you.”

Mr K A Danawansa - Ratmalana
Patient of Ward 10 (Cardiac ward)



Durdans Laboratory Services are guided by accepted international standards and is under review for external quality validation of USA. Our unique proposition includes, an extremely patient oriented service, with precision and accuracy delivered on time.

Durdans Medical Centre in Negombo

We have been offering the unique standard of care that is a hallmark for us at all our extended facilities. In the process of expansion of our renowned diagnostic facilities to many cities, we discovered that an opportunity exists for us to extend our laboratory services to provide a more holistic service delivery. Thereby giving an opportunity to the people residing in the said areas to utilise our unique services closer to home.

Our new venture under this concept was launched in Negombo in January 2012. In addition to extensive diagnostic services we also offer OPD and specialist consultations at this facility. The diagnostic services are available 24 hours making it convenient to all.

Durdans Laboratory Services, guided by accepted international standards is under review for external quality validation from USA. Our unique proposition includes extremely patient oriented services delivered on time with precision and accuracy.



New Laboratories

Durdans Medical & Surgical Hospital (Private) Limited commenced its first outstation laboratory operation in Ratnapura extending the current well defined network that exists nationally.

Quality Assurance Program

Healthcare is a sensitive business that touches the hearts and minds of people when they are most vulnerable to sensitive emotions. Thus as service providers we have a gigantic responsibility to ensure that the care we provide matches up to the best available and satisfies the consumer. Cutting edge technology, sophisticated equipment and the magic touch of the people who provide the care combine to deliver the satisfaction expected. However it is important to ensure that process validations are in place, to continuously provide the same high quality of service, all the time. This could only be done through a quality audit accepted and practiced by the best institutes in the world. We have already embarked on the process which will be completed in the year to come and will surely add further value to the high standards we are committed to. This organisation wide programme is engaging employees at all levels resulting in even greater connectivity and bonding.

Financial Review

Performance of Durdans in 2011/2012

2011/2012 was also a year of great performance for our Group, in the midst of intense competition and a somewhat volatile business environment. Our success can be clearly attributed to the focused vision and carefully carved strategies supporting our vision. We as a team will continue to push our boundaries by setting ambitious targets for ourselves and ensuring that best attention is delivered in achieving them.

Sri Lankan Economy

GDP growth of slightly over 8% was recorded during the year, with the government focus on building resilience against a global crisis. However the widening trade deficit had an impact on the floating of the dollar and increased interest rates. This could impact on most businesses interacting with the global environment in different ways. Nevertheless, significant investment on infrastructure development continues to happen, which is bound to result positive impact in time to come. The service sector grew by 8% indicating the positive momentum.

Our organisation recorded a significant year and will continue to drive our resources to maintain the positive momentum.

Revenue and Profit Performance

The group recorded a strong revenue growth to reach Rs. 3.45 billion for the year, up 13% growth year on year. The revenue growth in combination with continued operational improvements and constant focus on managing the operational costs lead to the Group posting a healthy EBITDA of Rs. 763 million for the year 2011/2012, up by 29% year on year with the Group EBITDA margin increasing to 22.1% from 19.3% in the previous year.

The pre-tax profit was increased to Rs. 350 million in 2011/2012 from Rs. 240 million in 2010/2011, a growth of 46% or Rs. 110 million.

The revenue of the company increased to Rs. 2.19 billion during the year under review from Rs. 1.95 billion the previous year, recording an increase of 12.3%. The pre-tax profit of the company recorded a strong 46% growth to end up at Rs. 271.6 million against previous year's achievement of Rs.186 million.

Operating Expenses

The overhead costs of the group totalled Rs. 1.65 billion over the 2010/2011 total of Rs.1.45 billion an increase of 13.7%. The increase in operational expenses excluding interest and depreciation was 12% over the previous year. The main contributor to the increase was the personnel costs which rose by 13%. The increase in overheads is partially attributable to the investments made in expanding and upgrading the diagnostic network.

The organisation continued its disciplined approach to expense management while diligently evaluating costs versus benefits.

The finance cost of the group only increased by 8% to reach Rs. 163 million for the year under review from Rs. 151 million previous year.

Taxation

The Group tax expense decreased to Rs. 61.8 million (2010/2011 Rs. 81.6 million) due to the reversal of Deferred Taxation. The effective tax rate on group profits was 17% compared with 34% in the previous year. With the announcement of the reduction of Corporate tax for the healthcare industry as from April 2012 from 28% to 12%, we expect to record an even greater positive impact.

Return on Capital Employed

The return on Capital Employed (ROCE) for the Group increased to 12% as against 8% in the previous year. The increase in ROCE was a result of higher EBIT margins. Group capital employed increased to Rs. 4.9 billion in the current year as against Rs. 4.5 billion in the previous year due to the surplus in revaluation of land and building and the increased revenue reserves.

Capital Expenditure

The investment in acquiring capital assets in the group was Rs. 364 million whilst the group incurred Rs.99 million on revenue generating assets (Medical Equipments) during the year.

Cash Flow

Net cash from operating activities increased to Rs. 490 million as against Rs. 428 million mainly due to increased profits. Net cash used in investing activities was Rs. 445 million (2010/2011 Rs. 663 million). In the current year, cash invested in purchase of property, plant and equipment was Rs. 362.5 million which is significantly lower than in the previous year.

Share Price, Net Assets and Total Equity

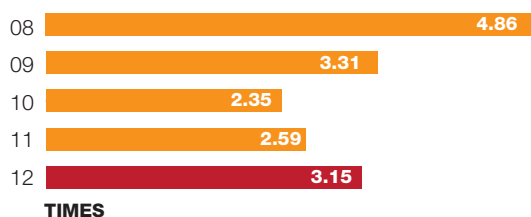
Basic Earnings per Share of the Group increased to Rs.7.41 from Rs.3.78 in the previous year and the Company's earnings per share increased to Rs.6.27 from Rs. 3.12 last year.

The last traded share price was Rs. 72.50 voting (previous year Rs. 100.00) and Rs. 55.40 non-voting (previous year Rs. 80.10) The voting share price ranged from a high of Rs.114.00 to a low of Rs.69.00 and the price of non-voting share ranged from a high of Rs. 94.00 to low of Rs. 52.10 during the year.

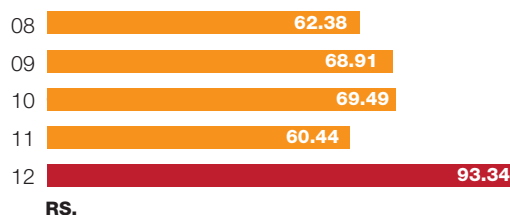
The Net Asset Per Share was increased by 19% to Rs. 71.87 from Rs. 60.43 previous year.

The increase in Group total equity of Rs.2,925 million from Rs.2,448 million compared to previous year.

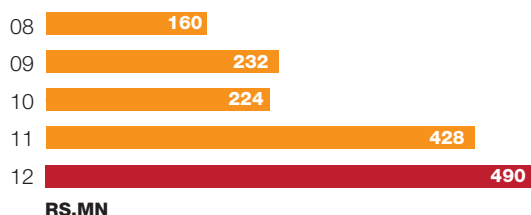
INTEREST COVER



NET ASSETS PER SHARE



OPERATING CASH FLOWS



PROFIT BEFORE INTEREST AND TAX VS OPERATING CASH FLOW



Board of Directors

Ajith Erandan Tudawe

Chairman /Chief Executive Director

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

Upul Dulip Tudawe

Executive Vice-President /Director

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

Dr A D Preethiraj A Wijegoonewardene

Board Member / Senior Vice-President - Medical

Preethiraj Wijegoonewardene is an MBBS India, with a Postgraduate Diploma in Family Medicine from the Postgraduate Institute of Medicine (PGIM) – Colombo. He is a Fellow of the College of General Practitioners of Sri Lanka. He functioned as the President of the College of General Practitioners of Sri Lanka (2004 - 2007), past president of Sri Lanka Medical Association (SLMA) 2002. He was elected as the Regional President of WONCA – MESAR (World Organisation for Family Doctors – ME/SA region) in July 2007. He was re-elected as the Regional President of WONCA- South Asia from May 2010. He was awarded the Honorary Fellowship of the Royal College of General Practitioners of the UK in November 2008. He also serves in the South Asian Board of the RCGP-International S.A. Exams.

Sathis Prithiviraj Tudawe

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

Sathis Tudawe chairs the Technical and Maintenance Subcommittee, and leads the monthly Security Co-ordinating meeting and Transport meeting of the Hospital. He is a Group Director of Tudawe Brothers (Pvt) Ltd., its Subsidiaries and Associate Companies and has over 35 years experience in the construction industry.

Dr K A Thistlethwayte Wilhelm P Jayawardene

Board Member / Vice-President - Critical Care

Thistlethwayte Jayawardene is an MBBS Colombo, Ceylon. He holds Fellowships in the Royal College of Anaesthetists UK, as well as the American College of Cardiology. He was the Past President of the College of Anaesthesiologists of Sri Lanka and currently is a Trustee for the College. He was President of the Sri Lanka Medical Association in 1991 and is now a Trustee. He was the Vice-President of the Sri Lanka Heart Association 1994-2008. He was a Member of the Board of Management of the Postgraduate Institute of Medicine 1980-1995, and was also the Vice-President of OPA in 2001 and 2006/07. He was elected as Honorary Senior Fellow of the Postgraduate Institute of Medicine in 2009.

Dr Ananda Neville Dharmawansa

Board Member

Ananda Neville Dharmawansa is an MBBS from the University of Ceylon and holds Postgraduate Qualifications from UK. He is a Fellow of the Royal College of Physicians England. Presently he is a practicing Physician in the Private Healthcare industry in Sri Lanka.

Y Nimal Ranjith Piyasena

Board Member

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

Asoka S Abeyewardene

Board Member

A S Abeyewardene is a Fellow of The Institute of Chartered Accountants of Sri Lanka, Fellow of the Certified Management Accountants of Sri Lanka and a Fellow of the Institute of Directors UK. He was a former partner of KPMG Ford, Rhodes, Thornton & Co., Chartered Accountants. He is an Independent Director of Ceylon Hospitals PLC and is the Chairman of the Audit Committee and Remuneration Committee. He is also an Independent Director of Durdans Medical and Surgical Hospital (Pvt) Ltd. and an Independent Director of DFCC Bank. He serves as an Independent Director of J L Morrison Son & Jones (Ceylon) PLC and is the Chairman of the Audit Committee of that Company.

Dr Narendra Y Wijemanne

Board Member

Narendra Yayathi Wijemanne, having earned an MBBS (Ceylon), Fellowships at Royal College of Edinburgh and Royal College of England, joined the Board of Directors of Ceylon Hospitals PLC in year 2009. He has been serving in the public sector for over a period of 40 years. He brings to the board a vast amount of experience both locally and internationally. Prior to joining Durdans, he was the most senior Plastic Surgeon at the National Hospital of Sri Lanka.

Dr Wijemanne was one of the first to volunteer as a surgeon to the Sri Lanka Army. He served in all the conflict areas supporting the forces during the major battles in the North and East at the time.

He helped to set up several surgical facilities in these areas and has received several commendations from the Army commanders and field commanders. He was awarded the Vadamarachchi medal for services rendered.

He was a volunteer Surgeon to the Military Hospital in Colombo until 2006.

Senior Management Team

Thilani Sumanasekera

Manager - Finance

Thilani Sumanasekera is an Associate Member of the Institute of Chartered Accountants of Sri Lanka and a passed finalist of CIMA. She joined Durdans Hospital as Manager - Finance in November 2007. She has eleven years of post-qualifying experience in the commercial sector including three years as a senior manager in a leading manufacturing organisation and is currently reading for an MBA.

Jayantha Pathiratne

Manager - Human Resources

Jayantha Pathiratne joined Durdans Hospital in 2004 as the Human Resources Manager. He was a Council Member of the Institute of Personnel Management, is a member of the Institute of Supplies and Materials Management and the OPA. He is functioning as a member of the Wages Board for the Nursing Homes Trade since 2006. He holds a Bachelor's Degree in Management Studies (Human Resources Management) from the Open University of Sri Lanka, and MSc in Defence and Strategic Studies from the University of Madras and MBA from the Indira Gandhi National Open University in India.

Dr Ruwan Senatilleke

Manager - Medical Services

Ruwan Senatilleke joined Durdans Hospital in 2008 as the Manager Medical Services. He holds an MBBS degree from the North Colombo Medical College, Ragama, and an MSc in Management from the Kotalawala Defence Academy. Prior to joining Durdans, he served in the Sri Lanka Army as the Battalion Commander of the 3rd Sri Lankan Army Medical Corps (3 SLAMC) and has commanded the Military Hospital Anuradhapura for a period of 2 years. He also functioned as the Chief Medical Officer of the Sri Lanka's 1st UN Peace Keeping Battalion to Republic of Haiti in 2004. He was also the recipient of the prestigious UN Peace Keeper Medal.

Dr Vibash Wijeratne

Manager - Allied Medical Services

Vibash Wijeratne having joined Durdans Hospital in 2007, is presently serving in the Senior Management Team as Manager, Allied Medical Services of the healthcare group. He holds a Bachelor's degree in Surgery & Medicine from the University of Colombo and Postgraduate Diploma in Gastroenterology and Intestinal Endoscopy from the People's Republic of China. He also has a Master's degree in Business Administration from Postgraduate Institute of Management, University of Sri Jayewardenepura. He is an elected Council Member of the Private Healthcare Services Regulatory Council as well as a member of the Association of Private Hospitals and Nursing Homes in Sri Lanka.

Aminda Tudawe

Manager - Brand Communications

Aminda Tudawe joined Durdans Hospital in February 2011 as a Management Executive after completing a BSc degree in Business Management from the University of Wales, UK. He is presently serving as the Manager - Brand Communications with the mandate for enhancing the equity of the Corporate Brand and directly responsible for creating a world-class customer service experience throughout the organisation.

Mahanil Perera

Manager - Marketing

Mahanil Perera is the newest member of the Senior Management team, who joined Durdans Hospital group in mid 2011 as the Assistant Marketing Manager. He has hands on experience in sales and marketing with 20 years of experience in different ranks from Sales Executive to Marketing Manager. He holds a Post Graduate Diploma in Marketing from the Sri Lanka Institute of Marketing and is a Member of the Institute.

Business Portfolio

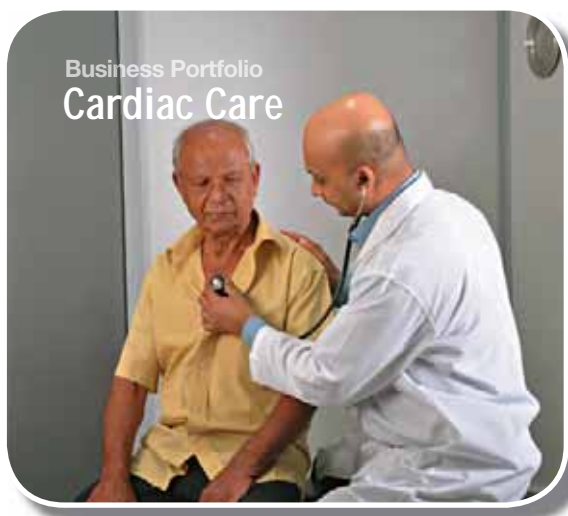
Throughout a journey spanning seven decades we have steadily progressed introducing the best available technology, support and human expertise to serve the existing and emerging needs of the Sri Lankan consumer. Over the last couple of years our expertise has been extended further to make the best healthcare available to our discerning service seekers in other countries.

The mammoth business geared to serve the needs has been carefully guided, to where it stands today with extensive understanding of the consumer, constant investment in the world-class technology to address the needs and enhancement of the human capital across the organisation, including building of partnerships with the best minds in the different specialties as relevant.

Today with a large team of visiting consultants, supported by a competent team of in house medical, nursing and technical staff we are unmatched in capability.

We revisit our core values on a daily basis to ensure that every member in the team is committed to our purpose of existence, that resonates our legacy of providing heartfelt healing to those who depend on us.

Business portfolio



Our flagship specialty at present is a renowned centre of excellence which enjoys the highest “top-of-mind” recall among the Sri Lankan population. From the moment the decision was made to set up the first dedicated Heart Centre, it also became our responsibility to pave the way for world-class cardiac care in Sri Lanka. Today we have become the first choice for any cardiac related intervention, with world-class, modern technology managed by the most renowned expert team of professionals.



**Story of
P D Kumuduni Rodrigo -
Moronthuduwa, Wadduwa**

Kumudini was a student of our own Durdans Nursing Training School and has been a staff nurse of ward 14 since 2002.

“I never had an idea to be a nurse when growing up. In fact, I couldn’t stand the sight of blood. As time passed the thought of serving sick people became a dream and after A-levels I joined the Durdans Nurses Training School for the full course. After passing out I joined the nursing staff and had many opportunities to make a real difference to people’s lives. I am proud to be a part of the team at Durdans who are renowned for the care we provide. As a member of this unique team I will admit without hesitation that we always walk an extra mile to provide an exceptional service to everyone. I have been blessed to serve in this hospital and have managed to convince quite a few known to me to take up this noble profession.”



The Centre has proven excellence in non invasive cardiac investigations, invasive and interventional cardiology and cardiac surgical procedures.

Our World-Class Facilities Comprise of

- A Cardiac Intensive Care Unit (CICU) with 13 beds, including facilities for even paediatric cardiac interventions from birth onwards.
- A Heart Station equipped with ultra modern facilities, managed by the best cardiologists and cardiac surgeons. This unit contains dedicated consultation chambers to provide greater convenience and facilities for the customers.
- A catheterisation laboratory for non invasive procedures such as angioplasty and invasive and interventional procedures such as stent placement valvuloplasty and pacemaker implantation.
- A Digital catheterisation laboratory to carry out intricate procedures with fully sophisticated equipment.
- A state-of-the-art Cardiac Operating Theatre fully equipped with ultra modern ventilators, vein harvesting machine, heart-lung machines and intra-aortic balloon pumps and many other state-of-the-art modern facilities to support the most complicated cardiac procedures conducted by our resident team of experts.

Heart Command Centre

The fifteen bedded HCC is equipped with state-of-the-art monitoring system, and facilities with highly advanced technology enabling the management to handle any acute cardiac related issue. The entire team of doctors, nurses and support staff handling pre and post operative care are exposed to international best practices and undergo continuous professional development ensuring the maintenance of the high expectations from the best in the industry.

We are committed to continuously observe the evolution taking place in the developed world related to cardiac care with the intention of introducing the best practices and innovations in treatment quickly in our own country.



Paediatric care has been a “Centre of Excellence” in the organisation for decades. Most families living in the city and suburbs have visited Durdans for paediatric care, over two to three generations. Although the specialist for each generation has been different the common link of obtaining all the support from the trusted entity has continued to be a reality. Their confidence and trust which commence with the birth of the new born continues throughout life and passes on to the next generation. We as an organisation take great pride in the ability we have developed to provide, meaningful care to our patrons.

The core paediatric facility at Durdans consists of 49 beds in two wards. Special Care Baby Unit (SCBU) in the Sixth Lane Wing is equipped with the most up to date technology for paediatric care, including centrally distributed oxygen and suckers installed in every room.

Collectively, with all the resources available within the organisation we are able to handle any requirement from a basic vaccination to a complex surgery. A dedicated wing has been allocated for consultation creating the ideal ambience for a family with young children. The team of personnel comprises the best consultants in paediatric care supported by the specially trained internal staff.

Our Strengths Include

- A team of senior paediatric specialists and a support team that includes specialist paediatric nurses, dieticians, physiotherapists and specially trained diagnostics staff.
- A resident consultant during the day.
- Dedicated beds and treatment room with monitoring facilities.



**Story of
P Shirani Devika Fernando**

Been with the hospital for over 29 years and is the sister in ward 5 (Paediatric ward). She is married and has a grown up son.

“I took to nursing because of the fascination for the uniform, without realising much what it entailed. Soon after A-levels I joined Durdans Hospital for training and never looked back since then. My appreciation for the profession grew day by day and my commitment to this great hospital grew along with it. After having exposure in almost every section of the hospital, I realised my strengths were in paediatric care and it worked out great for me as I love children and have no hesitation in dedicating myself for this service. We watched this hospital grow from strength to strength, from a small hospital to a well-established, tertiary care hospital which is on par with international hospitals. Every member of our staff displays great affinity and responsibility to the hospital. That is the reason why patients always commend us for our exceptional care. The hospital appreciates and rewards our services, which provides us the motivation to continue to perform at high levels of service. We are privileged to be working in such a caring hospital which is concerned about the staff and the patrons equally.”

- A special Neonatal Intensive Care Unit.
- The dedicated outpatient area ensures speedy consultation.
- The ability to perform highly specialised paediatric surgery fast and efficiently.

Neonatal Intensive Care

Neonatal Intensive Care is a vital need for a specialist unit, and our NICU caters effectively to any emergency in the area of specialisation. The renowned NICU at Durdans is manned by specialist staff and possess round the clock competence to handle emergency treatment. Durdans possess the unique Triple Photo Therapy facility. To support neonatal transfer from any location our ambulance is equipped with an ambulatory incubator, that enhances the quality of transit care.

Business portfolio



Way back, seven decades ago we commenced our journey as a maternity hospital, and continued to improve on the specialization, over the years. It is a very important “Centre of Excellence” for us. We are connected with the expectation of our patrons, where they choose no where else but the familiar warmth unique to us, at the point they welcome a new born to the family. For generations we have been with our loyal patrons everytime they celebrated this special moment.

The Gynaecology and Obstetrics Unit at Durdans consists of 28 beds in two wards. Individual patients rooms offer facilities in line with the needs of the patrons. They can select rooms spanning from basic to luxury, in a highly secure, spacious and conducive environment. The maternity unit established over a year ago consists of one private labour room and four bedded common labour room and a dedicated maternity theatre. Specialist Gynaecology and Obstetrics consultation is offered, in a dedicated area, to serve the patients better.

“Durdans is outstanding compared to all the other hospitals in Colombo. My experience was absolutely pleasant. I wish them luck to continue the great work.”

Mrs Kavitha Ganesh - Negombo
Patient of Ward 15 (Gynaecology and Obstetrics ward)



We have carefully studied the need to provide round the clock general surgical support for emergency and planned interventions, resulting in creating a state-of-the-art world-class facility with cutting edge technology within the Durdans umbrella. The entity is managed by a team of exceptionally competent Surgeons, nursing staff and technicians to ensure the best attention that could be made available. In addition to the dedicated surgical theatre complex, post surgical recuperation is facilitated at dedicated surgical wards with the ideal ambience for faster recovery. The personnel dedicated to the units are the best in the industry and therefore are capable of handling all the expectations.

Our Strengths

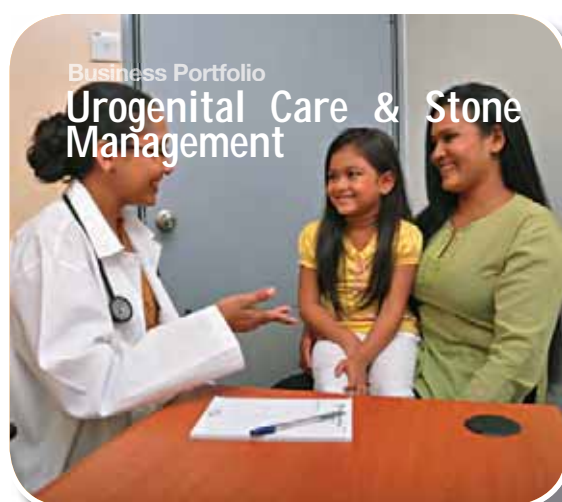
- The Resident Consultant Surgeon, available on call for any emergencies.
- State-of-the-art equipment in line with the most advanced technological capabilities available.
- Fully equipped laparoscopy theatre with the most modern video system and high definition displays for accurate diagnosis and interventions with minimal discomfort.
- New state-of-the-art theatre complexes ready for surgical procedures of any nature.



We have always addressed the needs of the nation. With the aging population in the country, coping with eye care issues have always been a need. Thus our “Centre of Excellence” in Ophthalmology has been established for several decades and has become synonymous with eye care in the county. Our Ophthalmology Unit performs the highest volume of cataract operations in the private healthcare sector, thus bearing testimony to our claim. Our expertise lies not only on our specialist team of Ophthalmology headed by a renowned eye surgeon with decades of experience, the state-of-the-art equipment and facilities but also in the specially trained support staff whose competencies have become the hallmark of our caring stance.

Our Strengths

- A spacious dedicated eye clinic with customised architecture to improve the efficiency of the operation, resulting in creating a satisfying experience.
- A lobby with comfortable seating with ideal ambience while waiting for consultations.
- A laser therapy unit capable of advanced ophthalmology procedures.
- A Carl Zeiss Operating Microscope and accessories.
- An Ocular CT machine with advanced technology.



The Durdans Hospital is privileged to possess a fully fledged world class stone management unit under its roof with the ability to perform any surgical procedure relating to the genitourinary discipline.

We were the first private health care institution that introduced modern stone laser technology for the removal of kidney stones, a method used by most developed countries to support patients with fast and pain-free treatment.

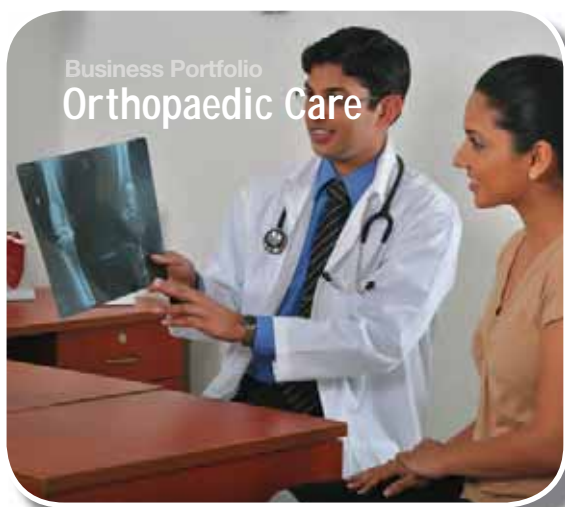
Our Strengths

- The stone laser machine along with high definition flexible and semi flexible Ureteroscope and Cystoscope.
- Renowned GU surgeons with highly trained and qualified nurses and technical staff comprise the zealous Stone Management Team of Durdans.
- A dedicated GU Theatre with state-of-the-art equipment.

“My family started coming to Durdans in 1980, there is no other alternative for us. We recommend Durdans to all our friends and family. It is like home “Durdans is the Best.”

Mrs De Silva - Mother of Shenal De Silva - Moratuwa
Patient of Ward 16 (Paediatric ward)

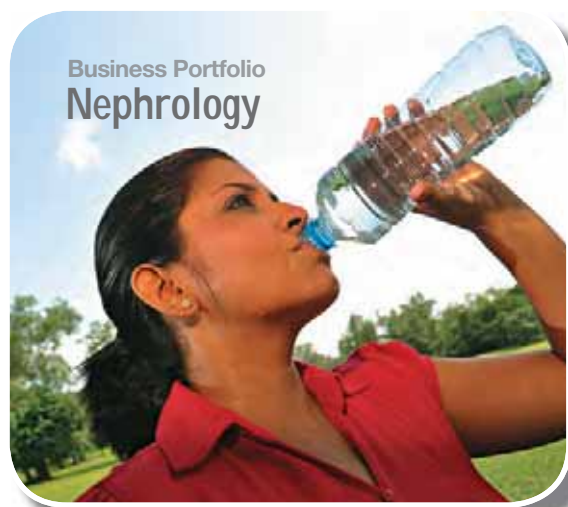
Business portfolio



Orthopaedic treatment today has become more than a necessity. Gearing to cater to the needs of the aging adult population is a primary responsibility of our institute. The dedicated orthopaedic surgical theatre comprising of sophisticated and advanced technology equipment possess the ability to perform major Orthopaedic surgeries as well as arthroscopy procedures, total knee replacement surgeries, total hip replacement surgeries, trauma care and many other relevant procedures.

Our Strengths

- The surgeries are performed by the most renowned and skilled senior surgeons in Sri Lanka.
- A dedicated Orthopaedic theatre with state-of-the-art equipment.
- Highly experienced nursing and technical staff include specially trained individuals with relevant exposure in the field.
- A dedicated Orthopaedic Consultation Centre which facilitates comfortable consultations.



A six bed Renal Dialysis Centre was established in 2004. This fully geared six bed unit has had the distinction of performing kidney transplants and is equipped with modern dialysis support. With the changing lifestyles of people, renal related issues are becoming increasingly prevalent. Thus efficient and effective support systems are constantly sought by our patrons. Our core strength is the professional care displayed by a support team, trained and skilled to care and heal.

Story of

Mr A P Tiddi - Investigative Officer of a reputed government bank

After experiencing severe discomfort in the chest area for a few days, Mr Tiddi was admitted to the MICU at Durdans for emergency treatment. After formal investigations, his cardiologist Dr Mithrakumar concluded that he could be treated without immediate surgical intervention.

"We were so surprised upon hearing this. We have past experience at many other places, unnecessary tests and treatment being prescribed without batting an eyelid, especially when you are a patient covered by insurance. At Durdans this was completely the opposite. Consultant specialists and the hospital is so concerned about our welfare first.

My brief stay during the investigations was a pleasant experience. I was in the Cardiac section where the care and attention everyone gets is highly commendable. The service aspect is consistently present among all levels of staff. They go beyond their call of duty without any hesitation and I have one specific incident to sight. The day I left, I didn't feel like having lunch. When a staff member came to clear it around 3pm he was very concerned that I hadn't eaten. I told him that I liked spicy food and the meal was not appealing to me. He replied saying that unfortunately the kitchen had finished serving lunch but he would see if he could at least get an onion sambol. He was back in a flash with an onion sambol and I actually managed to eat some food. I was so impressed with the true concern he had and it was not for any benefit. That is the kind of service you see at Durdans Hospital."



Using probably the most sophisticated equipment in the country including an ultra modern opmi-sensera ENT microscope, Durdans continues to be a leading healthcare institution for ENT surgery. It also had the distinction of being the first hospital to successfully perform a cochlear implant by a Sri Lankan team. Yet another first for Durdans is that it introduced a cochlear nucleus technology in the country. Continuing our pioneering stance, the hospital is in the process of setting up an ultra modern Audiology, Speech and Language Therapy Centre to complement our ENT initiatives.

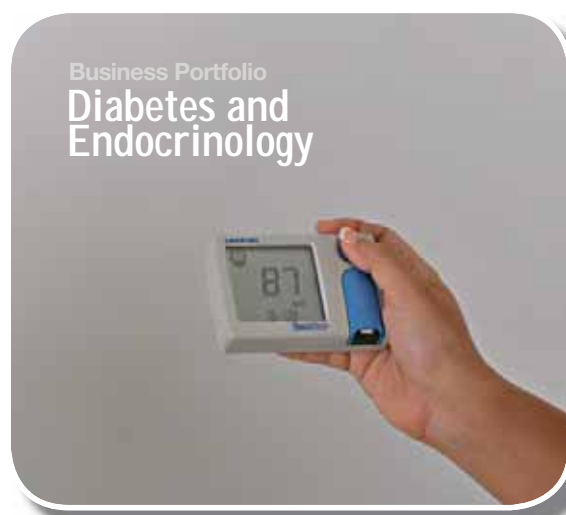
A state-of-the-art Carl Zeiss ENT Microscope is utilised to perform highly intricate ENT surgical procedures.



Our Dental Centre is geared to handle comprehensive dental care in a comfortable environment using the most advanced equipment.

The Dental Centre at Durdans offers specialised service of Oro-Maxillofacial surgeons for the prevention, diagnosis and treatment of diseases and irregularities involving the teeth, gums and other tissues of the mouth. The centre is now geared to handle the most complicated orthodontic cases satisfactorily.

The Centre utilises state-of-the-art dental technology, guaranteeing optimum patient satisfaction.



Diabetes today is a commonly prevalent disease with one in five people currently at risk. The key reason for the situation is attributed to unhealthy lifestyles. At Durdans, we are committed to provide assistance to our patrons in managing the condition with medication as well as lifestyle changes.

Our care is focused at early detection to prevent adverse impact on other organs of the body; such as possible blindness, kidney failures, heart attacks, strokes, foot ulcers etc. We offer personalised advice after analysing individual needs including customised dietary plans. An extensive database of information is maintained to provide constant support and care.

Business portfolio



Diagnostics play a major role in the whole process of efficient management of treatment recognised by the company for many years. We have invested extensively in developing our capabilities to support this area. The specialist consultants place their trust in our capabilities to provide them with fast, accurate diagnostic observations which help them handle even the most complicated medical issues. We have been able to extend our services nationally making the exceptional diagnostic capabilities available to the masses closer to their homes. Today the extensive network of diagnostic laboratories supported with an even wider collection centre network reaches every nook and corner. We do constant evaluation on expanding and upgrading our services to ensure our services standards being dynamic all the time.

Our strengths

- Geographically well represented laboratory network supported by feeder collection centres, key centres offer consultations and advanced facilities as well.
- Every single laboratory is manned by recognised consultant pathologists, supported by competent technical staff.
- The Pathology Laboratory is equipped with fully automatic clinical analysers and is constantly monitored for quality assurance by two internationally recognised organisations in the USA.
- Largest and most advanced Radiology Department in the private sector that provides comprehensive interventional radiology services through competent radiologists.
- State-of-the-art CT and MRI scanners, which provide accurate diagnosis and patient-friendly experience.
- State-of-the-art ultrasound scanners and endoscopy, videoendoscopy, colonoscopy, sigmoidoscopy and bronocoscopy.



The Accident & Emergency unit plays a critical role in any healthcare service system, in handling all emergency patients when brought for support. It is the responsibility of the organisation to make the most advanced and appropriate support available at this primary point of contact. Thus the A & E unit of our entity is fully equipped to handle any medical or surgical emergency round the clock. The unit is carefully designed in line with the internationally designed standards to provide the ideal service standards required. The unit is supported by mobile units technically geared to handle and transfer patients fast to the hospital for required support.

"Out of the private hospitals in Sri Lanka, I recommend this to be at the very highest level. The entire staff of ward 12, surgical ward is appreciated. Their services could be really praised.

P S Weerawardena - Udugampola
Patient of Ward 12 (General Surgical ward)



Sustainability Report

**Commitment
to care**

Sustainability Report



In a world where sustainability has become a necessity, the status of sustainable development can some times become an oxymoron. Many argue that development itself creates most issues to be addressed under sustainability. To us at Durdans, sustainability revolves around providing value addition in our own area of capabilities within the organisation with our patrons and with the community at large.

Our Contribution to the Community

Screening for kidney problems in Kebithigollawa

Today with our sustainable business model we reach almost every nook and corner of the island serving people with diverse socio economic needs. Our points of interaction are able to establish the true meaning of care that is unique to us, and has become part of our internal DNA. Thus our contribution to the wider community this year was a service much needed in far away remote village.

Kebithigollawa is a remote village in the Anuradapura district, North Central Province. Health statistics indicate high incidents of renal complications among people living in this area. An unproven theory attributes this to the high levels of fluoride in the ground water. The reality is that many in the area are suffering from advanced kidney conditions but may not necessarily know that they do, early enough. Our obvious choice this year was a screening camp to be conducted at the Kebithigollawa Base Hospital, with the participation and the blessings of the District Medical Officer and the chief incumbent of the village temple.

Specimens were obtained from over 600 potential people at risk across all age groups. With our technological



capabilities, analysis was done immediately and the panel of doctors provided further interventions and support as necessary.

As a token to mark our visit and the service provided, the temple, hospital and the village's schools were provided with much needed furniture and stationery, to be used by the children and adults.



**Story of
S Gamage (Sunny) -
Office Assistant**

Sunny is an integral part of Durdans' history. He has served the company loyally for 44 years and even today remains a dedicated, committed member of the team. His own words discribed his experience as follows.

"I joined first as a pantry boy, and worked there for 12 years. At that point there was a vacancy to join the director's office as the office assistant, which I thought was a post ideal for me and here I am after 44 years serving to the best of my ability."

"When I joined in 1968 we were just a small hospital with 48 beds and today the hospital has grown extensively. We serve the people who seek our services with the best available medical and nursing care and they keep coming back always. In my eyes, the Chairman and Board of Directors steered this change with their vision that has directed this hospital to achieve so much. All employees are well looked after and we have many people like me who have been in the hospital for a long period of time. I was very fortunate to have been a member of this team, and I plan to be here as long as I can."



A Roof for the Stanley House – School for the Deaf at Ratmalana

The Stanley hall is a monument in this long standing school renowned for the support it provides to children with hearing difficulties by educating them on how to integrate into the normal society.

Stanley House provides the students space for their assembly and dinning on the ground floor and accommodation for the girls on the upper floor. It is an essential part of the regular day to day operation. The roof had seen better days and needed an overhaul. However due to the lack of funds, the management settled for temporary fixes until they were able to raise sufficient funds to take on the full project. Durdans was approached to support the cause, and the company considered this as part of our contribution to the community. We have committed to support the school by contributing a total of Rs one million which is the estimated cost of the full repair.

Creating a Culture of Excellence - Training and Development

Healthcare is a highly dynamic area where constant innovations are added to the way we do things almost on a daily basis. Being the forerunner in the industry, locally we have for the last several decades, worked on adding the latest knowledge and technology evolving from any part of the world in to our operation. This has been the main reason for the success we have achieved in every field that we specialise in.

This also means constant knowledge transformation and upgrades across the organisation so that every member of the team is able to keep pace with the changes in their



**Story of
Dr. Vinitha Perera -
MBBS MRCP UK**

Having passed out as a qualified doctor, Dr. Perera served the public sector from 1970-1980. She left for UK thereafter and returned back to Sri Lanka in 1993.

"When we returned, I wasn't really sure as to where I was going to work. I had sent applications to a few entities which I thought would be suitable for me to join. Durdans was at the top of that list and that is how I became a part of a great hospital. I joined as a General Medical Practitioner at the newest ICU which was set up that year and that was the beginning of my journey in critical care."

"I have seen the way the hospital has progressed and the planned approach it took to achieve a world-class standard in a short period of time. In my mind, the success is due to the balance they strike between the business Interests and the professional Interest. It is impressive to see that professional interests are never compromised for commercial gains. The medical and nursing staff here are so committed and dedicated that they keep the patient's interests always at heart. That is our reason for the ability to touch the hearts and minds of the people who come here for care. The loyalty the patrons built with the organisation and the team is unmistakable."

I have personally gained a lot of learning, mainly in the area of critical care in a great hospital working alongside great professionals and I consider myself fortunate to have been a part of this team for 19 years.

Sustainability Report



work environment. Our team lives in a learning environment which provides them constant guidance and coaching to improve both skills and competencies. We consider this our responsibility towards our patrons. Our interventions result in our caring being expressed by the receiver as the most appealing and genuine. That becomes the key performance indicator in the area of excellent customer service.

Our nursing care is always maintained at the same high standards due to the extensive training our nursing staff undergoes at our own academy. Student nurses who join us from all over the country are provided accommodation and food, during the period of learning and are absorbed into the cadre upon successful completion of the course. The curriculum is carefully designed to provide the best in nursing care acceptable by any world-class institute. Thus the quality of our nursing naturally achieves a higher standard, rarely matched by others.

Every team member in the organisation has access to a fair, open door system to air any grievance and guaranteed an unbiased resolution. An employee handbook to be launched in the near future will clearly articulate the employee entitlements as a member of our family.

The organisation's overall welfare benefits are much higher than the stipulated requirements for the industry, which also generates the positive dedication toward the organisation.

The whole organisation is undergoing a transformational journey which will inculcate a performance driven culture, across the organisation. Every team member will have a defined role with clear indications of what value he adds to the business and his performance will be measured against his contribution and his rewards aligned accordingly.

This creates a culture of belonging, a culture of oneness which will be the foundation to us continuing our delivery of "exceptional care" – our promise of the heritage built on values and expertise.

Continuous Learning - CPD Programs

In a highly evolving field of medicine, all stakeholders have responsibility to keep sharpening their skills. To facilitate the learning, monthly learning interventions are planned on pertinent topics. Some of the interesting topics covered in the recent past are latest developments in breast cancer management, management of acute coronary syndrome, management of anaphylaxis and management of shock and many more.

Waste Management

We continue our focus on safely disposing all the waste we generate in an environmentally safe method without risks. Our operations fully conform to standards required in waste

Story of

Mrs Mumtaz Najumudeen - Kalubowila

Mrs Najumudeen, an entrepreneur of a small business was diagnosed with Hernia over 15 years ago. Married with two grown up children, she came to Durdans Hospital to receive treatment.

"I'm physically a large person and was diagnosed with Hernia over 15 years ago. I had been procrastinating my surgery due to fear of general anesthesia. After visiting many specialist consultants, most of them informed me that I only have a 50% chance of successfully coming out of it. Naturally, I wanted to postpone my surgery until it became absolutely necessary. Early this year I suddenly fell ill and my family decided for me to consult Professor Sherifdeen at Durdans Hospital. The Durdands teams put me at ease and encouraged me to go through the surgery, convincing me that it would work out well. After my surgery I started looking back in time realising that I should have considered my surgery many years ago and saved the agony and discomfort I had been enduring for so long."

"At Durdans, the consultant surgeon, anaesthetist, theatre team including the matrons, sisters and nurses were very competent and highly commendable. The ward staffs were true nightingales, attending to every need I had helping me to recuperate post-surgery, fast and effectively. They were advising and guiding me through the whole process and I was made to feel so special. Soon I realised it was the same experience to every person who comes to Durdans. Thank you to everyone at Durdans, who was involved in my surgery. I am glad I came to you and today I am enjoying my life free of pain"



disposal and we ensure that no environmental pollution result from our actions. The Environment Protection License which we hold is issued only when the monitoring authorities are confident that an organisation fully complies with the requirements and confirms our conformity.

Our Contribution to our Patrons

“Love your Heart”

The undeniable fact is the success and the edge Durdans has in the area of cardiac care. For over a decade we worked tirelessly to ensure that world-class cardiac care is available to the people of Sri Lanka. Today we are considered the first choice, renowned as a Centre of Excellence. Whilst we are held in high esteem in the curative area, we consider it equally important to educate our patrons on preventative measures. An afternoon programme organised by the team encouraged the participation of many who had gone through various interventions under our roof. Our eminent team in the cardiac care unit briefed them on the technicalities and lifestyle changes required before and after a cardiac ailment.

Preventative interventions were carefully spelled out for those who needed a critical look at their lives. The message was clearly articulated to the audience, further reinforcing our pledge to safeguard their best interest always.

Many such meaningful programmes are in the calendar for the current year. Our dedication will continue to be an integral part of corporate values.

“Living with Diabetes”

Incidents of diabetes have reached alarming proportions, with many more are fast reaching the border line. The clear reason for such a rapid advancement of this “silent killer”

is very poor lifestyle habits mainly related to nutrition and physical activity. We believe it is our responsibility to make a concentrated effort to drive our audience towards a healthy lifestyle, that could significantly reduce the risks of diabetes and thereby have a positive impact on the other four noncommunicable diseases identified in the world – such as cardiac, cancer, respiratory diseases and mental health issues. Available knowledge clearly states that majority of our audience do not understand the full risks related to the condition and on how to manage the condition.

The Durdans Diabetes and Endocrinology centre organised an educative symposium open to the public, aimed at people suffering from the condition and caregivers. The event agenda covered presentations by a diabetologist on how to live with diabetes, a nephrologist on the effect on the kidneys, an eye surgeon on the effects on the eyes followed by practical advice from a nutritionist on changes required to the diet. The session was conducted in our state-of-the-art auditorium, which has ample space to accommodate a large audience.



**Story of
Dr Hiran De Mel**

Post qualifying as a medical professional from Latvia, he joined Durdans in 2006 and has been with the organisation since then

“This was the first formal organisation I got involved with, therefore it has been a great learning experience for me. I am involved in paediatric care and my knowledge and skills related to the specialty gets sharpened on a daily basis. To me this is a great organisation where all team members work with a common objective of serving the patrons, which results in excellent patient care. I am impressed by the fact that we as a team, are able to constantly upgrade our offering and technology with the fast changing world of innovations.

Milestones

1939 A Military Hospital commences to serve British Military Personnel stationed in the Colony of Ceylon where 'Durdans' stands now.

1945 A group of enterprising medical doctors fired with a vision to develop private healthcare in this country, take over the former Military Hospital and establish Ceylon Hospitals Ltd. Durdans begins its corporate voyage.

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

1968 Maternity Ward and OPD opens with the purpose of providing high quality service.

1982 Sets up Paediatric Ward, Surgical Ward and the Operating Theatre Complex.

1984 Introduces Radiology Services to the public.

1993 Opens formal Intensive Care Unit.

1995 Sets up Endoscopy Unit.

1996 Pathological Laboratory and Blood Bank commence operation.

1997 Durdans establishes a strategic alliance with Escorts Heart Institute and Research Centre in New Delhi, a renowned institute in the cardiac field.

1998 Commences five-year Remodelling and Modernisation Programme for the hospital.

1999 Heart Command Centre and Heart Station become operational.

2000 Sets up Cardiac Surgical Operations and invasive and interventional Cardiac Procedures.

- 2001** Formal Emergency Treatment Unit set up.
-
- 2002** Completes the five-year Modernisation Programme and Modernisation of the theatre complex.
-
- 2003** Company listed on the Colombo Stock Exchange.
-
- 2004** Establishment of Neonatal Unit and Dialysis Unit. Commencement of phase I of the expansion project.
-
- 2005** Embarks on Advanced Eye Surgery.
Implements ERP system for the Group and pioneers cochlear Implant Surgery in the country.
-
- 2006** Completes Phase I of the Expansion Project and establishment of the Audiology Unit.
-
- 2007** Commences Phase II of the Expansion Project.
-
- 2008** Incorporates new subsidiary Durdans Medical and Surgical Hospital (Pvt) Ltd. (Sixth Lane Wing), as a BOI approved entity and commences construction.
-
- 2009** Commences the operation of Durdans Medical and Surgical Hospital (Pvt) Ltd. (Sixth Lane Wing)
Successfully implemented web-based ERP system.
-
- 2010** Durdans Medical and Surgical Hospital (Pvt) Ltd (Sixth Lane Wing) was unveiled to the public and becomes fully operational.
-
- 2011** Durdans embarks on a quality enhancement project leading to an internal accreditation.
-

Dedicated to serve

We are fully equipped to handle majority of complex surgical requirements, supported by the best and the most experienced of the relevant specialities.



Governance

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In addition to the professional expertise of our surgeons, we offer facilities required for the management of surgical conditions. Our new theatres are functional with cutting edge technology in place to give our patients the best care.

Our resident consultant surgeon is available on call to handle any surgical emergencies. All our surgeons are well supported by qualified and experienced teams of highly specialised nursing staff, ready to provide every patient with personalised care.

Enterprise Governance

Establishing Enterprise Governance in an organisation is a fundamental necessity governed by regulatory guidelines. In today's competitive world the shareholder consider it a right to demand that high standards of business ethics are maintained in his company which ensures good health of the business. Enterprise Governance is defined as "the set of responsibilities and practices exercised by the board and executive management with the goal of providing strategic direction to meet the set objectives, whilst ascertaining that risks are managed appropriately and verifying that the organisation's resources are used responsibly." (IFAC 2001)

The Enterprise Governance framework encompasses the entire gamut of accountability standards that needs to be maintained in any organisation. In the two important dimensions of conformance and performance, maintaining conformance at its highest has become a basic requirement for the organisation for several decades. The fundamental elements covered under the Corporate Governance framework such as the structure of the Board, the roles of its members and the remuneration of the executives are already well defined and the processes well entrenched.

The strengthening of performance parameters to ensure the holistic approach fully conforming to Enterprise Governance, is a dynamic phenomenon in our Company. Much attention was placed in improving the standards even during the year under review. As a reputed, respected and trusted enterprise the organisation has ensured that all stakeholder interests are fully addressed, in the most ethical, transparent and just manner. With the fundamental core values of the organisation reiterating the care and compassion offered to patrons, the new business health check via enterprise governance further reinforces the commitment of the organisation and the management to continue its diligence.

Being a listed company, we honor our responsibility by fulfilling all statutory, regulatory requirements of Corporate Governance stipulated by the Colombo Stock Exchange. We comply fully with the requirements of the listing rules of the CSE. (refer pages 37 and 38 for status on compliance) The company also adheres to the Code of Best Practice jointly issued by the Institute of Chartered Accountants of Sri Lanka and Colombo Stock Exchange. In addition ongoing efforts are made to improve operational standards to conform to evolving best practices in our own industry.

Overall business management practices have been enhanced to ensure world-class standards in meeting the

needs of all our stakeholders. Business planning, allocation of accountability, managing the performance and rewarding based on performance is already an entrenched sequence which has become a key motivator for the senior level staff to perform beyond expectations. This has enabled the organisation to confidently achieve the sound foundation, needed to meet all future challenges as we continue to be the most preferred healthcare partner for the Sri Lankan consumer.

Conformance Measurements

The Composition Of The Board Of Directors

The board of the company consists of nine directors including two Executive Directors and seven Non-Executive Directors. The names of the Directors and their profiles are stated on the page 14 of this Annual Report.

The presence of seven independent directors conforms to the stipulated rules of CSE of more than one-third of the total Non-Executive Directors. The Board consists of individuals who have competencies and skills in both technical and commercial aspects, thus are able to add extensive value in the strategic decision making and monitoring process.

Chairman & Chief Executive Director

The Chairman holds the supreme position of Executive Chairman but this in no way compromises the open and independent views being shared by all members of the team.

Responsibilities of The Board

The board holds the responsibility to validate the management team's recommendations on strategic direction. It also ensures that the organisation's overall performance is in line with the plans it has created, whilst making sure the risks are well managed and that organisational ethics are upheld with utmost respect. The board approves the annual business plan in the form of SIA (Strategy into Action) of the company and plays an active role in deciding on the investments relevant for the business.

Effectiveness of The Board

The Board comprises of members representing key management disciplines required such as finance, medical, engineering and marketing fields, and able to effectively contribute to the betterment of the organisation. It focuses on monitoring financial performance against the plans whilst observing and regulating the management committee and the sub committees.

Formal, well planned board meetings are held at regular intervals, with Board papers related to the agenda being circulated to the members well in advance, to ensure full, well deliberated participation of all members.

The Committees Under The Purview Of The Board

Remuneration Committee

The remuneration Committee consists of three independent Non-Executive Directors, Mr A S Abeywardene acts as the Chairman of the committee. Mr Y N R Piyasena and Dr N Y Wijemanne are members. The Chairman participates in these deliberations by providing relevant information and participating in the analysis of information except when his own compensation package is reviewed.

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

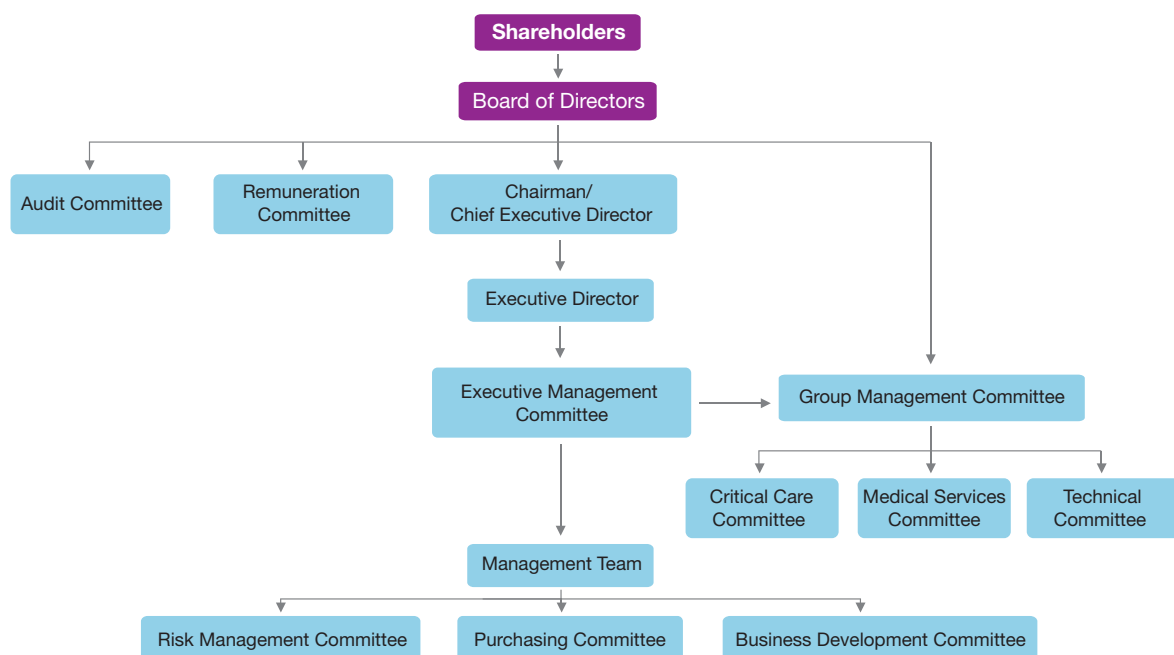
Audit Committee

The Audit Committee oversees the preparation, presentation and adequacy of disclosures and the integrity of the Financial Statements, Risk Management processes and Internal Controls. It also oversees the organisation's compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations as well as the independence and performance of the external auditors and monitors the internal audit functions. The committee is responsible to ensure compliance with applicable laws and regulatory requirements and determine the appointment, evaluation, terms of engagement and fees of the Auditors.

The present Audit Committee comprises of three independent non-executive directors and one executive director. Mr A S Abeyewardene, Chartered Accountant – (Chairman of the Committee), Dr N Y Wijemanne and Mr Y N R Piyasena. The Chairman, Mr Ajith Tudawe and Mr Upul Tudawe participate at the meetings as Executive Directors.

Mrs Thilani Sumanasekara - Finance Manager, Dr Ruwan Senathilleke - Manager - Medical Services, Dr V P Wijerathne - Manager - Allied Medical Services, Mr Jayantha Pathiratne - Human Resources Manager, Mr Mahanil Perera - Marketing Manager and Mr Aminda Tudawe - Manager Brand Communications attend the meetings by invitation.

Enterprise Governance Framework at Durdans



Enterprise Governance

The Internal Auditors Messers Ernst & Young Advisory Services (Pvt) Ltd represented by a partner and his team attend the meeting by invitation as well.

Group Management Committee (GMC)

The Group Management Committee assumes overall responsibility for all strategic functions and is only preceded by the Board. This Committee comprises of the Chairman, Executive Director, Senior Vice President Administration, Senior Vice President Medical, Vice President Critical Care, Manager Marketing, Manager Brand Communication, Manager Medical Services, Manager - Allied Medical Services, Manager Finance and Manager Human Resources.

The GMC acts as the intermediary body to validate strategic decision that needs to be made by the Executive Management Committee. GMC may seek Board approval, when necessary in matters related to the formulation of strategy.

Executive Management Committee (EMC)

The Executive Management Committee comprises of the Chairman, Executive Director, Marketing Manager, Manager- Brand Communication, Manager - Medical Services, Manager - Allied Medical Services, Finance Manager and Human Resource Manager. This Committee holds a regular meetings weekly and takes full responsibility for the operational efficiency of the organisation.

Critical Care Committee (CCC)

The Committee is chaired by the Vice-President – Critical Care and comprises of the Vice-President -Medical Services, Executive Director, Human Resource Manager, Manager - Medical Services, two Medical Officers from the Critical Care Units, Chief Nursing Officer and Matrons. The Senior Consultant - Cardiac Surgeon and the Senior Consultant Cardiac Anaesthetist attend the meetings by invitation. The committee discusses all patients' issues related to the Critical Care Units and issues related to Infection Control throughout the organisation. Their observations are reported to the Group Management Committee at its fortnightly meetings.

Medical Services Committee (MSC)

The committee is chaired by the Senior Vice-President - Medical and includes the Executive Director, Critical Care Director, Manager - Medical Services, Human Resources Manager, Manager - Allied Medical Services, Chief Nursing Officer, Resident Physician, Resident Paediatrician and the Senior Medical Officer. The meetings are held once a month, addressing all issues pertaining to the medical management of the full hospital, such as patient's complaints, issues concerning doctors and nurses and all other aspects of patient care, logistical problems of patients, accommodation, medical and nursing staff concerns etc.,. It also addresses the aspects of continuous professional development and continuous medical education programs of doctors and nurses. The observations are reported to the Group Management Committee at its fortnightly meetings.

Purchasing Committee (PC)

The Purchasing Committee was established to ensure purchasing efficiency and controls on all purchases within the Group. Whilst delivering buying efficiency the team is expected to display transparency and best practices in the purchasing procedure. The committee comprises of the Finance Manager, Manager - Medical Services, Manager - Allied Medical Services and Human Resources Manager.

Rule No	Area Covered	Requirement	Compliance Status	Details
7.10.1	Non-Executive Directors	Two or one third of the total number of directors whichever is higher should be Non-Executive	Compliant	Seven out of nine directors are Non-Executive Directors
7.10.2 (a)	Independent Directors	Two or one-third on Non-Executive Directors, whichever is higher should be independent	Compliant	Four out of seven Non-Executive Directors are independent
7.10.2 (b)	Independent Directors	Each Non-Executive Director should submit a declaration of independence/ non-independence	compliant	
7.10.3 (a)	Disclosures Relating to Directors	The names of the Directors who determined to be "independent" will be set out in the annual report	Compliant	
7.10.3 (b)	Disclosures Relating to Directors	A determination has to be made by the board as to the independence or the non-independence of Non-Executive Directors	Compliant	
7.10.3 (c)	Disclosures Relating to Directors	Brief resume of each Independent Directors should be disclosed in the Annual Report	Compliant	Page No 14 in the Annual Report
7.10.5	Remuneration Committee	A listed company shall have a Remuneration Committee	Compliant	Page 35 in the Annual Report provides the Remuneration Committee Report
7.10.5 (a)	Remuneration Committee - Composition	i) Remuneration Committee shall comprise of a minimum of two independent Non-Executive Directors or a majority of independent Non-Executive Directors, whichever is higher	Compliant	The Remuneration Committee comprises of three Non-Executive Directors
		ii) Non-Executive Director shall be appointed as Chairman of the Committee by the board	Compliant	Mr A S Abeywardene, independent Non-executive director functions as the chairman of the committee
7.10.5 (b)	Remuneration Committee	The Remuneration Committee shall recommend the remuneration of the Chief Executive Officer and the Executive Directors	Compliant	Please refer the Remuneration Committee report on page 35
7.10.5 (c)	Remuneration Committee	The Annual Report shall set out;	Compliant	Page 35 in the Annual Report
		i) Names of directors comprising the Remuneration Committee		
		ii) Statement of Remuneration Policy	Compliant	Page 35 in the Annual Report under Remuneration Committee
		iii) Aggregate remuneration paid to Executive & Non-Executive Directors	Compliant	Page 60 in the Annual Report
7.10.6	Audit Committee	A listed company shall have an Audit Committee	Compliant	Please refer the Audit Committee meeting in the page 48

Enterprise Governance

Rule No	Area Covered	Requirement	Compliance Status	Details
7.10.6 (a)	Audit Committee	Audit Committee shall comprise of two independent Non-Executive Directors or a majority of independent Non-Executive Directors, whichever is higher	Compliant	Audit Committee comprises of three independent non-executive directors and one executive director
		Chief Executive Officer and Chief Financial Officer shall attend Audit Committee meetings	Compliant	CEO is a member of the committee and CFO attends on invitation
		One Non-Executive Director, who is a member of a professional accounting body shall be appointed as chairman of the Audit Committee by the Board	Compliant	Mr. A S Abeywardana functions as the Chairman of the Audit Committee
7.10.6 (b)	Audit Committee	Audit Committee shall have functions as set out in section 7.10.6 of the listing rules	Compliant	Please refer the Audit Committee report on the page 48.
		The Annual Report shall set out the names of the Directors that comprises the Audit Committee	Compliant	Please refer the page 35.
		The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination	Compliant	
		The Annual Report shall contain a Report of the Audit Committee setting out the manner of Compliance of the functions	Compliant	

Enterprise Risk Management In Action

Enterprise Risk Management provides strategies, techniques and approaches in recognising and confronting any current or potential threat the organisation could encounter which would hamper the progress of the organisation. Today it covers not only the conventional financial and insurable hazards but transcends into a wide variety of strategic, operational, reputational, regulatory information risks. With over six decades of experience behind us we have become exceptionally competent in taking calculated, prudent risks to support our objectives.

This learning has also generated a strong ability within the organisation in creating a strategic competitive advantage by managing risks in a proactive manner, with careful

study. Whilst Risk Management is prudent but pragmatic, the following processes and methodologies have been implemented to ensure maximum effectiveness. The processes are validated periodically to ensure suitability to emerging needs.

- Risk Management Committee – the functions of the committee includes proactively mapping the potential risks, assessing the likelihood of occurrence, and assessing the impact of each event on the business.
- Risk-awareness culture is being gradually created throughout the organisation by educating the team leaders on the risks faced by the organisation. This awareness and training has been put in to practice in each area of function and thereby risks of the organisation at operational level is mitigated and managed.

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

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

- The accountability and the responsibility of each type of risk has been identified and are reviewed periodically.
- Empower business areas/departments to be responsible for managing risks in accordance with the organisation's Risk Management policy and reward risk optimisation initiatives – necessary training has been provided to all the departments for the successful monitoring and management of identified risks.
- Generate continuous assessment and improvement – the process is monitored on an ongoing basis for necessary interventions.

Risk Management Process at Durdans

The following process has been followed and will continue to be reviewed at the beginning of every year.

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

The impact of the event is estimated by ascertaining the possible loss that would be incurred by the company in the event the risk occurs. A five point ranking is being used to assess the gravity; Very High, High, Moderate, Minor and Insignificant.

The likelihood of the occurrence is also categorised in a similar manner; rare, unlikely, possible, likely, almost certain. The probability of the occurrence is assigned using the extensive experience the team has in the business. The risk is further classified on dual parameters of the likelihood

of occurrence and the impact on the business using an assessment of; Very High Risk, High Risk, Moderate Risk, Minor Risk and Insignificant Risk.

The committee holds full responsibility in applying an effective Risk Management Strategy in the company. The identified risk and suggested managing methodologies will be reported to the Group Management Committee by the Risk Management Committee and the Group Management Committee will review the effectiveness of the action plans and monitor the implementation.

Clinical Risk

Clinical risks are detrimental to our business. We believe in mitigating the clinical risks by creating high quality standards and paramount safety standards in what we do every day. At the same time the team deliberates extensively to identify any potential risk to the patients, and to ensure preventative measures are in place.

Our fundamental business philosophy revolves around the excellent medical, clinical and after care we provide. Every single member of the team is conscious of this discriminator that sets us apart from the rest in the healthcare sector. To ensure the further strengthening of our core strengths we use the Adverse Incident Reporting Mechanism, effectively.

The international accreditation program that the company has embarked on during the year will mitigate the clinical risk of the hospital to the minimum. Once fully implemented, the programme will ensure process upgradation at every level

Enterprise Governance

of operation. The foremost focus of the programme will be the clinical quality and the clinical staff of the organisation will receive further training to reinforce international best practices in patient medical management and safety.

Awareness Programs are conducted to achieve necessary cultural and mindset changes among the team members to initiate voluntary reporting forming a strong foundation to this process. The activities implemented towards good Clinical Risk management include:

- Credentialing of medical staff
- Incident monitoring and tracking
- Complaints monitoring and tracking
- Infection control
- Documentation of medical records

Operational Risk

The Group aims to reduce Operational Risks such as damages to property, interruption to business and liability that could form a risk to our business through active risk reduction measures. The objective of our Operational Risk management is to identify and minimise risks associated with operations, assets, environment and personnel. The entire organisation is covered by a fire protection system. The remaining risks are covered with insurance to the maximum extent as defined by the management and the Board of Directors.

The organisation obtains the consultation from an external risk management organisation. This organisation evaluates the risks faced by the company at the beginning of the financial year and provides a report to the Board of Directors. Appropriate actions are taken to put the recommendation in the report into operation.

During the year the Board decided to obtain a Business Interruption insurance cover for the organisation. The business interruption policy provides protection for the decline in Gross Profit until such time normal or commercial operations are resumed in case of a disaster admissible under the property policy.

Being a pioneer in the health care business our ERP system rates above par to make information available on time, for decision making. Whilst all relevant information is instantly accessible on line by the management, sound internal controls and password protection enables the reduction and prevention of frauds. Internal audit functions have also been outsourced to a reputed audit firm to ensure transparency and best practices.

Economic Risk

Being a developing country, Sri Lanka is susceptible to diverse conditions that would impact the economy. When adverse changes occur however, it affects the broader community. With health care being an almost essential service we are somewhat insulated relative to some other industries. However we have to be very agile in identifying potential risks that could impact our business plan and generate proactive steps to mitigate the same. The company follows a detailed management review process enabling the team to take prompt action to reverse any negative impact fast.

Industry Risk

Healthcare industry as a whole has been receiving significant interest from both local and foreign investors. The competition amongst the current players have reached a peak and many local and international entities seem to observe keenly the emerging opportunities to enter the sector.

It is important to ensure, that we constantly study the emerging needs of the market and are able to provide the ideal, solution guided by evolving trends in the western world to maintain our innovative stance in the category. The emerging needs are identified thorough careful screening of the market and internal satisfaction of the patrons are tracked extensively using regular analysis of consumer feed back system. The findings of the surveys are put into action quickly and efficiently. Durdans is tied up with a reputed market research organisation, for continuous monitoring of the needed information.

Healthcare sector is invariably technology driven, and is dependent on continuous upgrades. We are reputed for the ability to stay ahead in the market by understanding and investing in the needed technology in the industry.

Innovativeness in offering unique services, ensuring the best value for money, maintaining the highest standard of quality and efficiency are some of the fundamental strains that have made it possible for us to demarcate our advantage mitigating industry risk.

Financial Risk

With the extensive investments made in the infrastructure development program, financial risks are more pertinent to the business today. The organisation is mindful of the gearing levels and manage its borrowings carefully. Whilst meeting all the obligations on time, the management places utmost diligence in monitoring any fluctuations in the interest

rates, uses extensive negotiations to obtain the best return for the organisation.

The liquidity position of the organisation is monitored closely on a daily basis and cash flows are managed extremely well. Any investment opportunity is backed by an extensive feasibility study prior to embarking on the project so that Return on Investment (ROI) is guaranteed.

Credit Risk

With corporate customers and insurance companies comprising a significant share of our customer portfolio, credit risks are constantly monitored. To mitigate the Credit Risk, the Group has devised a mechanism of stringent monitoring, wherein credit limits are reviewed and renewed constantly based on ratings generated, pertaining to business volumes and speedy settlement records.

Reputation Risk

Reputation Risk may create immeasurable damage to the equity of the brand if and when it happens. Durdans guards its reputation with zeal by carefully following established guidelines to handle consumer grievances if any. Greater focus is always placed on making a memorable experience to every customer at every point of interaction. Constant improvements to an already well established way of operation is undertaken by the management on a daily basis.

Patients and Staff Safety

Exposure to environmental risk is a challenge that is real today. We take responsibility to review and discuss any such risk and implement, rapid, preventive actions necessary. Vaccination against infections such as Hepatitis B is used on staff members that are vulnerable. Regular screening tests are conducted for staff of critical care units to minimize hospital borne infections. Awareness programs initiated for medical, clinical staff and healthcare professionals to tackle some of the most formidable issues help to create defensible medical records.

Patient safety is upheld as paramount in our business always. This area will be further strengthened by the international accreditation program that the company has embarked on. It will ensure a careful evaluation of all existing systems and processes currently in place and the implementation of an enhanced procedure in every area of operation will almost negate any safety risk.

Human Resources

Our greatest asset our people are the foundation for our success. They make our vision a reality by delivering utmost care to our patrons, every time. Every single employee epitomises our values while at work and away from work. In other words, the caring stance inherent to our culture is part of the DNA of our people. However the dynamic private health care sector makes it necessary for us to constantly enhance our proposition. We have managed to address the need of keeping our team constantly motivated with a carefully designed performance driven culture. Every team member clearly understands how his function delivers value to the system and is committed to uphold the highest standard of delivery in every thing they do.

We have been making positive progressive steps in transforming our organisational culture to be able to create a cohesive team environment at every level. Today we are able to cascade information quickly and effectively through our Team Leaders which has resulted in open and realistic communication being disseminated across the total organisation. Gaps identified through the Satisfaction Survey conducted have been addressed effectively.

Information Security

The Durdans operations run on a fully computerised structure and information security is considered very important for uninterrupted service. The loss of data due to technical failures, system down time and the threat of virus have been identified as risks. Steps have been taken to ensure the protection of the system from such issues.

The system runs on a high-end VMware VSphere 4 server and system down time is zero due to the availability of a back-up server. Further the accessibility to the server has been restricted to the maximum level.

Patient data which is confidential needs to be stored and protected in a secure manner. The organisation has taken steps to set up adequate firewalls to protect unauthorized access. Spam control and mail firewalls, protect the system from getting affected via regular communication. External labs are connected to the system via a secure IP- VPN connection.

Trusted to perform

We believe that our patrons deserve nothing but the best care always. Our Gynecological and Obstetric care is delivered by the best consultants of the industry supported by the best care givers of the Durdans team.



Financial Information

- 44** Annual Report of the Board of Directors
- 47** Statement of Directors' Responsibility
- 48** Audit Committee Report
- 49** Independent Auditors' Report
- 50** Financial Statements



We believe that our patrons deserve nothing but the best care always. Our gynaecological & obstetric care is delivered by the best consultants of the industry supported by the best caregivers of the Durdans team.

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

The Board of Directors of Ceylon Hospitals PLC takes pleasure in presenting its report combined with the audited consolidated financial statements for the year ended 31st March 2012.

The details set out herein provide the pertinent information required by the Companies Act No. 07 of 2007 and the Colombo Stock Exchange listing rules and are guided by recommended best practices.

CORE COMPETENCIES

We specialise in providing healthcare par excellence to the discerning consumers of Sri Lanka.

A comprehensive review of our competencies, operations and future plans are fully-explained in the Chairman's Message of the Annual Report.

FINANCIAL STATEMENTS

The financial statements of the Company are given on pages 50 to 82.

AUDITORS' REPORT

The Auditors' Report on the financial statements is given on page 49.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the financial statements are given on pages 54 to 59. There were no changes to the accounting policies adopted during the year.

THE BOARD OF DIRECTORS

The composition of the Board during the period under review is highlighted below:

Executive Directors

Mr A E Tudawe - Chairman/Chief Executive Director
Mr U D Tudawe - Executive Director

Non-Executive Directors

Mr S P Tudawe
Dr A D P A Wijegoonewardene
Dr K A T W P Jayawardene
Dr A N Dharmawansa
Mr Y N R Piyasena
Mr A S Abeyewardene
Dr N Y Wijemanne

Independent Non-Executive Directors

Dr A N Dharmawansa
Mr A S Abeyewardene
Dr N Y Wijemanne
Mr Y N R Piyasena

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

Mr. S P Tudawe, Dr A D P A Wijegoonewardene and Dr K A T W P Jayawardene play a consultative role in the Group Management Committee.

Dr K A T W P Jayawardene and Dr N Y Wijemanne will vacate office as per the requirements of Section 210 of the Companies Act No. 07 of 2007 and separate resolutions will be tabled at the forthcoming Annual General Meeting to obtain the sanction of the shareholders to re-appoint them as Directors of the Board as per Section 211 of the Companies Act.

The Board unanimously recommends their appointment to the Board.

Dr A N Dharmawana will retire from the Board from 28th June 2012. The Board wishes to record their appreciation for the services rendered by him to the Company during his tenure.

Dr A D P A Wijegoonewardena comes up for re-election under Article 58 of the Articles of Association and being eligible offers himself for re-election. The Board unanimously recommends his re-election.

INTEREST REGISTER AND DIRECTORS' INTEREST IN CONTRACTS

Directors interest in contracts or proposed contracts are disclosed under Note 30 to the financial statements and have been disclosed at meetings of the Directors and recorded in the Interest Register as per Section 192 of the Companies Act No.07 of 2007.

DIRECTORS' REMUNERATION

The Directors' remuneration is disclosed in Note 6 to the financial statements.

DIRTORS' INTEREST IN SHARES

	31.03.2012		31.03.2011	
	No of Shares		No of Shares	
	Voting	Non-Voting	Voting	Non-Voting
Mr A E Tudawe	205,052		205,052	
Dr A D P A Wijegoonewardene	199,462		199,462	
Mr S P Tudawe	307,936		307,936	
Mr U D Tudawe	170,616		170,616	
Dr K A T W P jayawardene	5,672	7,200	5,672	7,200
Dr A N Dharmawansa	57,170		57,170	
Mr Y N R Piyasena	553,134		553,134	
Mr A Abeywardene	1,440	1,200	1,440	1,200
Dr N Y Wijemanne	762		762	

CORPORATE GOVERNANCE

The Board is committed to maintain high standards of corporate governance, the process by which the Company is directed and managed. The corporate governance report is given on pages 34 to 38 of the Annual Report.

RISK AND INTERNAL CONTROL

The risk management report is given on pages 38 to 41 of the Annual Report.

The Directors accept the ultimate responsibility for the system of internal controls of the Company. The systems are geared to provide reasonable assurance that the assets of the Company are safeguarded and that all transactions conducted as relevant are properly authorised and duly recorded. Further details of the internal control systems in operation are also contained in the Statement of Directors' Responsibilities on page 47 and the Audit Committee Report on page 48 of the Annual Report.

TAXATION

The tax liability of the Company has been computed according to the provisions of the Inland Revenue Act No.10 of 2006 and amendments there to. The provisions under the BOI law has been taken into consideration.

The method of computation of taxes of the Company and the Group has been shown in the Note 07 to the Financial Statements.

CORPORATE DONATIONS

During the year under review, charitable donations amounting to Rs. 1.39 million were made by the Company.

CAPITAL EXPENDITURE

The total capital expenditure during the year amounted to Rs. 128.6 million for the Company.

PROPERTY, PLANT & EQUIPMENT

Details of property, plant and equipment are given in Note 9 to the financial statements.

STATED CAPITAL

The stated capital of the Company as at 31st March 2012 was Rs. 916,366,104/- represented by 25,527,272 fully paid Voting Ordinary Shares and 8,345,454 Non-Voting Ordinary Shares.

SHAREHOLDINGS

There were 2,637 registered Voting Ordinary Shareholders and 1,595 Non-Voting Ordinary Shareholders as at 31st March 2012.

The distribution of share holdings is shown on page 86 of the Annual Report.

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

SHARE INFORMATION

Information relating to earnings, dividends, net assets and market value per-share is available under Share Information on page 88 of the Annual Report along with information on share trading.

SUBSTANTIAL SHAREHOLDING

The twenty major shareholders as at 31st March 2012 are given on page 87 of the Annual Report.

DIVIDENDS

An interim dividend of Rs 1.50 per share for the period under review, was paid to Voting and Non-Voting Shareholders of the Company in the month of June 2011.

The Directors do not recommend further dividends.

STATUTORY PAYMENTS

The Directors confirm that to the best of their knowledge and belief are satisfied that all statutory obligations due to the Government and to the employees have been either duly paid or adequately provided for in the financial statements.

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No circumstances have arisen since the balance sheet date which would require adjustments to or disclosure in the accounts except those disclosed in Note 28 to the financial statements.

GOING CONCERN

The Board of Directors is satisfied that the Company will have adequate resources to continue its operations without any disruption in the foreseeable future. Accordingly, the Directors consider that it is appropriate to prepare financial statements as an ongoing concern basis.

AUDITORS

The financial statements of the Company for the year have been audited by Messrs B R De Silva and Company, Chartered Accountants, who are recommend for re-appointment.

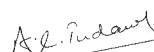
A sum of Rs. 807,943/- was paid to them as audit fee during the year under review.

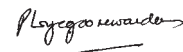
ANNUAL GENERAL MEETING

A resolution will be passed at the forthcoming Annual General Meeting for reappointment of Messrs B R De Silva and Company as Auditors and authorising the Directors to fix their remuneration.

The Annual General Meeting of the Company will be held at the Durdans Auditorium (11th floor) of Ceylon Hospitals PLC, No. 03, Alfred Place, Colombo 03, on 28th June 2012 at 9.00 a.m. The Notice of the Annual General Meeting appears on page 89.

For and behalf of the Board,


A E Tudawe
Chairman


Dr A D P A Wijegoonewardene
Director

Statement of Directors' Responsibility in Relation to Financial Statements

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

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

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

The Directors consider that in preparing the financial statements disclosed on pages 50 to 82 the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgment and estimates, and that all accounting standards which they consider to be applicable have been followed.

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

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

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

By Order of the Board,

(Sgd.)

Nexia Corporate Consultants (Pvt) Ltd.

Secretaries to the Company

Audit Committee Report

PURPOSE OF THE AUDIT COMMITTEE

- i. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ii. Reviewing, with the management, the annual Financial Statements before submission to the Board for approval.
- 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. Approval of payment to statutory Auditors for any other services rendered by the statutory Auditors.

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee comprises of two Executive Directors and three Non-Executive/ Independent Directors. The Finance Manager, Medical Services Manager, Allied Medical Services Manager, Marketing Manager and the Human Resources Manager, attend the Audit Committee meetings by invitation. In addition the Internal Auditors of the company, Messrs Ernst & Young Advisory Services (Pvt) Ltd. represented by a Director of that Company, attend the meeting by invitation.

The members of the Audit Committee are:

Mr A S Abeyewardene	- Chairman (Non-Executive/Independent Director)
Mr Y N R Piyasena	- Member (Non-Executive/Independent Director)
Dr N Y Wijemanna	- Member (Non-Executive/Independent Director)
Mr Ajith Tudawe	- Member (Executive Director)
Mr Upul Tudawe	- Member (Executive Director)

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, and the respective internal and external audit programme.

REPORT OF THE COMMITTEE

The Audit Committee had 4 meetings: two meetings were held during the year and other two meetings, including a meeting to discuss Audited Accounts for 2011/2012, were held after the year

end. During these meetings the Audit Committee reviewed the monthly Internal Audit Reports for the period 01st April 2011 to 31st January 2012. The Audit Committee also had a meeting on 10th May 2012 to discuss the Annual Audited Accounts of the company for the year ended 31st March 2012 and the External Auditors' management letter.

The Audit Committee reviewed and discussed in detail, the monthly Internal Audit Reports submitted by the Internal Auditors for the months of April 2011 to January 2012 relevant to the financial year 1st April 2011 to 31st March 2012. 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 for the financial year 1st April 2011 to 31st March 2012, to the Audit Committee and after a detailed review the Internal Audit Plan was approved by the Audit Committee.

The Audit Committee reviewed the quarterly financial statements submitted to the Colombo Stock Exchange for the financial year 1st April 2011 to 31st March 2012, prior to these statements been submitted to the Board of Directors for their approval.

The Audit Committee reviewed and discussed in detail with the External Auditors and the Management, the Annual Audited Accounts of the Company and the External Auditors Management Letter at its meeting on 10th May 2012. The Audit Committee is of the view that the Accounts of the company have been prepared in accordance with the Sri Lanka Accounting Standards and the Accounting Policies have been properly disclosed in the Annual Audited Accounts. The Audit Committee also ensured that there is effective interaction between the Internal Auditors and the External Auditors. The Committee requested the External Auditors to independently examine the Internal Audit Reports and to report in their Management Letter for the ensuing year, their observations as to the implementation of the recommendations made by the Internal Auditors.

The Audit Committee has recommended to the Board of Directors that the current Auditors, Messrs B R De Silva & Company, Chartered Accountants, be re-appointed as Auditors of the Company for the ensuing financial year ending 31st March 2013, subject to the approval of the shareholders at the next Annual General Meeting.

(Sgd.)

A S Abeyewardene
Chairman Audit Committee

31st May 2012

Independent Auditor's Report

Private & Confidential

B.R.DE SILVA & CO.

Chartered Accountants

NEXIA
INTERNATIONAL

INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF CEYLON HOSPITALS PLC

1. Report on the Financial Statements

We have audited the accompanying Financial Statements of Ceylon Hospitals PLC, the Consolidated Financial Statements of the Company and its subsidiaries as at that date, which comprise the Balance Sheet as at 31st March, 2012 and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, and a summary of significant Accounting Policies and other explanatory notes.

2. Management's Responsibility for the Financial Statements

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

3. Scope of Audit and Basis of Opinion

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

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

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

We, therefore, believe that our audit provides a reasonable basis for our opinion.

4. Opinion

In our opinion, so far as it appears from our examination of the Financial Statements, the Company maintained proper accounting records for the year ended 31st March, 2012 and the Financial Statements give a true and fair view of the Company's state of affairs as at 31st March, 2012 and its Profit and Cash Flows for the year then ended, in accordance with Sri Lanka Accounting Standards.

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs as at 31st March, 2012 and the Profit and Cash Flows for the year then ended, in accordance with Sri Lanka Accounting Standards of the Company and its subsidiaries dealt with thereby, so far as concerns the members of the Company.

5. Report on Other Legal and Regulatory Requirements

These Financial Statements also comply with the requirements of Sections 151(2) and 153(2) to 153 (7) of the Companies Act No.07 of 2007.

B.R. de Silva & Co

B R DE SILVA & CO

Chartered Accountants

Colombo 05.

15th May, 2012

Partners - N.S.C. De Silva FCA, FCMA(UK), L.C.Piyasena FCA, LL.S. Wickremasinghe FCA,
F.S.N. Marikkar FCA, S.M.S.S. Bandara MBA, FCA, D.S. De Silva LL.B. Attorney-at-Law
ACA, ACMA(UK), U.P.G.T. Karunaratna BSc, ACA, AIT
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

Income Statement

For the year ended 31st March		Group		Company	
		2011/2012 Rs.	2010/2011 Rs.	2011/2012 Rs.	2010/2011 Rs.
Note					
Revenue	3	3,451,992,560	3,054,399,194	2,189,110,603	1,945,639,397
Cost of Sales		(1,473,155,136)	(1,383,010,965)	(815,820,918)	(756,593,820)
Gross Profit		1,978,837,424	1,671,388,229	1,373,289,685	1,189,045,577
Other Operating Income	4	21,942,623	23,727,705	73,996,544	75,646,873
Overheads					
Administration Expenses		(1,248,711,500)	(1,092,960,708)	(881,504,668)	(799,518,294)
Other Operating Expenses		(239,150,451)	(211,018,843)	(190,288,010)	(173,157,090)
Finance Cost	5	(162,886,829)	(151,094,293)	(103,796,242)	(105,923,381)
		(1,650,748,780)	(1,455,073,844)	(1,175,588,920)	(1,078,598,765)
Profit/(Loss) from Ordinary					
Activites before Taxation	6	350,031,267	240,042,090	271,697,309	186,093,685
Taxation	7	(61,800,255)	(81,659,002)	(59,441,790)	(80,556,007)
Net Profit after Taxation		288,231,012	158,383,088	212,255,519	105,537,678
Attributable to:					
Equity Holders of the Parent		251,160,244	128,035,494	212,255,519	105,537,678
Minority Interest		37,070,768	30,347,594	-	-
		288,231,012	158,383,088	212,255,519	105,537,678
Earnings per Share - Basic	8	7.41	3.78	6.27	3.12

The accounting policies and the notes from pages 54 to 82 form and integral part of these Financial Statements.

Balance Sheet

As at 31st March	Notes	Group		Company	
		31.03.2012 Rs.	31.03.2011 Rs.	31.03.2012 Rs.	31.03.2011 Rs.
ASSETS					
Non-Current Assets					
Property, Plant & Equipment	9	4,310,488,658	4,000,023,056	1,980,322,312	1,791,789,587
Capital Work-In-Progress	9.1	6,542,915	8,498,451	6,542,915	8,498,451
Investments in Subsidiary	10	-	-	1,157,797,422	1,135,297,420
Deferred Expenditure		860,000	2,400,000	-	-
Goodwill		1,341,521	1,341,521	-	-
		4,319,233,094	4,012,263,028	3,144,662,649	2,935,585,458
Current Assets					
Inventories	11	215,964,515	166,721,987	137,517,015	97,640,437
Other Investments	12	170,525,968	74,341,068	55,676,048	47,861,866
Trade and Other Receivables	13	205,251,254	195,687,546	205,376,874	130,047,558
Amount due from Related Parties	14.1	1,838,512	3,400,000	192,248,039	276,717,127
Cash and Cash Equivalents	15	21,278,821	71,062,716	12,592,181	17,136,645
		614,859,070	511,213,317	603,410,157	569,403,633
Total Assets		4,934,092,164	4,523,476,345	3,748,072,806	3,504,989,091
EQUITY AND LIABILITIES					
Equity Attributable to Equity Holders of Parent					
Stated Capital	16	916,366,104	916,366,104	916,366,104	916,366,104
Revaluation Reserves	17	532,338,890	344,126,161	532,338,890	344,126,161
Revenue Reserves	18	985,948,883	786,715,311	902,424,545	740,978,115
		2,434,653,877	2,047,207,576	2,351,129,539	2,001,470,380
Minority Interest	19	489,488,246	401,774,165	-	-
Total Equity		2,924,142,123	2,448,981,741	2,351,129,539	2,001,470,380
Non-Current Liabilities					
Interest Bearing Loans & Borrowings	20	1,036,706,962	1,131,701,899	641,793,316	720,414,136
Deferred Revenue	21	-	-	31,364,600	32,704,600
Provisions and Other Liabilities	22	81,566,563	79,038,173	75,635,045	74,787,235
Deferred Tax Liabilities	23	95,071,408	86,629,618	95,071,408	86,629,618
		1,213,344,933	1,297,369,690	843,864,369	914,535,589
Current Liabilities					
Bank Overdraft		146,861,585	217,349,655	107,456,573	120,535,999
Interest Bearing Loans - short term	20	313,146,484	226,077,286	172,590,745	151,755,357
Trade and Other Payables	24	286,570,343	301,520,690	188,513,563	157,552,439
Taxation Payable	25	24,904,916	9,024,504	26,808,674	10,347,832
Amount Due to Related Parties	14.2	1,361,780	976,499	57,709,343	148,791,495
Dividend Payable		23,760,000	22,176,280	-	-
		796,605,108	777,124,914	553,078,898	588,983,122
Total Equity and Liabilities		4,934,092,164	4,523,476,345	3,748,072,806	3,504,989,091

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

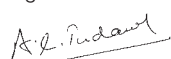


S P T C Sumanasekera

Finance Manager

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

Signed for and on behalf of the Board by,



A E Tudawe

Chairman

15th May 2012



A D P A Wijegoonawardene

Director

Statement of Changes in Equity

For the year ended 31st March 2012

GROUP	Stated Capital Rs.	Revaluation Reserve Rs.	General Reserve Rs.	Accumulated Profits Rs.	Total Rs.	Minority Interest Rs.	Total Rs.
Balance as at 01st April 2010	513,820,689	746,671,576	4,822,163	696,198,562	1,961,512,990	393,602,851	2,355,115,841
Bonus Issue of Shares	402,545,415	(402,545,415)	-	-	-	-	-
Net Profit for the Year	-	-	-	128,035,494	128,035,494	30,347,594	158,383,088
Dividend Paid - Ordinary Shares	-	-	-	(42,340,908)	(42,340,908)	(22,176,280)	(64,517,188)
Balance as at 31st March 2011	916,366,104	344,126,161	4,822,163	781,893,148	2,047,207,576	401,774,165	2,448,981,741
Net Profit for the Year	-	-	-	251,160,244	251,160,244	37,070,768	288,231,012
Surplus on Revaluation of Assets	-	188,212,729	-	-	188,212,729	-	188,212,729
Increase in the Share of Minority Interest	-	-	-	(1,117,583)	(1,117,583)	74,403,313	73,285,730
Dividend Paid - Ordinary Shares	-	-	-	(50,809,089)	(50,809,089)	(23,760,000)	(74,569,089)
Balance as at 31st March 2012	916,366,104	532,338,890	4,822,163	981,126,720	2,434,653,877	489,488,246	2,924,142,123

COMPANY	Stated Capital Rs.	Revaluation Reserve Rs.	General Reserve Rs.	Accumulated Profits Rs.	Total Rs.
Balance as at 01st April 2010	513,820,689	746,671,576	4,822,163	672,959,182	1,938,273,610
Bonus Issue of Shares	402,545,415	(402,545,415)	-	-	-
Net Profit for the year	-	-	-	105,537,678	105,537,678
Dividend Paid - Ordinary Shares	-	-	-	(42,340,908)	(42,340,908)
Balance as at 31st March 2011	916,366,104	344,126,161	4,822,163	736,155,952	2,001,470,380
Net Profit for the period	-	-	-	212,255,519	212,255,519
Surplus on Revaluation of Assets	-	188,212,729	-	-	188,212,729
Dividend Paid - Ordinary Shares	-	-	-	(50,809,089)	(50,809,089)
Balance as at 31st March 2012	916,366,104	532,338,890	4,822,163	897,602,382	2,351,129,539

Cash Flow Statement

For the year ended 31st March 2012	Group		Company	
	2011/2012 Rs.	2010/2011 Rs.	2011/2012 Rs.	2010/2011 Rs.
Cash Flows from/(Used in) Operating Activities				
Net Profit before Income Tax Expenses	350,031,267	240,042,090	271,697,309	186,093,685
Adjustments for				
Stock Write - off	5,818,602	1,807,160	3,926,097	1,721,522
Bad Debt write-off	57,460	2,829,905	57,460	1,857,555
Depreciation	249,911,055	199,418,215	125,485,932	109,262,202
Income from Investments	(68,879,264)	(7,464,508)	(62,430,834)	(58,961,020)
Finance Costs	162,886,829	151,094,293	103,796,242	105,923,381
Amortisation of Deferred Rent	100,000	100,000	(1,340,000)	(1,340,000)
Profit on Disposal of PPE	(921,682)	(7,591,343)	(921,682)	(6,041,343)
Provision for Defined Benefit Plans	9,731,799	20,708,096	7,789,914	19,976,843
Operating Profit/(Loss) before Working Capital Changes	708,736,066	600,943,908	498,060,439	358,492,825
(Increase)/ Decrease in Inventories	(53,168,624)	(22,300,609)	(43,802,675)	3,635,340
(Increase)/Decrease in Trade and Other Receivables	56,573,494	(38,266,227)	(16,646,776)	(22,803,532)
Increase/(Decrease) in Trade and Other Payables	(15,151,221)	68,746,451	30,961,124	(8,303,380)
Increase/(Decrease) Related Party Dues	401,412	6,034,659	(6,613,064)	(46,954,624)
Cash Generated from Operations	697,391,127	615,158,182	411,959,048	284,066,629
Finance Costs Paid	(162,886,829)	(151,094,293)	(103,796,242)	(105,923,381)
Defined Benefit Plan Costs Paid	(7,203,409)	(5,249,225)	(6,942,104)	(5,249,225)
Income Tax Paid	(37,177,566)	(30,740,122)	(34,539,158)	(28,033,222)
Net Cash From/(Used in) Operating Activities	490,123,323	428,074,542	266,681,543	144,860,801
Cash Flows from/(Used in) Investing Activities				
Acquisition of Property, Plant & Equipment	(362,535,797)	(701,915,652)	(122,033,333)	(345,226,716)
WIP-Building Construction	-	(8,498,451)	-	(8,498,451)
Proceeds from Sale of Property, Plant & Equipment	3,710,000	11,887,190	3,710,000	10,337,190
Investment in Subsidiary	-	-	(22,500,002)	-
(Acquisition) / Disposal of other Investments	(96,137,700)	28,164,184	(7,814,182)	(3,448,638)
Income from Investments	10,139,263	7,464,508	3,690,833	58,961,020
Net Cash Flows from/(Used in) Investing Activities	(444,824,234)	(662,898,221)	(144,946,684)	(287,875,595)
Cash Flows from/(Used in) Financing Activities				
Proceeds From Issuance of Share Capital	72,600,007	-	-	-
Receipts from Interest bearing Loans & Borrowings	172,383,023	962,872,043	49,233,116	828,000,000
Re-payments to Interest bearing Loans & Borrowings	(196,592,855)	(656,727,112)	(111,623,925)	(656,727,112)
Dividends Paid	(72,985,089)	(61,349,148)	(50,809,089)	(42,340,908)
Net Cash Flows from/(Used in) Financing Activities	(24,594,914)	244,795,783	(113,199,898)	128,931,980
Net Increase/(Decrease) in Cash and Cash Equivalents	20,704,175	9,972,104	8,534,962	(14,082,814)
Cash and Cash Equivalents at the beginning of the year	(146,286,939)	(156,259,043)	(103,399,354)	(89,316,540)
Cash and Cash Equivalents at the end of the year	(125,582,764)	(146,286,939)	(94,864,392)	(103,399,354)
Analysis of Cash & Cash Equivalents				
Cash at Bank - Overdrawn	(146,861,585)	(217,349,655)	(107,456,573)	(120,535,999)
Cash in Hand and at Bank	21,278,821	71,062,716	12,592,181	17,136,645
	(125,582,764)	(146,286,939)	(94,864,392)	(103,399,354)

Notes to the Financial Statements

1 CORPORATE INFORMATION

1.1 General

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

1.2 Parent Enterprise and Ultimate Parent Enterprise

The consolidated financial statements of the Company for the year ended 31st March 2012, comprises the Company and its subsidiaries. (together referred to as the 'Group'). The ultimate holding company is Durdans Management Services Limited.

1.3 Principal Activities and Nature of Operations

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

Name of the Company	Nature of the Business
Ceylon Hospitals PLC	Providing Healthcare Services
Durdans Heart Surgical Centre (Pvt) Ltd.	Providing Cardiac Surgical Operations
Durdans Medical and Surgical Hospital (Pvt) Ltd	Providing Healthcare Services

1.4 The notes to the Financial Statements on Page 60 to 82 form and integral part of the Financial Statements

1.5 Date of Authorisation for Issue

The financial of statements for the year ended 31st March 2012 were authorized for issue in accordance with a Resolution of the Board of Directors on 15th May 2012.

1.6 Number of Employees

The average number of employees for the year was 1881 approximately. (2011-1840).

1.7 Companies in the Group

1.7.1 Subsidiaries

The Group Financial Statements include the results of the Durdans Heart Surgical Centre (Pvt) Limited and Durdans Medical and Surgical Hospital (Pvt) Ltd. which are subsidiaries of the Company. The details of subsidiaries are as follows:

Company Name	Year of Incorporation	Percentage of Ownership
Durdans Heart Surgical Centre (Pvt) Limited	2000/2001	71.20%
Durdans Medical and Surgical Hospitals (Pvt) Ltd.	2007/2008	71.78%

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements. The accounting policies of the Company have been consistently applied by Group entities where applicable and deviations if any, have been disclosed accordingly.

2.1 Changes in Accounting Policies

The accounting policies are consistent with those used in the previous year and have been consistently applied by the Group.

2.2 Effect of Sri Lanka Accounting Standards Issued but not yet Effective.

a) Sri Lanka Financial Reporting Standards (SLFRS)

Sri Lanka Financial Reporting Standards (SLFRS) become effective for financial years beginning on or after 01st January 2012. Accordingly, the Financial Statements for the year ending 31st March 2013 will adopt SLFRS.

The company is in the process of evaluating the impact of the said standards, and the impact of the same is not currently estimable as at the date of publication of these Financial Statements.

2.3 General Accounting Policies

2.3.1 Basis of Preparation of Financial Statements

These Financial Statements presented in Sri Lanka Rupees have been prepared on a historical cost basis except for the revaluation of certain property, plant and equipment and current investments, which are stated at market values.

The Directors have made an assessment of the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease trading.

2.3.2 Statement of Compliance

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

2.3.3 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 a going concern basis.

2.3.4 Materiality and Aggregation

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

2.3.5 Consolidation Policy

(a) Basis of Consolidation

Subsidiaries

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

The interest of the outside shareholders of the Group is disclosed separately under the heading of "Minority Interest".

A listing of the Group's significant subsidiaries is set out in Note (1.7) to the financial statements.

(b) Financial Year

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

(c) Goodwill

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is

measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

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

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

(d) Intra-Group Balances and Transactions

Intra-group balances and transactions, any unrealised gains/losses from the intra-group transactions are eliminated in preparing the Consolidated Financial Statements.

2.3.6 Foreign Currency Transactions

Transactions in foreign currencies are translated into Sri Lanka Rupees ("Rupees") at the foreign exchange rate ruling at the date of the transaction.

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

2.3.7 Comparative Information

Comparative Information has been reclassified, wherever necessary, to conform to the current year's presentation and classification. The accounting policies adopted are consistent with those used in the previous financial year.

2.3.8 Taxation

2.3.8.1 Current Taxes

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

The profits of Durdans Heart Surgical Centre (Pvt) Limited are exempt from Income Tax for a period of 10 years from the date on which the Company first commenced to make profit under the BOI Agreement No.2158 of 14th December 1999. The provision for Income Tax is based on the interest income as reported in the Financial Statements of Durdans

Notes to the Financial Statements

Heart Surgical Centre (Pvt) Limited and computed in accordance with the provisions of the Inland Revenue Act No. 10 of 2006 at the rate of 28%.

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

2.3.8.2 Deferred Taxation

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

2.3.9 Events after the Balance Sheet date

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

2.4 Valuation of Assets and Their Measurement Bases

2.4.1 Inventories

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

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

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

2.4.2 Trade and Other Receivables

Trade receivables are stated at the amounts they are estimated to realize net of provisions for bad and doubtful debts.

A provision for doubtful debts is made when the collection of the full amount is no longer probable. Bad debts are written-off when identified.

Other receivables and dues from related parties are recognized at cost less provision for bad and doubtful receivables.

2.4.3 Cash and Cash Equivalents

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

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

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

The Cash Flow Statements

The cash flow statements are prepared using "Indirect Method" of preparing cash flows in accordance with the Sri Lanka Accounting Standard No. 9, on cash flow statements whereby gross cash receipts and gross cash payments on operating activities, investing activities and financial activities are recognised.

2.4.4 Property, Plant & Equipment

(a) Cost and Valuation

All items of Property, Plant and Equipment are initially recorded at cost. The land and building situated at No.3, Alfred Place, Colombo 3 and No. 5, Alfred Place, Colombo 3 were revalued as at 31st March 2012. Subsequent additions are recorded at cost. Where items of Property, Plant and Equipment are subsequently revalued, the entire class of such assets are revalued. Revaluations are done with sufficient regularity to ensure that their carrying amounts do not differ materially from their fair values, at the Balance Sheet date. Subsequent to the initial recognition as an asset at cost, revalued Property, Plant and Equipment are carried at revalued amounts less any subsequent depreciation thereon. All other Property, Plant and Equipment are stated at historical cost less depreciation.

When an asset is revalued, any increase in the carrying amount is credited directly to a revaluation surplus unless it reverses a previous revaluation decrease relating to

the same asset, which was previously recognised as an expense. In these circumstances the increase is recognised as income to the extent of the previous write down. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised as an expense unless it reverses a previous increment relating to that asset, in which case it is charged against any related revaluation surplus, to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset. Any balance remaining in the revaluation surplus in respect of an asset is transferred directly to Accumulated Profits on retirement or disposal of the assets.

The Company Policy is to revalue the assets between 3-5 years.

(b) Impairment of Assets

The carrying values of Property, Plant and Equipment are reviewed for impairment annually or when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indications exist and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount. Impairment losses are recognized in the income statement unless it reverses a previous revaluation surplus for the same asset.

(c) Depreciation

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

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

Durdans Heart Surgical Centre (Pvt) Ltd.

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

Durdans Medical & Surgical Hospital (Pvt) Ltd.

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

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

(d) Restoration Cost

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

(e) Derecognition

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

2.4.5 Leases

Finance Leases – Where the company is the lessee

Property, Plant and Equipment on finance leases, which are effectively transferred to the Company substantially all of the risk and benefits incidental to ownership of the leased item are capitalized at their cash price.

Assets held under finance lease are amortized over the shorter of the lease period or the useful lives of equivalent owned assets, unless ownership is not transferred at the end of the lease period.

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

Notes to the Financial Statements

2.4.6 Capital Work-In-Progress

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

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

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

2.4.7 Intangible Assets

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

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

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

2.4.8 Investments

(a) Current Investments

Current investments are stated at the lower of cost and market value determined on an aggregate portfolio basis.

The cost of an investment is the cost of acquisition inclusive of brokerage, fees, duties and bank fees.

(b) Long Term Investments

Long term investments are stated at cost.

The cost of the investments is the cost of acquisition inclusive of brokerage fees duties and bank fees.

The carrying amounts of long term investments are reduced to recognise a decline other than temporary in the value of investments, determined on an individual investment basis.

In the company's Financial Statements, investments in subsidiary companies have been accounted for at cost, net of any impairment losses which are charged to the income statement. Income from these investments is recognized only to the extent of dividends received.

Provision for diminution in value is made when in the opinion of the Director's that there has been a decline other than temporary in the value of the investment.

2.5 Liabilities and Provisions

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

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

2.5.1 Deferred Revenue

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

Revenue is recognised over the lease life of 35 years.

2.5.2 Retirement Benefit Obligations

(a) Defined Benefit Plan - Gratuity

A defined benefit plan is a post employment benefit plan other than a defined contribution plan. The liability is recognised in the balance sheet date. Benefits falling due more than 12 months after the balance sheet date are discounted to present value. The defined benefit obligation is calculated annually by independent actuaries using Projected Unit Credit Method (PUC) as recommended by SLAS - 16, Employees benefits. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows. The gratuity liability was based on the actuarial valuation carried out.

The actuarial gains and losses are charged or credited to income statement in the period in which they arise. The assumptions based on which the results of the actuarial valuation was determined as at 31st March 2012, are given below. However, according to the Payment of Gratuities Act No.12 of 1983, the liability for the gratuity payment to an employee arises only on the completion of five years of continued service with the Company.

- Average Rate of Interest - 11% (Per annum)
- Average Rate of Salary Increase - 10%

- c. Average Retirement Age - 55 years
- d. The company will continue in business as a going concern

The liability is not externally funded.

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

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

2.5.3 Trade and Other Payables

Trade creditors and other payables are stated at their book values.

2.6 Income Statements

Revenue Recognition

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

(a) Rendering of Services

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

(b) Interest

Interest Income is recognised on an accrual basis.

(c) Dividends

Dividend income is recognised on a cash basis.

(d) Rental Income

Rental income is recognised on an accrual basis.

(e) Deferred Revenue

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

(f) Others

Other Income is recognised on an accrual basis.

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

Net gains and losses of a revenue nature on the disposal of Property, Plant and Equipment and other non-current assets including investments have been accounted for in

the Income Statement, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses.

Expenditure Recognition

(a) Expenses are recognised in the Income Statement 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.

(b) For the purpose of presentation of the Income Statement, 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.

2.6.1 Borrowing Costs

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

The amounts of borrowing costs which are eligible for capitalisation are determined in accordance with the Allows Alternative Treatment in Sri Lanka Accounting Standard 20 - "Borrowing Costs".

2.6.2 Dividend on Ordinary Shares

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

2.6.3 Directors' Responsibility Statement

Directors acknowledge the responsibility for true and fair presentation of the Financial Statements in accordance with the books of accounts, Sri Lanka Accounting Standards and the requirements of the Companies Act No. 07 of 2007.

Notes to the Financial Statements

For the year ended 31st March 2012

	Group		Company	
	2011/2012 Rs.	2010/2011 Rs.	2011/2012 Rs.	2010/2011 Rs.
3 REVENUE				
Sales	3,451,992,560	3,054,399,194	2,189,110,603	1,945,639,397
4 OTHER OPERATING INCOME				
Interest Income	9,930,039	7,231,381	3,687,227	4,126,579
Dividend Income from Unit Trust	9,475	20,712	3,607	10,721
Deferred Income Residential Fees	-	-	1,340,000	1,340,000
Dividend Income	199,749	212,415	58,740,000	54,823,720
Sundry Income	10,881,678	7,863,443	9,304,028	8,496,099
Profit on Disposal of Property, Plant & Equipment	921,682	8,399,754	921,682	6,849,754
	21,942,623	23,727,705	73,996,544	75,646,873
5 FINANCE COST				
Loan Interest	136,408,210	118,963,911	82,870,045	83,205,490
Debenture Interest	12,000,000	12,000,000	12,000,000	12,000,000
Interest Expense on Overdraft	11,928,951	19,070,930	7,741,291	9,658,439
Other Interest	2,549,668	1,059,452	1,184,906	1,059,452
	162,886,829	151,094,293	103,796,242	105,923,381
6 PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE TAX				
Profit / (Loss) from ordinary activities before tax is stated after charging all expenses including the following.				
Director's Emoluments	16,230,425	14,613,216	15,645,425	14,243,216
Auditors Remuneration - Internal	907,243	1,026,397	787,243	710,524
- External	1,197,943	1,148,203	807,943	788,076
Depreciation	249,911,055	199,418,215	125,485,932	109,262,203
Defined Benefit Plan Costs-Gratuity	9,731,799	20,708,096	7,789,914	19,976,843
Legal Fees	721,784	598,285	721,784	598,285
Salaries	576,813,138	490,096,899	410,788,601	347,686,713
Employees' Provident Fund	43,114,932	43,609,603	33,551,650	30,973,470
Employees' Trust Fund	11,454,007	11,435,096	8,386,707	7,743,911
Donations	2,125,233	470,116	1,394,983	390,116
7 INCOME TAX EXPENSES				
Income Tax (Note 7.1)	53,358,465	34,202,995	51,000,000	33,100,000
Deferred Tax	8,441,790	47,456,007	8,441,790	47,456,007
	61,800,255	81,659,002	59,441,790	80,556,007

For the year ended 31st March 2012

7.1 RECONCILIATION BETWEEN CURRENT TAX EXPENSE AND ACCOUNTING PROFIT

	Group		Company	
	2011/2012 Rs.	2010/2011 Rs.	2011/2012 Rs.	2010/2011 Rs.
Accounting Profit Before tax	408,771,267	240,042,090	271,697,309	186,093,685
Aggregated Disallowed items	283,019,615	175,871,631	150,399,418	147,203,562
Aggregated Allowed items	(539,038,315)	(319,667,884)	(181,507,407)	(240,156,249)
Income Not Subject to Tax	(58,949,597)	-	(58,743,607)	-
Taxable Profit/(Loss) on Trade	93,802,970	96,245,837	181,845,713	93,140,998
Statutory Tax Rate 28%	53,358,465	33,686,043	50,916,800	32,599,349
SRL 1.5%	-	505,292	-	488,990
Income Tax Provision	53,358,465	34,202,995	51,000,000	33,100,000

Parent Company - Ceylon Hospitals PLC

The company is liable for Income tax for the year of assessment 2011/2012 at the rate of 28%.

Durdans Heart Surgical Centre (Pvt) Ltd

The profit of the Company is exempted from Income Tax for a period of 10 years from the date on which the company first commenced to make profit under BOI agreement No. 2158 of 14th December 1999.

The provision for Income tax is based on the interest income as reported in the financial statements of the Durdans Heart Surgical Centre (Pvt) Ltd and computed in accordance with the Inland Revenue Act at the rate of 28%.

Durdans Medical & Surgical Hospitals (Pvt) Ltd

The profit of the Company is exempted from Income Tax for a period of 6 years from the year in which the Company commences to make profits or any year of assessments not later than two years recognised from the date of commencement of commercial operations, whichever is earlier.

8 EARNINGS PER SHARE

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

	Group		Company	
	2011/2012 Rs.	2010/2011 Rs.	2011/2012 Rs.	2010/2011 Rs.
Net Profit Attributable to Ordinary Shares (Rs)	251,160,244	128,035,494	212,255,519	105,537,678
Weighted Average Number of Shares				
Outstanding during the year	33,872,726	33,872,726	33,872,726	33,872,726
Earnings per Share (Rs.)	7.41	3.78	6.27	3.12

Notes to the Financial Statements

As at 31st March 2012

9 PROPERTY, PLANT & EQUIPMENT

GROUP

Cost / Valuation	Balance as at 01.04.2011 Rs.	Acquisitions Rs.	Disposals Rs.	Transfer to the Revaluation Rs.	Balance as at 31.03.2012 Rs.
Freehold Land & Buildings	2,526,710,636	221,581,243	-	140,625,272	2,888,917,151
Medical & Other Equipment	1,766,383,082	99,742,127	1,013,758	-	1,865,111,451
Furniture & Fittings	140,528,018	25,765,746	-	-	166,293,764
Computer Equipment	78,666,214	5,237,214	-	-	83,903,428
Motor Vehicles	52,210,453	12,165,003	4,161,819	-	60,213,637
	4,564,498,403	364,491,333	5,175,577	140,625,272	5,064,439,431
Assets On Finance Leases					
Motor Vehicles	-	10,505,357	-	-	10,505,357
	4,564,498,403	374,996,690	5,175,577	140,625,272	5,074,944,788
Accumulated Depreciation	Balance as at 01.04.2011 Rs.	Charge for the year Rs.	Disposals Rs.	Transfer to the Revaluation Rs.	Balance as at 31.03.2012 Rs.
Buildings at Alfred Place	47,857,785	40,772,286	-	(47,587,456)	41,042,615
Medical & Other Equipment	453,611,356	178,952,388	967,175	-	631,596,569
Furniture & Fittings	28,066,810	12,754,656	-	-	40,821,466
Computer Equipment	26,961,903	8,650,357	-	-	35,612,260
Motor Vehicles	7,977,493	7,607,723	1,375,641	-	14,209,575
	564,475,347	248,737,410	2,342,816	(47,587,456)	763,282,485
Assets On Finance Leases					
Motor Vehicles	-	1,173,645	-	-	1,173,645
	564,475,347	249,911,055	2,342,816	(47,587,456)	764,456,130
				As at 31.03.2012 Rs.	As at 31.03.2011 Rs.
Net Book Value				4,310,488,658	4,000,023,056

As at 31st March 2012

9 PROPERTY, PLANT & EQUIPMENT (CONTD.....)

COMPANY

Cost / Valuation	Balance as at 01.04.2011 Rs.	Acquisitions Rs.	Disposals Rs.	Transfer to the Revaluation Rs.	Balance as at 31.03.2012 Rs.
Freehold Land & Buildings	1,082,251,925	34,089,803	-	140,625,272	1,256,967,000
Medical & Other Equipment	857,550,394	60,790,829	1,013,758	-	917,327,465
Furniture & Fittings	84,323,826	15,085,643	-	-	99,409,469
Computer Equipment	73,034,189	4,906,338	-	-	77,940,527
Motor Vehicles	35,678,471	7,160,720	4,161,819	-	38,677,372
	2,132,838,805	122,033,333	5,175,577	140,625,272	2,390,321,833
Assets On Finance Leases					
Motor Vehicles	-	6,605,357	-	-	6,605,357
	2,132,838,805	128,638,690	5,175,577	140,625,272	2,396,927,190
Accumulated Depreciation	Balance as at 01.04.2011 Rs.	Charge for the year Rs.	Disposals Rs.	Transfer to the Revaluation Rs.	Balance as at 31.03.2012 Rs.
Buildings at Alfred Place	35,513,407	12,074,049	-	(47,587,456)	-
Medical & Other Equipment	258,147,944	92,166,061	967,175	-	349,346,830
Furniture & Fittings	20,865,619	9,268,093	-	-	30,133,712
Computer Equipment	21,920,306	7,555,813	-	-	29,476,119
Motor Vehicles	4,601,942	3,898,271	1,375,641	-	7,124,572
	341,049,218	124,962,287	2,342,816	(47,587,456)	416,081,233
Assets On Finance Leases					
Motor Vehicles	-	523,645	-	-	523,645
	341,049,218	125,485,932	2,342,816	(47,587,456)	416,604,878
				As at 31.03.2012 Rs.	As at 31.03.2011 Rs.
Net Book Value				1,980,322,312	1,791,789,587

9.1 CAPITAL WORK-IN-PROGRESS - GROUP

	Group		Company	
	2011/2012 Rs.	2010/2011 Rs.	2011/2012 Rs.	2010/2011 Rs.
Balance as at 31.03.2011	8,498,451	1,170,783,098	8,498,451	-
Add : Additions for the year	-	8,498,451	-	8,498,451
Less : Transfers During the Year	(1,955,536)	(1,170,783,098)	(1,955,536)	-
Balance as at 31.03.2012	6,542,915	8,498,451	6,542,915	8,498,451

Notes to the Financial Statements

AS AT 31ST MARCH 2012

9 PROPERTY, PLANT & EQUIPMENT (CONTD....)

The fair value of the company's land and buildings were determined by means of a revaluation during the financial year by Mr P M B Edmund an independent valuer with reference to market based evidence. The result of such valuation were incorporated in these financial statements from its effective date which is 31st March 2012. The surplus arising from the revaluation was transferred to a revaluation reserve.

The Carrying Value of the Assets is stated if Revaluation has not been carried out.

COMPANY

Description	Address	Extent	2011/2012 Rs.	2010/2011 Rs.
Land 01	No 03, Alfred Place, Colombo 03	0A-3R-30.24P	494,400,237	494,400,237
Land 02	No 05, Alfred Place, Colombo 03	0A-0R-32.68P	118,750,000	118,750,000
Building	No 03, Alfred Place, Colombo 03	(01 Building) 97,340 Sq.ft.	455,604,034	433,588,281
Total			1,068,754,271	1,046,738,518

10 INVESTMENT IN SUBSIDIARIES

COMPANY

	As at 31.03.2012				As at 31.03.2011			
	Number of Shares	Holding %	Carrying Value Rs.	Directors Valuation Rs.	Number of Shares	Holding %	Carrying Value Rs.	Directors Valuation Rs.
Durdans Heart Surgical Centre (Pvt) Ltd.	7,831,960	71.20	85,297,410	85,297,410	7,831,960	71.20	85,297,410	85,297,410
Durdans Medical & Surgical Hospital (Pvt) Ltd.	106,607,144	71.78	1,072,500,012	1,072,500,012	105,000,001	75.00	1,050,000,010	1,050,000,010
	114,439,104		1,157,797,422	1,157,797,422	112,831,961		1,135,297,420	1,135,297,420

11 INVENTORIES

	Group		Company	
	2011/2012 Rs.	2010/2011 Rs.	2011/2012 Rs.	2010/2011 Rs.
Drugs & Dressings	132,741,463	107,684,572	54,573,553	41,359,158
Lab Reagents & Consumables	66,073,827	45,908,760	66,073,827	45,908,760
Pantry Provisions	1,267,616	919,602	1,267,616	919,602
General Stock	15,602,019	9,452,917	15,602,019	9,452,917
Goods-In-Transit- Equipment	279,590	2,756,136	-	-
	215,964,515	166,721,987	137,517,015	97,640,437

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12 OTHER INVESTMENTS

	Group		Company	
	2011/2012 Rs	2010/2011 Rs	2011/2012 Rs	2010/2011 Rs
Investments in Fixed Deposits & Unit Trusts	167,061,255	70,876,355	53,806,088	45,991,906
Investments In Shares & Debentures				
- Quoted (12.1)	2,234,753	2,234,753	640,000	640,000
- Unquoted & Debentures	1,229,960	1,229,960	1,229,960	1,229,960
	170,525,968	74,341,068	55,676,048	47,861,866

12.1 Quoted

	Group				Company			
	Number of Shares	Market Value 2011/12 Rs.	Carrying Value 2011/12 Rs.	Carrying Value 2010/11 Rs.	Number of Shares	Market Value 2011/12 Rs.	Carrying Value 2011/12 Rs.	Carrying Value 2010/11 Rs.
Lanka Indian Oil Company PLC	60,000	1,164,000	960,000	960,000	40,000	776,000	640,000	640,000
Dialog Telekom PLC	63,470	450,637	311,003	311,003	-	-	-	-
Commercial Bank PLC	3,000	646,400	158,500	158,500	-	-	-	-
Vallible Power Erathna PLC	125,000	825,000	225,000	225,000	-	-	-	-
Seylan Bank PLC	10,000	290,000	92,500	92,500	-	-	-	-
Ceylon Guardian Investment Trust PLC	15,300	3,534,300	309,750	309,750	-	-	-	-
National Development Bank PLC	2,000	491,200	178,000	178,000	-	-	-	-
	278,770	7,401,537	2,234,753	2,234,753	40,000	776,000	640,000	640,000

13 TRADE & OTHER RECEIVABLES

	Group		Company	
	2011/2012 Rs.	2010/2011 Rs.	2011/2012 Rs.	2010/2011 Rs.
Trade Debtors	115,847,004	95,155,494	84,852,239	59,033,460
Advances , Prepayments & Deposits	82,506,081	92,679,634	55,205,466	67,866,202
Other Receivables	6,898,169	7,852,418	65,319,169	3,147,896
	205,251,254	195,687,546	205,376,874	130,047,558

14 RELATED PARTY TRANSACTIONS

14.1 Amount Due from Related Parties

	Group		Company	
	2011/2012 Rs.	2010/2011 Rs.	2011/2012 Rs.	2010/2011 Rs.
Durdans Heart Surgical Centre (Pvt) Ltd	-	-	17,250,970	61,500,976
Durdans Medical & Surgical Hospital (Pvt) Ltd	-	-	174,997,069	215,216,151
Durdans Managemet Serviecs Ltd	1,838,512	3,400,000	-	-
	1,838,512	3,400,000	192,248,039	276,717,127

Notes to the Financial Statements

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14.2 AMOUNT DUE TO RELATED PARTIES

	Group		Company	
	2011/2012 Rs.	2010/2011 Rs.	2011/2012 Rs.	2010/2011 Rs.
Durdans Heart Surgical Centre (Pvt) Ltd.	-	-	39,071,423	60,833,882
Durdans Medical & Surgical Hospital (Pvt) Ltd.	-	-	17,492,686	86,981,114
Durdans Management Services Ltd.	1,361,780	976,499	1,145,234	976,499
	1,361,780	976,499	57,709,343	148,791,495
15 CASH & CASH EQUIVALENTS				
Favourable Cash & Cash Equivalent Balance	21,278,821	71,062,716	12,592,181	17,136,645
16 STATED CAPITAL				
33,872,726 Shares (2010/11 - 33,872,726)	916,366,104	916,366,104	916,366,104	916,366,104
17 REVALUATION RESERVES				
Balance as at 31.03.2011	344,126,161	746,671,576	344,126,161	746,671,576
Less: Transfer to Bonus Issue of Shares	-	(402,545,415)	-	(402,545,415)
Add: Transfer from Revaluation of Property Plant & Equipment	188,212,729	-	188,212,729	-
Balance as at 31.03.2012 (Note 17.1)	532,338,890	344,126,161	532,338,890	344,126,161

17.1 Revaluation Reserves

Rs.

The Company Policy is to revalue the assets between 3-5 years continuously.	
Market Value of the Assets Revalued as at 31.03.2012	1,256,967,000
W.D.V. of the Assets Revalued as at 31.03.2012	1,068,754,271
Revaluation Reserves	188,212,729
Balance B/F	344,126,161
Balance C/F	532,338,890

Revaluation (Land and Building) carried out by Mr P M B Edmund, Consultant Valuer

Date of Revaluation : 31.03.2012

AS AT 31ST MARCH 2012

18 REVENUE RESERVES

	Group		Company	
	2011/2012 Rs.	2010/2011 Rs.	2011/2012 Rs.	2010/2011 Rs.
General Reserves				
Balance as at 01.04.2011	4,822,163	4,822,163	4,822,163	4,822,163
Balance as at 31.03.2012	4,822,163	4,822,163	4,822,163	4,822,163
Accumulated Profits				
Balance as at 01.04.2011	781,893,148	696,198,562	736,155,952	672,959,182
Profit for the year	251,160,244	128,035,494	212,255,519	105,537,678
Increase in the Share of Minority Interest	(1,117,583)	-	-	-
Dividend Paid				
- Ordinary Shares	(50,809,089)	(42,340,908)	(50,809,089)	(42,340,908)
Balance as at 31.03.2012	981,126,720	781,893,148	897,602,382	736,155,952
Total	985,948,883	786,715,311	902,424,545	740,978,115

19 MINORITY INTEREST

	Group	
	2011/2012 Rs.	2010/2011 Rs.
Balance as at 01.04.2011	401,774,165	393,602,851
Profit for the year	37,070,768	30,347,594
Increase in the Share of Minority Interest	74,403,313	-
Dividends Paid	(23,760,000)	(22,176,280)
Balance as at 31.03.2012	489,488,246	401,774,165

20 INTEREST BEARING LOANS & BORROWINGS

GROUP	Note	Re-payable within one year Rs.	Re-payable after one year Rs.	Total as at 31.03.2012 Rs.	Total as at 31.03.2011 Rs.
Debentures	20.1	-	100,000,000	100,000,000	100,000,000
Bank Loans	20.2	310,535,762	931,625,329	1,242,161,091	1,257,779,185
Lease Creditors	20.3	2,610,722	5,081,633	7,692,356	-
		313,146,484	1,036,706,962	1,349,853,447	1,357,779,185
COMPANY					
Debentures	20.1	-	100,000,000	100,000,000	100,000,000
Bank Loans	20.2	170,047,570	539,888,512	709,936,082	772,169,493
Lease Creditors	20.3	2,543,175	1,904,804	4,447,979	-
		172,590,745	641,793,316	814,384,061	872,169,493

20.1 12% Redeemable Debentures - Lanka Ventures PLC

12% Redeemable debentures at a par value of Rs.10/- each were issued to Lanka Ventures PLC, with an option to convert to Rs.2,500,000/- ordinary shares of DMSH for 3,125,000 debentures held by Lanka Ventures PLC. The redemption shall be in equal installments from the year 2013-17.

Notes to the Financial Statements

AS AT 31ST MARCH 2012

20.2 Bank Loans - Group

Lender	Within One Year Rs.	After One Year Rs.	Total Rs.	Interest Rate %	Obtained Date	Repayment Terms	Security
DFCC Bank							
500 Million Loan	71,428,571	363,095,238	434,523,809	AWDR + 5%	01.05.2010	(A)	<p>(i) An agreement to mortgage over allotments of land marked as Lot 01 depicted in Plan No. 7187 dated 10th June 2008 made by Gamini B.Dodanwela, LS of the land bearing assessment No. 03, Alfred Place situated at Kollupitiya within the Municipality Council limits of Colombo containing in extent 0A-3R-30.24P, together with the buildings standing thereon owned by the company.</p> <p>(ii) A tripartite agreement assigning 86,000,001 ordinary shares of the Durdans Medical and Surgical Hospital (Pvt) Ltd held by the company as equity investment.</p>
100 Million Loan	11,435,892	79,040,300	90,476,192	80% of loan AWDR + 4.75% 20% of loan AWPLR+1%	26.07.2010	(B)	Primary Mortgage over proposed movable machinery with CT Scanner.
22.5 Million Loan	15,000,024	6,249,974	21,249,998	AWDR + 6% p.a.	28.02.2012	(C)	Company guarantee through Board Resolution and duly signed loan agreement

AS AT 31ST MARCH 2012

20.2 Bank Loans - Group (Contd....)

Lender	Within One Year Rs.	After One Year Rs.	Total Rs.	Interest Rate %	Obtained Date	Repayment Terms	Security
DFCC Bank (Contd.)							
200 Million Loan	49,850,028	120,470,789	170,320,817	AWPLR+1.75% p.a.	23.06.2009	(D)	Agreement to mortgage and Corporate Guarantee Land An Allotment of Land marked lot 1 depicted in Plan No.7123 dated 08th April 2008 made by Gamini B. Dodanwela, Licensed Surveyor, of a land called Durdans Hospital, presently bearing assessment No. 04, 06th Lane and part of assessment No.03, Alfred Place situated at Kollupitiya, within the Municipal Council Limits of Colombo and containing in extent OA-1R-26.54P according to the said Plan No. 7123 together with the building standing thereon owned by the Durdans Medical & Surgical Hospital (Pvt) Ltd.
23 Million Loan	21,083,333	-	21,083,333	AWDR + 6% p.a.	28.02.2012	(E)	Company guarantee through Board Resolution and duly signed loan agreement.
BOC - Head Office							
50 Million Loan	5,302,965	-	5,302,965	AWDR+1.5% p.a.	10.10.2006	(F)	Promissory Note for Rs. 50 million
NDB Bank							
100 Million Loan	33,600,000	52,400,000	86,000,000	AWDR + 3.9% p.a.	15.10.2010	(G)	Primary Mortgage over the equ. Purchased of Rs.26.1 million and corporate guarantee

Notes to the Financial Statements

AS AT 31ST MARCH 2012

20.2 Bank Loans - Group (Contd....)

Lender	Within One Year Rs.	After One Year Rs.	Total Rs.	Interest Rate %	Obtained Date	Repayment Terms	Security
NDB Bank (Contd.)							
50 Million Loan	20,040,000	21,610,000	41,650,000	AWDR + 3.9% p.a.	18.03.2011	(H)	Primary Mortgage over the equ. Purchased and Corporate Guarantee from DHSC
8 Million Loan	4,000,001	-	4,000,001	11%	14.03.2011	(I)	Primary Mortgage Bond
25 Million Loan	7,507,000	17,493,000	25,000,000	AWDR + 3.9% p.a.	25.10.2011	(J)	Primary Mortgage over proposed movable machinery with CT Scanner
Union Bank							
1.74 Million Loan	1,733,116	-	1,733,116	AWDR + 6% p.a.	30.03.2012	(K)	Import Loan
Amana Investments							
140 Million Loan	16,419,058	109,461,653	125,880,711	AWDR+ 5% p.a. subject to a cap of 23% p.a. & floor of 13.5% p.a.	11.08.2010	(L)	Primary Mortgage over MRI Scanner
175 Million Loan	33,095,773	133,514,375	166,610,148	AWDR+ 5% p.a. subject to a cap of 23% p.a. & floor of 13.5% p.a.	24.12.2009	(M)	Primary mortgage over Medical Equipment purchased
NDB Bank							
50 Million Loan	20,040,000	28,290,000	48,330,000	AWDR + 3.9% p.a.	07.07.2011	(N)	Primary Mortgage over the equipment Purchased and Corporate Guarantee from CHPLC
Total	310,535,762	931,625,329	1,242,161,091				

AS AT 31ST MARCH 2012

20.2 Bank Loans - Company

Lender	Within One Year Rs.	After One Year Rs.	Total Rs.	Interest Rate %	Obtained Date	Repayment Terms	Security
DFCC Bank							
500 million Loan	71,428,572	363,095,238	434,523,810	AWDR + 5%	01.05.2010	(A)	<p>(i) An agreement to mortgage over allotments of land marked as Lot 01 depicted in Plan No. 7187 dated 10th June 2008 made by Gamini B.Dodanwela, LS of the land bearing assessment No. 03, Alfred Place situated at Kollupitiya within the Municipality Council limits of Colombo containing in extent 0A-3R-30.24P, together with the buildings standing thereon owned by the company.</p> <p>(ii) A tripartite agreement assigning 86,000,001 ordinary shares of the Durdans Medical and Surgical Hospital (Pvt) Ltd held by the company as equity investment.</p>
100 Million Loan	11,435,892	79,040,300	90,476,192	80% of loan AWDR + 4.75% 20% of loan AWPLR + 1%	26.07.2010	(B)	Primary Mortgage over proposed movable machinery with CT Scanner
22.5 Million Loan	15,000,024	6,249,974	21,249,998	AWDR + 6% p.a.	28.02.2012	(C)	Company guarantee through Board Resolution and duly signed loan agreement

Notes to the Financial Statements

AS AT 31ST MARCH 2012

20.2 Bank Loans - Company (Contd....)

Lender	Within One Year Rs.	After One Year Rs.	Total Rs.	Interest Rate %	Obtained Date	Repayment Terms	Security
BOC - Head Office							
50 Million Loan	5,302,965	-	5,302,965	AWPLR + 1.5%	10.10.2006	(F)	Promissory Note for Rs. 50 million
NDB Bank							
100 Million Loan	33,600,000	52,400,000	86,000,000	AWDR + 3.9% p.a.	15.10.2010	(G)	Primary Mortgage over the equipment Purchased of Rs.26.1 million and corporate guarantee
50 Million Loan	20,040,000	21,610,000	41,650,000	AWDR + 3.9% p.a.	18.03.2011	(H)	Primary Mortgage over the equipment Purchased and Corporate Guarantee from DHSC.
8 Million Loan	4,000,001	-	4,000,001	11%	14.03.2011	(I)	Primary Mortgage Bond
25 Million Loan	7,507,000	17,493,000	25,000,000	AWDR + 3.9% p.a.	25.10.2011	(J)	Primary Mortgage over proposed movable machinery with CT Scanner
Union Bank							
1.74 million Loan	1,733,116	-	1,733,116	AWDR + 6% p.a.	30.03.2012	(K)	Import Loan
Total	170,047,570	539,888,512	709,936,082				

- (A) In 84 equal monthly installments of Rs.5,952,380/- with a grace period of 12 months
- (B) In 84 equal monthly installments of Rs.1,190,476/- with a grace period of 12 months.
- (C) In 18 equal monthly installments of Rs.1,250,000/-
- (D) In 48 equal monthly installments of Rs.4,166,667/- commencing after a grace period of 12 months.
- (E) In 12 equal monthly installments of Rs.1,916,666/-.
- (F) First installment of Rs.757,625 +65 equal monthly installments of Rs.757,575/-inclusive of 6 months grace period.
- (G) In 36 equal monthly installments of Rs.2,777,777/- with a grace period of 13 months.
- (H) In 29 equal monthly installments of Rs.1,670,000/- and final installment of Rs.1,570,000/-.
- (I) In 24 equal monthly installments of Rs.372,862/-.
- (J) In 29 equal monthly installments of Rs.833,000/- and final installment of Rs.843,000/-.
- (K) For a 3 month period starting from 30.03.2012
- (L) In 72 monthly installments as per the schedule given by the lender, commencing after a grace period of 12 months.
- (M) In 84 monthly installments as per the schedule given by the lender, commencing after a grace period of 12 months.
- (N) In 29 equal monthly installments of Rs.1,670,000/- and final installment of Rs.1,570,000/-.

AS AT 31ST MARCH 2012

20.3 Lease Creditors - Group

Gross Liability

Name of Lease Creditor and Description of Asset on Finance Lease	Balance As at 01.04.2011 Rs.	New Leases Obtained Rs.	Repayments Rs.	Balance As at 31.03.2012 Rs.
NDB Bank				
- Axio Motor Car	-	4,642,176	(2,127,664)	2,514,512
- JMC Double Cab	-	3,441,650	(501,907)	2,939,743
- Allion Motor Car	-	4,880,928	(1,016,860)	3,864,068
	-	12,964,754	(3,646,431)	9,318,323

Finance Charges Allocated to Future Years

Name of Lease Creditor and Description of Asset on Finance Lease	Balance As at 01.04.2011 Rs.	On New Leases Obtained Rs.	Finance Charges Written Off Rs.	Balance As at 31.03.2012 Rs.
NDB Bank				
- Axio Motor Car	-	936,819	(652,651)	284,169
- JMC Double Cab	-	986,293	(262,579)	723,714
- Allion Motor Car	-	980,928	(362,844)	618,084
	-	2,904,040	(1,278,074)	1,625,967
Present Value of Lease Creditors	-			7,692,356

Lease Creditors - Company

Gross Liability

Name of Lease Creditor and Description of Asset on Finance Lease	Balance As at 01.04.2011 Rs.	New Leases Obtained Rs.	Repayments Rs.	Balance As at 31.03.2012 Rs.
NDB Bank				
- Axio Motor Car	-	4,642,176	(2,127,664)	2,514,512
- JMC Double Cab	-	3,441,650	(501,907)	2,939,743
	-	8,083,826	(2,629,571)	5,454,255

Finance Charges Allocated to Future Years

Name of Lease Creditor and Description of Asset on Finance Lease	Balance As at 01.04.2011 Rs.	On New Leases Obtained Rs.	Finance Charges Written Off Rs.	Balance As at 31.03.2012 Rs.
NDB Bank				
- Axio Motor Car	-	936,819	(652,651)	284,168
- JMC Double Cab	-	986,294	(264,186)	722,108
	-	1,923,113	(916,837)	1,006,276
Present Value of Lease Creditors	-			4,447,979

Notes to the Financial Statements

AS AT 31ST MARCH 2012

21 DEFERRED REVENUE

	Group		Company	
	2011/2012 Rs	2010/2011 Rs	2011/2012 Rs	2010/2011 Rs
Balance as at 01.04.2011	-	-	32,704,600	34,044,600
Less:				
Amortized during the year	-	-	(1,340,000)	(1,340,000)
Balance as at 01.04.2012	-	-	31,364,600	32,704,600

22 PROVISIONS & OTHER LIABILITIES

	Group		Company	
	2011/2012 Rs	2010/2011 Rs	2011/2012 Rs	2010/2011 Rs
Gratuity				
Balance as at 01.04.2011	79,038,173	63,579,302	74,787,235	60,059,617
Provision for the year	9,731,799	20,708,096	7,789,914	19,976,843
	88,769,972	84,287,398	82,577,149	80,036,460
Payments made during the year	(7,203,409)	(5,249,225)	(6,942,104)	(5,249,225)
Balance as at 31.03.2012	81,566,563	79,038,173	75,635,045	74,787,235

Note:

As at 31st March 2012, the gratuity liability was actuarially valued under the projected unit credit method by Mr M Poopalanathan of Actuarial and Management Consultant (Pvt) Ltd. The liability is not externally funded. The valuation is performed at 02 years intervals.

Principal actuarial assumptions used	% per annum
(a) Discount Rate	11%
(b) Incidence of Withdrawal	10%
(c) Salary Increased	10%
(d) Retirement Age	55 years

Expense recognised in the Income Statement

	Group		Company	
	2011/2012 Rs	2010/2011 Rs	2011/2012 Rs	2010/2011 Rs
Current service cost	10,578,183	9,080,613	9,451,168	8,554,560
Interest cost	1,969,023	5,702,222	1,569,832	5,619,422
Actuarial gain/(loss)	(2,815,407)	5,925,261	(3,231,086)	5,802,861
Total included in the staff cost	9,731,799	20,708,096	7,789,914	19,976,843

AS AT 31ST MARCH 2012

23 DEFERRED TAXATION

	Group		Company	
	2011/2012 Rs	2010/2011 Rs	2011/2012 Rs	2010/2011 Rs
Balance as at 01.04.2011	86,629,618	39,173,611	86,629,618	39,173,611
Provision for the year	8,441,790	47,456,007	8,441,790	47,456,007
Balance as at 31.03.2012	95,071,408	86,629,618	95,071,408	86,629,618
Deferred tax provision as at the year is made up as follows,				
Deferred tax provision from:				
Temporary difference of property, plant & Equipment	104,147,613	107,570,043	104,147,613	107,570,043
Temporary difference of retirement benefit obligation	(9,076,205)	(20,940,425)	(9,076,205)	(20,940,425)
	95,071,408	86,629,618	95,071,408	86,629,618
24 TRADE & OTHER PAYABLES				
Trade Creditors	112,334,717	85,773,089	81,528,902	60,661,709
Accrued Expenses & Sundry Payables	174,235,626	215,747,601	106,984,661	96,890,730
	286,570,343	301,520,690	188,513,563	157,552,439

Notes to the Financial Statements

AS AT 31ST MARCH 2012

25 TAXATION PAYABLE

	Group		Company	
	2011/2012 Rs	2010/2011 Rs	2011/2012 Rs	2010/2011 Rs
Balance as at 01.04.2011	9,024,504	5,561,631	10,347,832	5,281,054
Provisions for the year	53,358,465	34,202,995	51,000,000	33,100,000
Payments during the year	(28,033,117)	(7,635,367)	(28,033,117)	(7,635,255)
- SRL Paid	(529,590)	(569,765)	(513,045)	(550,682)
Tax credits for				
- ESC Paid	(7,939,296)	(21,482,770)	(5,462,378)	(19,239,215)
- WHT deducted	(976,050)	(1,052,220)	(530,618)	(608,070)
Balance as at 31.03.2012	24,904,916	9,024,504	26,808,674	10,347,832

26 CAPITAL COMMITMENTS

There were no material capital commitments outstanding as at 31st March 2012.

27 CONTINGENT LIABILITIES

There were no contingent liabilities as at 31.03.2012 that requires adjustment to or disclosure in the Financial Statements.

28 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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

29 DIVIDEND

This represents the final dividend paid at a rate of Rs.1.50 per share for the year 2010-11.

30 RELATED PARTY DISCLOSURES

30.1 The Directors of Ceylon Hospitals PLC are also the Directors of the following related companies.

Name of the Director	Durdans Management Services Ltd.	Tudawe Brothers (Pvt) Ltd.	Tudawe Engineering Services Ltd.	Durdans Medical & Surgical Hospital (Pvt) Ltd.	Durdans Heart Surgical Centre (Pvt) Ltd.
Mr. A E Tudawe	√	√	√	√	√
Mr. S P Tudawe	√	√	√	√	√
Mr. U D Tudawe	√	√	√	√	√
Dr. A D P A Wijegoonewardena	√			√	√
Dr. K A T W P Jayawardena	√			√	√
Dr. A N Dharmawansa	√				√
Dr. Y N R Piyasena	√			√	√
Dr. N Y Wijemanne				√	
Mr. A S Abeyewardene				√	

Name of the Company	Relationship
Ceylon Hospital PLC	Company
Durdans Management Services Ltd.	Immediate/Ultimate Parent Company
Durdans Medical & Surgical Hospital (Pvt) Ltd.	Subsidiary
Durdans Heart Surgical Centre (Pvt) Ltd.	Subsidiary
Tudawe Brothers (Pvt) Ltd.	Other Affiliates
Tudawe Engineering Services (Pvt) Ltd.	Other Affiliates

30.2 Substantial Shareholding and Immediate and Ultimate Parent Company

The company's immediate parent company is Durdans Management Services Ltd., which holds 64.67% of the issued Ordinary Shares of the company as at the Balance Sheet Date.

30.3 Key Management Personnel Information

According to Sri Lanka Accounting Standard 30 (Revised 2005) "Related Party Disclosures", Key management personnel are those having authority and responsibility for planning, directing and controlling activities of the entity. Accordingly, the Board of Directors (including Executive and Non-executive Directors) has been classified as Key Management Personnel of the Company.

Notes to the Financial Statements

30.4 Related Party Transactions

The Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard 30 (Revised 2005), "Related Party Disclosures", the details of which are reported below.

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

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

30.4.1.1 Transactions with Immediate Parent Company

Name of immediate Parent Company	Description of Transactions
Durdans Management Services Ltd. (DMSL)	DMSL provides the management and consultancy services to Ceylon Hospitals PLC. During the year, the company has paid Rs.12,456,844/- (Previous Year - Rs.11,312,280/-) as Management Fee to DMSL.

30.4.2 Transactions with Other Related Companies

a) Company

Receiving and Providing of Services

Name of Related Company	Description of Transactions
Durdans Heart Surgical Centre (Pvt) Ltd. (DHSC)	<p>The company has received the services of Rs.54,172,052/- (Previous Year - Rs.52,179,631/-) from DHSC for the medical related activities of the hospital.</p> <p>The company has paid an amount of Rs.7,078,544/- (Previous Year - Rs.8,591,555/-) to DHSC for the services rendered in related to medical activities.</p> <p>Company provides the management and consultancy services to DHSC. During the year the company has received Rs. 3 million as Management Fee from DHSC.</p> <p>Ceylon Hospitals PLC has leased out the 4th floor of the Heart Cardiac Intensive Care Unit to DHSC for a period of 35 years at a consideration of Rs.28 million. During the financial year 2005/06, Ceylon Hospitals PLC leased out the 4th floor of the new Cardiac Intensive Care Unit for a period of 30 years at a consideration of Rs. 16.3 million.</p>
Durdans Medical & Surgical Hospital (Pvt) Ltd. (DMSH)	<p>The company has invested the amount of Rs.22,500,002/- (Previous Year - Nil) in ordinary shares of DMSH during the year.</p> <p>The company has received the amount of Rs.173,917,069/- (Previous Year -Rs.215,216,150/-) from DMSH for the services rendered to the company.</p>

b) Group

Transactions Between Related Companies

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

Name of Related Company	Description of Transaction
Durdans Heart Surgical Centre (Pvt) Ltd. (DHSC)	The Company has paid the amount of Rs.880,139/- (Previous Year - Rs.3,078,642/-) to DHSC for services rendered to the company. The Company has invested an amount of Rs.24,214,274/- (Previous Year - Nil) in ordinary shares of DMSH during the year.
Tudawe Brothers (Pvt) Ltd.	Payments made for construction of the company main building is valued at Rs.167,962,688/- (Previous Year - Rs.96,113,499/-) for the period.
Tudawe Engineering Services Limited	Payments made for engineering work of company main building - valued at Rs.5,534,434/- (Previous Year - Rs.10,391,901/-) for the period.
Durdans Management Services Ltd. (DMSL)	The Company has invested an amount of Rs.22,500,002/- (Previous Year - Nil) in ordinary shares of DMSH during the year.

Durdans Heart Surgical Centre (Pvt) Ltd with other Related Parties

Name of Related Company	Description of Transaction
Durdans Medical & Surgical Hospital (Pvt) Ltd. (DMSH)	The Company has received an amount of Rs.880,139/- (Previous Year - Rs.3,078,642/-) from DMSH for the services rendered to the company. The Company has invested an amount of Rs.24,214,274/- (Previous Year - Nil) in ordinary shares of DMSH during the period under review.

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

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

For the year ended 31st March	Group		Company	
	2011/2012 Rs.	2010/2011 Rs.	2011/2012 Rs.	2010/2011 Rs.
Short-term employee benefits	16,230,425	14,613,216	15,645,425	14,243,216
Post employment benefits	-	-	-	-
Other long-term benefits	-	-	-	-
Terminal benefits	-	-	-	-
Share based payments	-	-	-	-
	16,230,425	14,613,216	15,645,425	14,243,216

Notes to the Financial Statements

30.5.1 Loans to Directors

a) Group/Company

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

b) Compensation to Key Management Personnel of the Company and its Parent Company

Company

Emoluments to the directors of the Group are disclosed in Note (6) to the Financial Statements.

Group

Emoluments to the directors of the Group are disclosed in Note (6) to the Financial Statements.

Other than those disclosed above, there are no material transactions with the key management personnel of the company and its parent company.

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

31 ASSETS PLEDGED AS COLLATERALS

31.1 Assets Pledged as Collaterals by the Group Companies

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

31.1.1 Assets Pledged by Ceylon Hospitals PLC

Name of Financial Institution	Nature of facility	Facility Granted	Balance Outstanding as at 31.03.2012 Rs.	Securities Pledged
DFCC Bank	Term Loan	500 Million	434,523,809	(i) An agreement to mortgage over allotments of land marked as Lot 01 depicted in Plan No. 7181 dated 10th June 2008 made by Gamini B. Dodanwela, LS of the land bearing assessment No. 03, Alfred Place situated at Kollupitiya within the Municipality Council limits of Colombo containing in extent 0A-3R-30.24P, together with the buildings standing thereon owned by the company.
				(ii) A tripartite agreement assigning 86,00,001 ordinary shares of the Durdans Medical and Surgical Hospital (Pvt) Ltd held by the company as equity investment.
	Term Loan	100 Million	90,476,192	Primary Mortgage over proposed movable machinery with CT Scanner
	Term Loan	22.5 Million	21,249,998	Company guarantee through Board Resolution and duly signed loan agreement
BOC - Head Office	Term Loan	50 Million	5,302,965	Promissory Note for Rs.50 million

31.1.1 Assets Pledged by Ceylon Hospitals PLC (Contd.)

Name of Financial Institution	Nature of facility	Facility Granted	Balance Outstanding as at 31.03.2012 Rs.	Securities Pledged
NDB Bank	Bank Overdrafts	20 Million	4,488,148	Primary mortgage of Promissory Note Rs. 80 million
	Term Loan	100 Million	86,000,000	Primary Mortgage over the equipment purchased of Rs.26.1million and corporate guarantee
	Term Loan	50 Million	41,650,000	Primary Mortgage over the equipment purchased and Corporate Guarantee from DHSC
	Term Loan	8 Million	4,000,001	Primary Mortgage Bond
	Term Loan	25 Million	25,000,000	Mortgage of existing demand Promissory Note for Rs. 10 million and additional demand Promissory Note for Rs.15 million
Union Bank	Bank Overdrafts	25 Million	3,273,511	Primary mortgage over Promissory Note Rs. 25 million
Commercial Bank	Bank Overdrafts	42.7 Million	75,897,530	Mortgage of fixed deposits amounting to Rs.42,739,694/- in the name of company together with duly executed letter of authority and letter of set off
Nations Trust Bank	Bank Overdrafts	33 Million	23,797,384	Company guarantee through Board Resolution and duly signed overdraft agreement

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

Name of Financial Institution	Nature of Facility	Facility Granted	Balance outstanding as at 31.03.2012 Rs.	Securities Pledged
DFCC Bank	Project Loan	200 Million	170,320,817	Mortgage over land marked lot 01 depicted in Plan No. 7123 dated on 08th April 2008 made by Gamini B.Dodanwela licensed surveyor, of a land called Durdans Hospital, presently bearing assessment No. 04, 6th lane and part of assessment No 03, Alfred Place situated at Kollupitiya, within the Municipal Council Limits of Colombo and containing in extent 1R-26.54P according to the said Plan No.7123 together with the buildings standing thereon owned by the Durdans Medical & Surgical Hospital (Pvt) Ltd.
Amana Investment Bank	Import Loan	175 Million	166,610,148	Primary mortgage over medical equipment imported & locally purchased which were financed through this loan facility and the corporate guarantee for Rs.296 million from Ceylon Hospitals PLC.
	Import Loan	140 Million	125,880,711	Primary mortgage over medical equipment imported & locally purchased which were financed through this loan facility and the corporate guarantee for Rs.517 million from Ceylon Hospitals PLC.Negative pledge over immovable assets of Durdans Medical & Surgical Hospital (Pvt) Ltd.

Notes to the Financial Statements

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

Name of financial institution	Nature of Facility	Facility Granted	Balance outstanding as at 31.03.2012 Rs.	Securities Pledged
NDB Bank	Working Capital Loan	50 Million	48,330,000	Primary mortgage over the Furniture & Fittings and company ambulance with corporate guarantee from Ceylon Hospitals PLC for the entire amount of the loan facility.
	Revolving Loan	30 Million	-	Mortgage over the company inventories.
Commercial Bank	Bank Overdrafts	50 Million	5,083,938	Corporate guarantee of Rs. 50 million issued by Ceylon Hospitals PLC.
NDB Bank	Bank Overdrafts	20 Million	18,890,527	Lien over fixed deposits, to be built up through the deposit of Rs. 0.5 million per month, in the name of the borrower held by the bank.

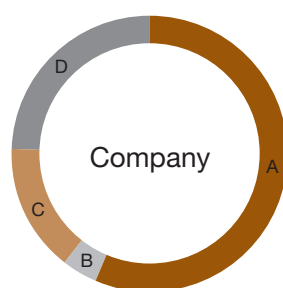
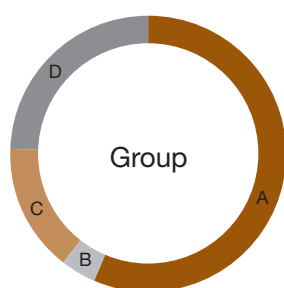
31.1.3 Assets Pledged by Durdans Heart & Surgical Centre (Pvt) Ltd.

Name of financial institution	Nature of Facility	Facility Granted	Balance outstanding as at 31.03.2012 Rs.	Securities Pledged
DFCC Bank	Term Loan	23 Million	21,083,333	Company guarantee through Board Resolution and duly signed loan agreement.
Commercial Bank	Bank Overdrafts	10 Million	15,430,547	Mortgage over the company inventories and trade debtors balance.

Value Added Statement

Value Added

For the year ended 31st March	Group				Company			
	2011/2012 Rs.	2010/2011 Rs.	2011/2012 Rs.	2010/2011 Rs.	2011/2012 Rs.	2010/2011 Rs.	2011/2012 Rs.	2010/2011 Rs.
Turnover	3,451,992,560	3,054,399,194	2,189,110,603	1,816,640,463				
Cost of Materials and Services Obtained	(2,028,826,848)	(1,836,059,467)	(1,241,783,948)	(1,017,871,420)				
Other Income	21,942,622	23,727,705	73,996,544	63,763,150				
	1,445,108,335	1,242,067,432	1,021,323,199	862,532,193				
Distribution of Value Added	%	%	%	%				
To Employees								
Salaries and Others	56.5	815,826,871	54.9	681,475,524	58.3	595,257,179	55.5	501,400,072
To Government								
Income Tax	4.3	61,800,255	6.6	81,659,002	5.9	59,441,790	8.9	80,556,007
To Capital Providers								
Interest on Loans	11.3	162,886,829	12.2	151,094,293	10.1	103,796,242	11.7	105,923,381
Shareholders	3.5	50,809,089	3.4	42,340,908	5.0	50,809,089	4.7	42,340,908
To Expansion and Growth								
Depreciation	17.3	249,911,055	16.0	199,418,215	12.2	125,485,932	12.1	109,262,202
Retained Profit	7.1	103,874,235	6.9	86,079,490	8.5	86,532,967	7.1	63,904,739
	100.0	1,445,108,335	100.0	1,242,067,432	100.0	1,021,323,199	100.0	903,387,309



	Group %	Company %
A - To Employees	56.5	58.3
B - To Government	4.3	5.9
C - To Capital Providers	14.8	15.1
D - To Expansion and Growth	24.4	20.7

Ten Year Summary

	Group	Group	Group	Group	Group	Group	Group	Group	Group	Group
	2011/12 Rs. '000	2010/11 Rs. '000	2009/10 Rs. '000	2008/09 Rs. '000	2007/08 Rs. '000	2006/07 Rs. '000	2005/06 Rs. '000	2004/05 Rs. '000	2003/04 Rs. '000	2002/03 Rs. '000
Operating Results										
Total Income	3,451,993	3,054,399	2,451,031	2,171,229	1,879,645	1,638,594	1,401,325	1,009,108	695,652	597,816
Other Income	21,943	23,728	21,354	28,462	27,282	16,087	14,917	6,684	2,422	3,606
Finance Cost	162,887	151,094	121,781	85,678	44,262	28,320	23,408	13,616	19,035	30,414
Profit Before Tax	350,031	240,042	164,894	198,125	169,555	229,857	212,274	132,417	74,872	66,145
Income Tax	61,800	81,659	54,893	29,595	38,382	34,847	41,987	29,088	2,519	-
Profit After Tax	288,231	158,383	110,001	168,529	131,173	195,010	170,287	103,329	72,353	66,112
Dividend	50,809	42,341	38,812	38,812	38,812	38,812	38,812	36,225	765	5,338
Balance Sheet										
Assets										
Property Plant & Equipment	4,310,489	4,000,023	2,331,038	1,938,135	1,887,441	1,778,784	1,060,912	836,765	774,774	662,428
WIP - Building in Construction	6,543	8,498	1,170,783	824,703	228,087	-	6,451	66,805	-	-
Investments	170,526	74,341	102,541	158,357	70,585	101,737	131,508	117,504	24,003	10,209
Inventories	215,965	166,722	146,229	116,901	108,360	88,636	82,671	62,319	57,115	41,781
Receivables	207,090	199,089	169,632	135,122	130,846	105,476	90,583	57,804	50,688	48,334
Deferred Revenue	860	2,400	2,500	2,600	1,260	5,953	9,205	12,457	15,710	3,200
Goodwill	1,341	1,341	1,341	1,341	1,341	1,341	2,022	2,704	83	-
Cash & Cash Equivalents	21,279	71,062	66,370	22,520	29,443	62,587	23,270	19,057	49,392	26,796
	4,934,093	4,523,476	3,990,434	3,199,679	2,457,363	2,144,514	1,406,622	1,175,415	971,765	792,748
Equity & Liabilities										
Stated Capital	916,366	916,366	513,821	395,389	395,389	395,389	395,389	395,389	395,389	12,760
Reserves	1,518,288	1,130,841	1,447,696	1,387,373	1,202,786	1,131,389	493,919	387,692	337,122	413,519
Minority Interest	489,488	401,774	393,603	401,711	44,623	42,668	36,563	39,714	42,478	42,679
Interest-bearing Borrowings	1,349,853	1,357,779	1,051,634	621,299	390,887	210,519	209,075	154,529	54,708	171,616
Provisions and Other Liabilities	513,236	499,366	361,051	289,760	314,819	282,738	200,616	152,356	97,317	109,966
Overdrafts	146,862	217,350	222,629	104,147	108,859	81,811	71,060	45,735	44,751	42,208
	4,934,093	4,523,476	3,990,434	3,199,679	2,457,363	2,144,514	1,406,622	1,175,415	971,765	792,748

Durdans' Island-wide Reach

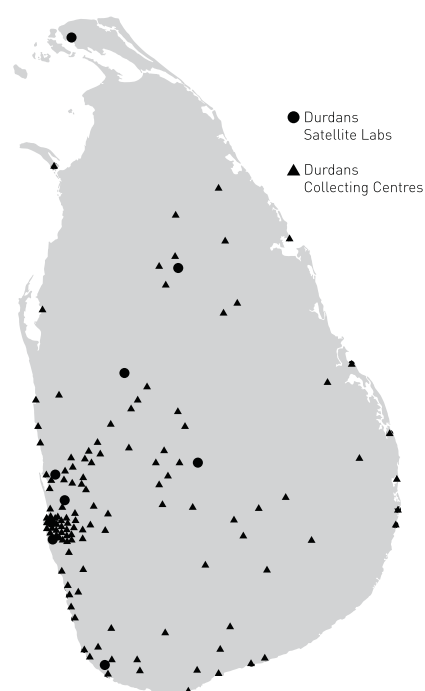
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Galenbindunuwewa
Galewala
Galgamuwa
Galle •
Gampaha

Gampola
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Gelioya
Gintupitiya
Gorakana
Hambanthota
Hanguranketha
Hanwella
Hasalaka
Hatharaliyadda
Hatton
Hettipola
Hikkaduwa
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Homagama
Horana
Horowpathana
Hunupitiya
Ibbagamuwa
Imaduwa
Invil
Ja-Ela
Jaffna •
Jayawardenepura
Kadawatha
Kadugannawa
Kaduvela
Kahatagasdigiliya
Kekirawa
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Kandana
Kandy •
Kanthale
Kapuwa
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Kotugoda
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Katukurunda
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Kelaniya
Kilinochchi
Kinniya
Kiribathgoda
Kirillawala
Kirinda
Kobeigane
Kochchikade
Kolonnawa
Kotahena
Kolugoda

Kollawa
Kotapola
Kothmale
Kotikawatta
Kottawa
Kotte
Kuliapitiya
Kundasale
Kurana
Kurunegala •
Lenaduwa
Lunawa
Madampitiya
Madurankuliya
Mahabage
Mahagiriya
Maharagama
Mahawewa
Mahiyanganaya
Makola
Makuluduwa
Malabe
Maligawatta
Malwana
Mahipa
Mannar
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Maradankadawala
Marawila
Maspotha
Matale
Matara
Matikumbura
Mattakkuliya
Mawanella
Medawachchiya
Meegahathanna
Meerigama
Mihintale
Minuwangoda
Monaragala
Moraduwa
Moragollagama
Morawaka
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Nikawaratiya
Nelliyadi
Nittambuwa
Nugegoda
Nuwara Eliya
Oddamavadi
Orugodawatta

Padaviya
Padukka
Pallepola
Panadura
Pannala
Pannipitiya
Papiliyana
Palawatta
Payagala
Peradeniya
Peralanda
Pethiyagoda
Pilimathalawa
Piliyandala
Pitigala
Pokurassa
Polgahawela
Polgolla
Polonnaruwa
Polpitigama
Polmatai
Point Pedro
Punchi Borella
Pussallawa
Puttalam
Raddolugama
Ratnapura •
Ragama •
Rajagiriya
Rajawella
Rambukkana
Ratmalana
Rawathawatta
Rideegama
Rikillagaskada
Samanthurai
Sarikkamulla

Seeduwa
Seepukulama
Siyambalape
Slave Island
Thabaththagama
Thalangama
Thalawathugoda
Tangalle
Thavalama
Thihariya
Thirappane
Thissa
Thirunelveli
Trincomalee
Udugampola
Unawatuna
Vauniya
Velanai
Veyangoda
Wadduwa
Walasmulla
Walpola
Wanduramba
Warakapola
Wattla
Wariyapola
Weligama
Welimada
Welipannagahamulla
Weliweriya
Wellampitiya
Wellawatta
Wellawaya
Wennappuwa
Yakkalamulla
Yatawatta



Share Information

Voting Shares

Shareholdings	Resident			Non-Resident		
	No. of Shareholders	No. of Shares	Percentage %	No. of Shareholders	No. of Shares	Percentage %
1 - 1,000	2,184	572,607	2.24	19	6,749	0.03
1,001 - 10,000	343	942,031	3.69	11	36,654	0.14
10,001 - 100,000	61	1,702,268	6.67	1	10,800	0.04
100,001 - 1,000,000	17	5,746,610	22.51	-	-	-
Over 1,000,000	1	16,509,553	64.67	-	-	-
Total	2,606	25,473,069	99.78	31	54,203	0.21

Categories of Shareholders

	No. of Shareholders	No. of Shares
Individual	2,527	5,008,356
Institutional	110	20,518,916
Total	2,637	25,527,272

Non-Voting Shares

Shareholdings	Resident			Non-Resident		
	No. of Shareholders	No. of Shares	Percentage %	No. of Shareholders	No. of Shares	Percentage %
1 - 1,000	1,019	285,888	3.43	8	2,388	0.03
1,001 - 10,000	465	1,325,784	15.89	5	23,931	0.29
10,001 - 100,000	85	2,382,466	28.55	2	75,600	0.91
100,001 - 1,000,000	10	3,095,026	37.09	-	-	-
Over 1,000,000	1	1,154,371	13.83	-	-	-
Total	1,580	8,243,535	98.79	15	101,919	1.23

Categories of Shareholders

	No. of Shareholders	No. of Shares
Individual	1,529	3,529,297
Institutional	66	4,816,157
Total	1,595	8,345,454

TOP 20 SHAREHOLDERS LISTED AS AT 31ST MARCH 2012

Voting Shareholders

Name of the Share Holder	Country of Residence	As at 31.03.2012		As at 31.03.2011	
		Number of Shares	Holding %	Number of Shares	Holding %
Durdans Management Services Ltd	Sri Lanka	16,509,553	64.67	16,509,553	64.67
Deutsche Bank AG-National Equity Fund	do	968,900	3.80	968,900	3.80
Employees Provident Fund	do	640,623	2.51	640,623	2.51
Ceylon Investments PLC A/C 01	do	756,915	2.97	756,915	2.97
Lawrance Tudawe Management Services (Pvt) Ltd	do	598,982	2.35	598,982	2.35
Mr Y N R Piyasena	do	553,134	2.17	553,134	2.17
Mr S P Tudawe	do	307,936	1.21	307,936	1.21
Cargo Boat Development Company PLC	do	305,485	1.20	305,485	1.20
M J F Holdings Ltd	do	270,981	1.06	270,981	1.06
Mr A E Tudawe	do	205,052	0.80	205,052	0.80
Dr A D P A Wijegoonewardena	do	199,462	0.78	199,462	0.78
Mr U D Tudawe	do	170,616	0.67	170,616	0.67
Mr A D Tudawe	do	159,984	0.63	159,984	0.63
Mr W N Tudawe	do	157,087	0.62	141,187	0.55
DFCC Bank A/C 01	do	130,908	0.51	130,908	0.51
Mr R R Tudawe	do	118,262	0.46	118,262	0.46
DPMC Financial Services (Pvt) Ltd A/C No.01	do	101,520	0.40	101,520	0.40
Deutsche Bank AG-Namal Growth Fund	do	100,763	0.39	100,763	0.39
Commercial Bank of Ceylon PLC	do	83,000	0.33	-	-
Merrill J Fernando & Sons (Pvt) Limited	do	80,115	0.31	80,115	0.31
		22,419,278	87.84	22,320,378	87.44

Non-Voting Share Holders

Name of the Share Holder	Country of Residence	As at 31.03.2012		As at 31.03.2011	
		Number of Shares	Holding %	Number of Shares	Holding %
Employees Provident Fund	Sri Lanka	1,154,371	13.83	1,154,371	13.83
Deutsche Bank AG as Trustee for Namal Acuity Value Fund	do	800,000	9.59	800,000	9.59
M J F Holdings Ltd	do	598,646	7.17	598,646	7.17
DFCC Bank A/C 1	do	392,726	4.71	392,726	4.71
Deutsche Bank AG-National Equity Fund	do	360,000	4.31	360,000	4.31
E W Balasuriya & Co. (Pvt) Ltd	do	326,024	3.91	322,024	3.86
Mr D Ratnayake	do	146,866	1.76	146,866	1.76
A Z Holdings (Pvt) Ltd	do	139,024	1.67	139,024	1.67
Mr A W Edwards	do	-	-	133,308	1.6
Mr A H Munasinghe	do	127,214	1.52	126,614	1.52
Waldock Mackenzie Ltd / Mr K Omprasadham	do	104,446	1.25	104,446	1.25
Distillers Company of Sri Lanka PLC A/C No.02	do	100,080	1.20	100,080	1.20
Continental Insurance Lanka Limited	do	90,000	1.08	90,000	1.08
Mr S Weeraratne	do	72,064	0.86	72,064	0.86
Mr D A Cabraal	do	72,000	0.86	72,000	0.86
Waldock Mackenzie Ltd / Mr. P S De Mel	do	70,702	0.85	70,702	0.85
Mr S S Sithambaranathan	do	66,000	0.79	66,000	0.79
Fergasam Garment Industries (Pvt) Ltd	do	65,454	0.78	65,454	0.78
Mr P A I S Perera	do	65,454	0.78	65,454	0.78
Mr A I Maniku	do	63,600	0.76	63,600	0.76
Commercial Bank of Ceylon PLC	do	61,100	0.73	-	-
		4,875,771	58.42	4,943,379	59.24

Share Information (Contd....)

Public Shareholding

	As at 31.03.2012 %	As at 31.03.2011 %
Voting	29.31	29.31
Non-Voting	85.21	85.33

Per Share Ratios

	As at 31.03.2012 Rs.	As at 31.03.2011 Rs.
Earnings Per Share	6.27	3.12
Net Asset Per Share	69.41	59.09
Dividend Pay Out	48%	41%

Market Prices Recorded During the Year

	Highest Traded Price		Lowest Traded Price		Last Traded Price	
	2011/2012 Rs	2010/2011 Rs	2011/2012 Rs	2010/2011 Rs	2011/2012 Rs	2010/2011 Rs
Voting	114.00 28-09-2011	134.20 07-09-2010	69.00 29-02-2012	84.00 12-11-2010	72.50 29-03-2012	100.00 17-03-2011
Non - Voting	94.00 20-04-2011	110.00 07-09-2010	52.10 09-03-2012	65.50 22-04-2010	55.40 29-03-2012	80.10 31-03-2011

Share Trading Information

	2011/2012		2010/2011	
	Shares Traded Nos.	Turnover Rs.	Shares Traded Nos.	Turnover Rs.
Voting	253,540	24,237,669	1,208,400	128,397,510
Non - Voting	416,143	29,192,170	876,300	73,283,730

Notice of Meeting

Notice is hereby given that the Annual General Meeting of the Shareholders of Ceylon Hospitals PLC, will be held on 28th June 2012 at the Durdans Auditorium (11th floor) at 9.00 a.m.

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

1. To receive and consider the Annual Report of the Directors and the Statement of Accounts for the year ended 31st March 2012 with the Report of the Auditors thereon (Resolution 1).
2. To re-elect Dr K A T W P Jayawardene, Director who vacates office in terms of Section 210 of the Companies Act No. 07 of 2007 and for this purpose to pass the following resolution as an Ordinary Resolution.

"Resolved that the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Dr K A T W P Jayawardena who attained the age of 70 years on 9 November 1998 and that he be appointed a Director of the Board in terms of Section 211 of the Companies Act No. 07 of 2007." (Resolution 2)

3. To re-elect Dr N Y Wijemanne, Director appointed since the last Annual General Meeting, vacates office in terms of Section 210 of the Companies Act No. 07 of 2007 and for this purpose to pass the following resolution as an Ordinary Resolution.

"Resolved that the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Dr N Y Wijemanne who attained the age of 70 years in the month March 2010, and that he be appointed a Director of the Board in terms of Section 211 of the Companies Act No. 7 of 2007." (Resolution 3)

4. To re-elect Dr A D P A Wijegoonewardene who retires by rotation in terms of Article No.58 of the Articles of Association and being eligible offers himself for re-election (Resolution 4).
5. Declaration of Dividends
The Company paid an interim dividend of Rs. 2/- .per share to all its shareholders in the month of June 2012. No further dividends have been recommended by the Board.
6. To re-appoint Messrs B R de Silva & Company, Chartered Accountants as Auditors of the Company and to authorise the Directors to determine their remuneration (Resolution 5).
7. To authorise the Directors to determine donations for the year ending 31 March 2012 (Resolutions 6).

BY ORDER OF THE BOARD

(Sgd.)

NEXIA CORPORATE CONSULTANTS (PVT) LTD
SECRETARIES

Colombo
15th May 2012

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

Form of Attendance

I hereby record my presence at the Annual General Meeting of Ceylon Hospitals PLC, held on 28th June 2012 at the Durdans Auditorium (11th Floor) of Ceylon Hospitals PLC No 03, Alfred Place, Colombo 03 at 9.00 a.m.

Full Name of Shareholder :

National Identity Card No.
of Shareholder :

Address of Shareholder :

Name of Proxyholder
(if applicable) :

National Identity Card No.
of Proxyholder :

Address of Proxyholder :

Number 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 Proxyholder on the Form of Proxy and request the Proxyholder to bring with them their National Identity Card or Passport.

Form of Proxy - Voting Shareholders

I/We,.....

of.....being a
shareholder/shareholders of CEYLON HOSPITALS PLC hereby appoint -

MR A E TUDAWAWE	or failing him
DR A D P A WIJEGOONEWARDENE	or failing him
MR S P TUDAWAWE	or failing him
MR U D TUDAWAWE	or failing him
DR K A T W P JAYAWARDENE	or failing him
DR A N DHARMAWANSA	or failing him
MR Y N R PIYASENA	or failing him
MR A S ABEYWARDENA	or failing him
DR N Y WIJEMANNE	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 28th June 2012 and at any
adjournment thereof.

Note

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

Resolutions

For

Against

1. To adopt the Statement of Accounts for the year ended 31st March 2012.

☐
☐

2. To re-appoint Dr K A T W P Jayawardene.

☐
☐

3. To re-appoint Dr N Y Wijemanne.

☐
☐

4. To re-elected Dr A D P A Wijegoonewardena.

☐
☐

5. To re-appoint Auditors.

☐
☐

6. To authorise the Directors to determine the donations.

Mark your preference with "X".

Signed on this day of 2012.

.....
Signature

Form of Proxy - Non-Voting Shareholders

I/We,.....

of.....

being a shareholder/shareholders of CEYLON HOSPITALS PL C hereby appoint -

MR A E TUDAWAWE	or failing him
DR A D P A WIJEGOONEWARDENE	or failing him
MR S P TUDAWAWE	or failing him
MR U D TUDAWAWE	or failing him
DR K A T W P JAYAWARDENE	or failing him
DR A N DHARMAWANSA	or failing him
MR Y N R PIYASENA	or failing him
MR A S ABEYWARDENA	or failing him
DR N Y WIJEMANNE	or failing him

Mr /Mrs /Miss.....Of
..... as my/our proxy to attend on my/our
behalf at the Annual General Meeting of the Company to be held on 28th June 2012 and at any adjournment thereof.

Note:

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

Signed on this day of 2012.

.....
Signature

CORPORATE INFORMATION

Name of Company

Ceylon Hospitals PLC

Brand Name

DURDANS

Legal Form

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

Company Registration Number

PQ 113

Stocks Exchange Listing

The Ordinary Shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka.

Registered Office

No.03, Alfred Place, Colombo 03.

Bankers

DFCC Bank
Commercial Bank of Ceylon
Bank of Ceylon
Union Bank
NDB Bank
Nations Trust Bank
Hongkong Shanghai Banking Corporation
Standard Chartered Bank

Auditors

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

Lawyers

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

Secretaries

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

Registrars

S S P Corporate Services (Pvt) Ltd
546, Galle Road,
Colombo 03.

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Ceylon Hospitals PLC
3, Alfred Place,
Colombo 03.

www.durdans.com