



ANNUAL REPORT

2018 - 2019



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VISION

To provide safest & highest quality health care service and be the preferred health care provider in the country.

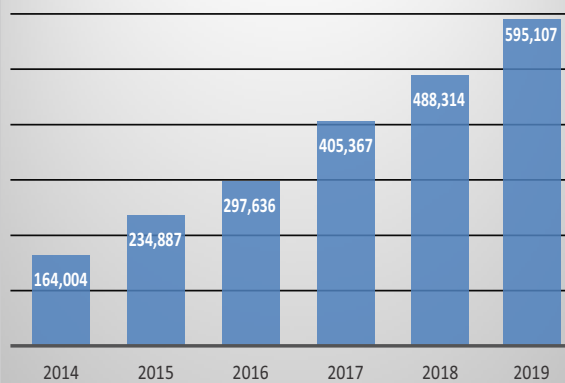
MISSION

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

Financial Highlights

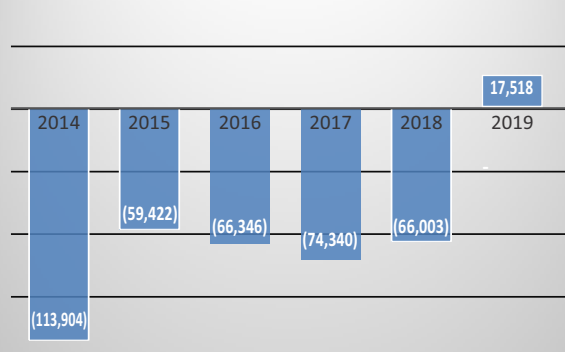
Company	2014	2015	2016	2017	2018	2019
Turnover (Rs.'000)	164,004	234,887	297,636	405,367	488,314	595,107
Profit/(Loss) before Tax (Rs.'000)	(113,904)	(59,422)	(66,346)	(74,340)	(66,003)	17,518
Profit/(Loss) After Tax (Rs.'000)	(131,589)	(68,404)	(74,035)	(77,951)	(49,046)	(11,873)
Fixed Assets - Net Book Value (Rs.'000)	699,882	674,659	802,340	844,343	791,290	787,089
Total Assets (Rs.'000)	717,416	948,338	962,877	940,409	874,050	881,116
Earning per Share(Rs.)	(3.02)	(0.23)	(0.19)	(0.20)	(0.12)	(0.03)
Interest Cover (Times)	(1.54)	(1.28)	(1.38)	(0.85)	(0.16)	0.75
Net Asset Per Share (Rs.)	6.44	1.74	1.31	1.22	1.07	1.11
Return On Capital Employed (%)	(13)	(4)	(5)	(4)	(1)	5

TURNOVER (Rs.'000)

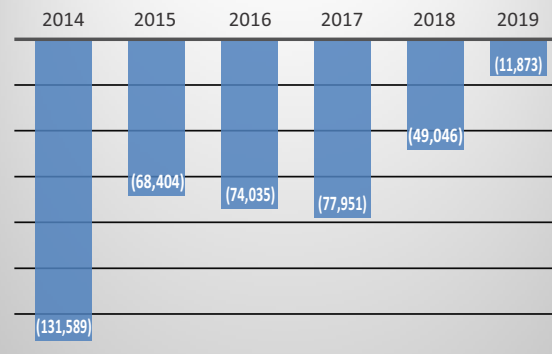


Singhe Hospital has reported a 22% increase in turnover to Rs 595Mn from Rs 488Mn in the previous financial year.

PROFIT/(LOSS) BEFORE TAX (Rs. '000)

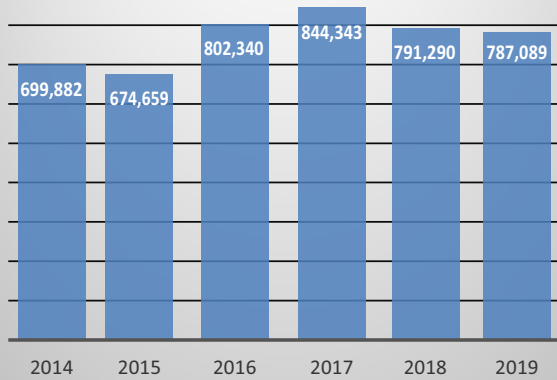


PROFIT/(LOSS) AFTER TAX (Rs.'000)

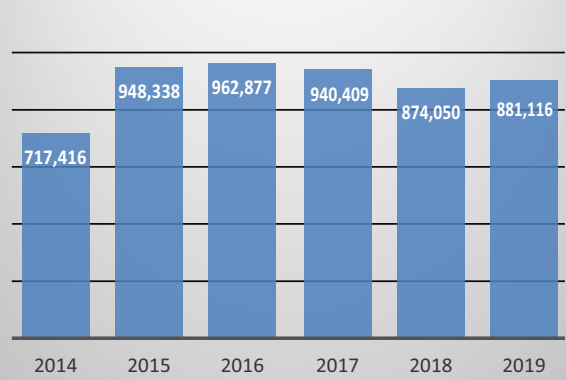


Financial Highlights

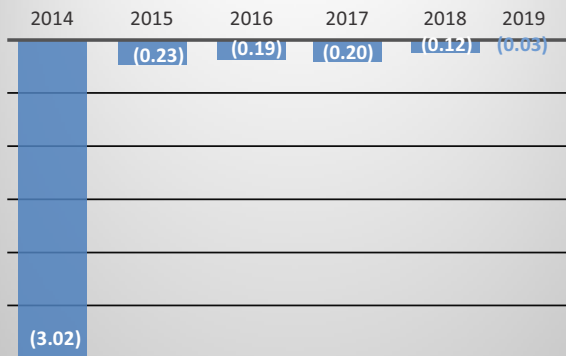
FIXED ASSET - NBV (Rs.'000)



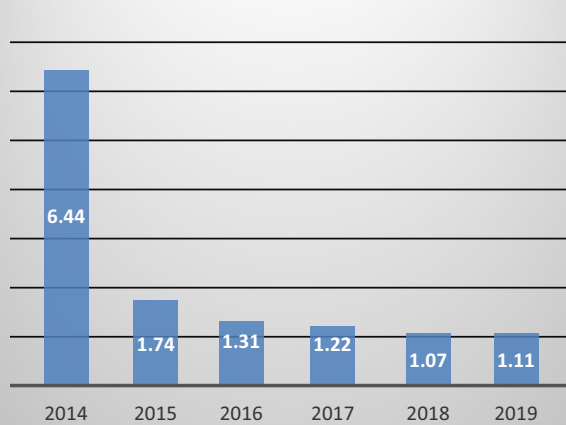
TOTAL ASSETS (Rs.'000)



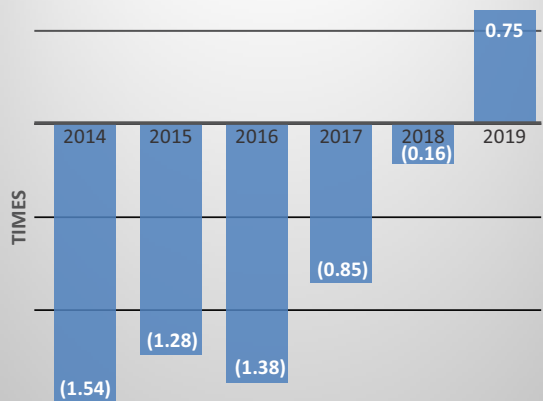
EARNING PER SHARE (Rs)



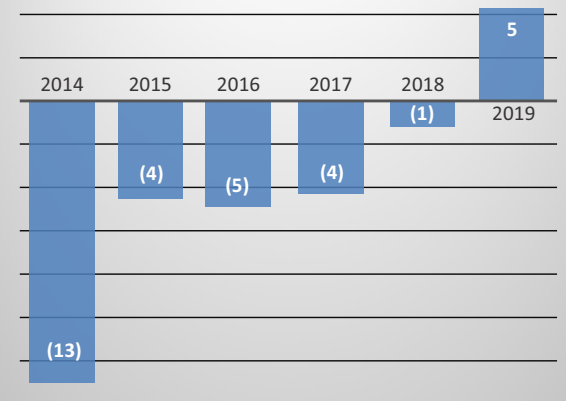
NET ASSET PER SHARE (Rs)



INTEREST COVER



ROCE (%)



The Company

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

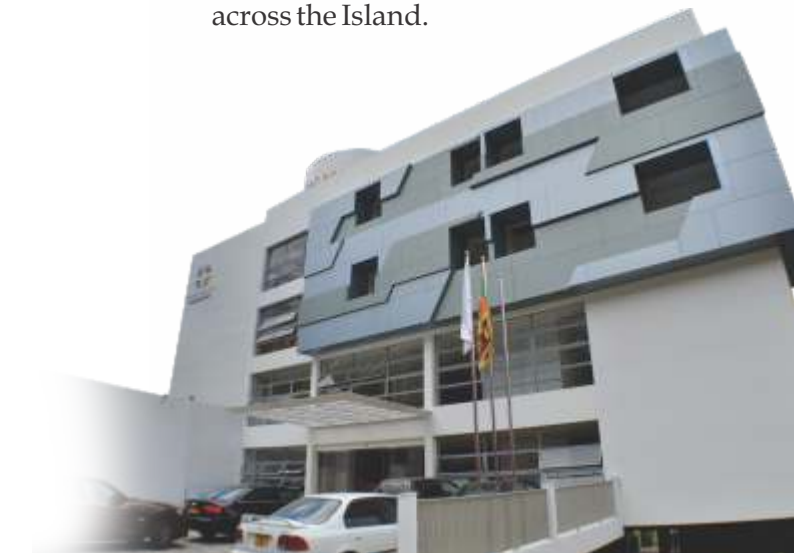
Singhe Hospitals is a fully equipped private hospital with 50 beds to accommodate patients with a wide range of medical specialties available throughout the day. Patients for indoor treatment are admitted under the care of Visiting Consultants and with the supervision of in - house medical officers.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

The company was listed in the Colombo Stock Exchange on 16th April 2015. As stated at the IPO, the company has initiated expansion of laboratory services island wide. At Present we have main laboratories in Homagama, Kandy, Negombo and Bandarawella and Seven mini laboratories in Embilipitiya, Balangoda, Krawanella, Kahawatte, kurunegala, Kalawana and Meegoda. We also see all possible opportunities to expand the laboratories across the Island.



OUR SERVICES

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



Our Business & Strategy

Singhe Hospitals is one of the accredited multi – specialty hospital and a leading healthcare sector in the Sabaragamuwa Region, offering an unmatched range of primary, secondary health care services. With a bed capacity of 50 and over 45 consultants. We serve over 130,000 patients annually, amongst the largest patient volumes in the region.

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

The hospital laboratory arm spread across Sabaragamuwa, Western, Central, Uva, Wayamba Provinces.

We also operate 11 regional laboratories including 4 main laboratories and 7 mini laboratories, 29 Company owned collection centres and a network of 529 collection centres across the Island.

Awards & Accreditations

We have been rewarded Silver Award under Extra Large Category Service Sector for Sabaragamuwa Province Best Entrepreneur of the Year 2018 Provincial Award Ceremony conducted by Sabragamuwa Chamber of Commerce & Industry.



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

Cardiac Unit

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



Obstetrics and Gynecology

Our Hospital is renowned for its superior maternity care. This is evident in the hospital recording its 1350th child birth during the Seven years of operations. This was achieved with dedicated and specialized



staff as well as the support and guidance of our valued Consultants. The hospital also consists of specially designed delivery rooms, superior operating theatres as well as luxury accommodation facilities to the patients.



Ophthalmology

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



Dental Unit

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

Surgical Department

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



Radiology Unit

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



Emergency Care

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



Laboratory Network

With the tremendous success of the main hospital laboratory, as stated at the IPO, expanded its laboratory service and continues to expand island wide. Currently, main labs have been opened at Homagama, Negombo, Bandarawela and Kandy. Mini labs have been opened in Embilipitiya,



Balangoda, Kahawaththa, Kurunegala, Kalawana, Meegoda and Karawanella. The success of the laboratory network is due to the usage of superior equipment, reagents, other consumables and also the services rendered by highly qualified and experienced staff. We have able to produce accurate laboratory reports which are requested by the consultants to diagnose health issues correctly.

Home Nursing Service

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



Assisting with artificial feeding, Changing sterile dressings, Catheter Insertion, changing bags, monitoring output, Tracheotomy care - oral suctioning, Assistance with eye or ear drops, Ileostomy and colostomy care - changing of bags, IV cannulation & infusions, Health Education and support for Rehabilitation are few that the department is primarily focused.

Mobile Sample Collection Service

Singhe Hospitals introduced Mobile Laboratory Sample Collection for the first time in Ratnapura in order to facilitate patients who may be unable to visit the



hospital or to reduce the difficulties faced to be present at the hospital to provide laboratory samples to perform tests requested by Doctors. Patients can schedule the required times and we will arrange all required resources to obtain required

samples on time at the comfort of their home.



Cosmetic Clinic

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



Diabetic Clinic

Diabetic Clinics give you a chance to meet medical experts, who can check your diabetic condition and give you highly specialized advice on how to look after your diabetes. With the rising trend in diabetic patients, we have introduced a separate unit. The main purpose is to help you understand new things and our clinic staffs have years of experience specializing in helping people with diabetes. It's the kind of expertise you're unlikely to find a GP or Practice Nurse who deal in general health care. Clinic staff checks how your diabetes is being managed, help you with any difficulties and Pre - empts any possible future health problems.

Socially Responsible CSR Initiatives

Caring for and empowering people..... be they our own or the society at large..... the cause lies within the very core of the business.

during the financial year 2018/2019 we have organized following medical camps.

- **World Cancer Day - Monday, February 4th**

World Cancer Day is the one singular initiative under which the entire world can unite together in the fight against the global cancer epidemic. Singhe Hospitals conducted a free medical camp at the hospital premises



- **World Women's Day - Friday, March 8th**

International Women's Day celebrated in Sri Lanka as well as many countries around the world. It is the day when women are recognized for their achievements without regard to divisions to, ethnic, linguistic, cultural, economic or political. We conducted free medical camps at hospital and Kuruwita Maha Viharaya to address the women's day.



- **World Children's Day
Monday, October 1st**

This is a day for children, by children, all over the world to help save children's lives, fight for their rights and help them fulfil their potential.

This year was something special, as we invited all the mothers together with their children who were born at Singhe Hospitals from day one. We also conducted free medical check-ups for children together with fun loving activities. End of the day they have been rewarded with valuable gifts



Socially Responsible CSR Initiatives

- **Free Awareness Programms**

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



Human Resources

We singhe Hospitals understands that the proper management of the human resources is vital to the retention of clinical and nonclinical staff, maintaining staff morale, providing opportunities for professional development and in the ability of Singhe to deliver quality health care service and improve patient heath outcomes. Process and policies are in place to provide staff with opportunities for career expansion, training and development in order to foster a happier environment to work in. Our human resource function aims to create a culture that recognise its people as a direct link to the sucess of the organisation.





Chairman's Message



DESPITE WITH SEVERAL CHALLENGES, WE HAVE MOVED A YEAR AHEAD WITH THE STATUS OF SINGLE LARGEST PRIVATE SECTOR HEALTH CARE SERVICE PROVIDER IN SABRAGAMUWA REGION.

Dear Shareholders,

Singhe Hospitals recorded a Revenue Rs. 595 Mn compared to 488Mn, which is a remarkable growth of 22% over the previous year. As depicted by our financial statements, it is evident that the hospital is steadily moving forward. The negative balances in the statements have come down drastically, from 49Mn to 12Mn compared to the previous year.

As always, during the year under review, we have been able to maintain safe and high quality services to our patients. I can proudly inform you that we have been awarded the silver award for the “Best Entrepreneur of the Year 2018” under Extra Large Category, by the Sabaragamuwa Chamber of Commerce, which is a great achievement by the Hospital.

Many of the strategies we have used to

improve the company, such as our strategic move to expand our laboratory service, are working very well and the company has now started to reap their benefits. I believe that this is the main reason for the sharp reduction in our annual losses.

I have great confidence in the long term success of the Hospital. We have a great management team, fully focused on the turnaround of the company early. I take this opportunity to thank all our Shareholders for your continued confidence you have placed in Singhe Hospitals and also our Visiting Consultants, Medical Officers, Management Team and all Employees for their valuable contribution.

It is a privilege to serve you.



A. M. WEERASINGHE
Chairman

Board of Directors

A M Weerasinghe

Chairman/CEO

Founder of Royal Ceramics Lanka PLC in 1990. Embarked on Gem Trade, he has been in the business field for more than 36 years. He also involved in Real Estate, Construction Industry and Transportation. He is also the Chairman of Weerasinghe Property Development (Pvt) Ltd., Weerasinghe Gems (Pvt) Ltd., Swisstek (Ceylon) PLC & Swisstek Aluminium Ltd. Presently he is the Deputy Chairmen of the Royal Ceramic Lanka PLC, Lanka Tiles PLC, Wall Tiles PLC & Lanka Ceramic PLC and former Chairman of LB Finance PLC.

He also serves as a Director of following Companies at present:

- Ever Paint & Chemical Industries (Pvt) Ltd
- Rocell Bathware Limited
- Royal Porcelain (Pvt) Ltd
- Royal Ceramics Distributors (Pvt) Ltd
- Rocell Ceramics Limited
- Rocell Properties Limited

A M D H Navinda Weerasinghe

Managing Director

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

A M L Maduranga Weerasinghe

Director

Mr. Lakshika Maduranga Weerasinghe holds a Bachelors' Degree in business administration from USA. He worked as a FINRA Authorized Investment advisor at NSM securities USA. Currently he is the

Marketing Director of Singhe Hospitals PLC and also services as a Director of Weerasinghe Property Development (Pvt) Ltd.

U B H Jayalath Kithsiri

Independent Non-Executive Director

Mr. Kithsiri is a member of the Institute of Chartered Accountants of Sri Lanka and has been in the manufacturing sector as Head of Finance over 20 years including a PLC. At present, he is working as General Manager – Finance & Administration of CBL Foods International (Pvt.) Ltd. He is the Director of Singhe Hospitals since the inception of the company and he is the Chairman of Audit Committee of Singhe Hospitals PLC.

H M A B Weerasekara

Independent Non-Executive Director

Mr. Weerasekara was appointed as a Director in Singhe Hospitals PLC from 27th May 2015. He retired from Bank of Ceylon as the Additional General Manager with more than 38 years of experience in both local and international banking sectors. Mr Weerasekara holds a Bachelors Degree in Economics (Special) and possesses a Degree in Bachelor of Philosophy in Industrial Management from University of Ceylon in 1972 and 1974 respectively. He also holds a Diploma in Banking from Institute of Bankers Sri Lanka.

Mr. Weerasekara possesses extensive experience in the areas of Domestic, Offshore, Corporate, Trade Finance Investment and Treasury Operations including experience in BOC London branch where he specialised in areas of Trade Finance Investment, Treasury Operations, Retail Banking & Corresponding Banking and Compliance. He had attended many

training and seminars including areas such as Anti Money Laundering and Financial crimes.

Mr. Weerasekara had been a Director of Merchant Credit of Sri Lanka for a period of six years since 2006 and had been the chairperson of the Risk Committee and Audit Committee until 2012. He had been the Chairman of the Investment Committee of BOC for six years and had been an observing Director at Ceylon Petroleum Corporation.

In addition to London experience, he has participated in many foreign trainings programmes in Treasury operations and Cash Management in Malaysia, USA, UK, Singapore, Thailand and Hong Kong and many European countries.

He was the chairperson of integrated Risk Management and Nomination Committees of MBSL Savings Bank Limited where he was a Director for 3 years. Currently he is an independent Non Executive Director and he is the Chairman of The Remuneration Committee.

A M A Cader

Independent Non-Executive Director

Mr A M A Cader is Fellow Chartered Management Accountant (London), Global Management Accountant CGMA (Lond), Masters Business Studies (Col), Master of Science IT (SLIIT), Post Graduate Diploma Econ (Col), Diploma Chartered Institute of Marketing (London).

25 years (1990-2015) Corporate Advisory, Capital Markets and Fund Management at Merchant Bank of Sri Lanka and Finance PLC.

Exposure nearly 41 years including Financial Management, Management Accounting, Treasury Management and Investment Banking with Multi Disciplinary in Finance, Economics, Marketing, and Business Administration. He was former Deputy General Manager has a proven

track record of 25 years at Merchant Bank of Sri Lanka and Finance PLC, Corporate Advisory, Capital Markets and Fund Management. Presently Non Executive Director Singha Hospitals PLC, Standard Capital PLC, Listed in Colombo Stock Exchange, Tess Agro.

Mr. Carder is specialised in services such as Share Issue Management, Pre-IPO Restructuring & Advisory, Business Plans, Corporate Valuations, Portfolio Management, Employee Share Option Plans, Debt Syndications, Securitizations, Dispute Resolutions, Mergers, Acquisitions and delivering training Programs locally and internationally to Corporates and Individuals.

Advisory in Business Restructuring extended to plantations, power, textiles, ceramics, leisure, housing and airlines was successful in carrying out two business plans to Public Sector Institution namely Utility Board and to a Budget Airline with Monitoring/ follow up.

Trained in Corporate Finance (Citibank), Capital Markets (Westpack), Restructuring/Management Consultancy (UNIDO), Management/Entrepreneurship (APO/JASTECA)

International Trainer Marcus Evans London/Malaysia, program in Dubai - UAE. Kuala Lumpur - Malaysia " Workforce Optimization, Combating Fraud and Crime, Real Estate Investment Trusts in years 2006 and 2007. Proactive Rural Marketing Strategies" Mumbai, India in the year 2008.

Dr. Harshana Sanjeewa Jayasinghe

Independent Non - Executive Director

Dr. Harshana Sanjeewa Jayasinghe has appointed to the Director Board on October 18, 2018 as an Independent Non - Non Executive Director. He had obtained his Medical degree from Rostov State Medical University Russia and registered as a Medical Practitioner in Sri Lanka Medical Council.

He also a member of the European Resuscitation Council. At present he is attached to General Hospital Ratnapura and having experience over 15 Years in the Medical field.

Senior Management Team

R Vimalanathan

Finance Manager

Mr Vimalanathan is a Member of Institute of Chartered Accountants as well as Member of Association of Accounting Technicians of Sri Lanka. He has over 15 years working experience in the mercantile sector with different industry exposure.

Asanga Wickremanayaka

Senior Manager – Lab Operations

Mr.Asanga is having experience over 22 years as a Laboratory Professional and including 10 Years' experience in Laboratory Management Position in leading Hospitals. He holds Diploma in Medical Laboratory Technology (NAITA), Microsoft Certified Technology Specialist, ACS IT Professional, Under Graduate OUSL (Business Management) and he is reading for Masters in Hospital Administration (Asia University).

Chinthaka Kodithuwakku

Manager HR

Mr. Kodithuwakku holds a BBA HRM (Sp.) Degree from University of Ruhuna & completed Chartered Accountancy Intermediate Level. He has over 09 years experience in HR field.

Mr.M.Wijeyadasa

Matron

Mr.Wijedasa is having over 40 Years' experience in the field of Nursing in leading Hospitals. He has completed 3 years Nursing Course N.T.S. NHSL. He also worked for Sri Lanka Army for various Hospital functions.



Edward Jenner
The father of immunology

The practices of good governance had been the hallmark of success of Singhe Hospitals PLC in its existence and it had been an integral part of its management and corporate culture. The Company recognizes, in a rapidly changing business environment the need to be professionally advised on how it should be directed and controlled and in total compliance with statutory and regulatory requirements especially with the regulatory standards laid down by the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka.

The procedure and methodology adopted by the Company to ensure good governance, involves all levels of management and they contribute through proper and extensive examination and review of information, practices and ideas encompassing the entire scope of the business operations of the Company. The foregoing description in brief gives an account of the most important best practices adopted by the Company.

Board of Directors

The Board consists of well-experienced and most respected business personalities and professionals from multi-faceted functional backgrounds. The Board is responsible for broad policy formation and implementation and for the development of overall business strategy.

The Board is responsible for the review and approval of the corporate plans and annual budgets prepared in line with the business strategy of the Company. The Board ensures reliability and integrity of the information, internal control systems and compliance with laws, regulations and ethical standards

The Board generally meets on a quarterly basis and convened 5 times during the year. Meeting agendas and Board papers are circulated to all Board members prior to Board and sub - committee meetings. The attendance of members at the Board meeting held is given below;

Name of the member	Attendance
Mr.A.M.Weerasinghe	5/5
Mr.A.M.D.H.N. Weerasinghe	5/5
Mr.A.M.L.M.Weerasinghe	5/5
Mr.U.B.H.J.Kithsiri	4/5
Mr.H.M.A.B.Weerasekara	5/5
Mr.A.M.A.Cader	5/5
Dr. H.S.Jayasinghe	1/5

(Appointed on 15th on October 2018)

Remuneration Committee

The present Remuneration Committee comprises of the following members.

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

This committee recommends the remuneration payable to Executive Directors and sets guidelines for the remuneration of the Senior Management of the Company. The Board makes the final determination having considered the recommendations of this committee and the performance of the Senior Management. The main objective of the remuneration policy of the Company is to retain attracted required human resources in order to sustain its operations, and to reward their performance.

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 organisations' compliance with financial reporting requirements, information requirements of the Companies Act No 07 of 2007 and other relevant financial reporting related regulations as well as the independence and performance of the External Auditors and monitors the internal audit function. 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 the following members.

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

Related Party Transaction Review Committee

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

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

COMPLIANCE WITH CORPORATE GOVERNANCE RULES IN SECTION 7.6 OF THE LISTING RULES OF THE COLOMBO STOCK EXCHANGE

RULE NO.	SUBJECT	REQUIREMENTS	COMPLIANCE STATUS	EXTENT OF COMPLIANCE BY SINGHE HOSPITALS
7.6 (i)	Board of Directors	Names of persons who held the position of Directors during the financial year	Complied with	Refer Board of Directors
7.6 (ii)	Principal Activities	Principal activities of the Company during the financial year and any changes thereon	Complied with	Note 1.3 of the Accounting Policies
7.6 (iii)	Shareholder Information	The names and the number of shares held by the 20 largest shareholders of voting and non-voting shares	Complied with	Page - 102
7.6 (iv)	Shareholder Information	The public holding percentage	Complied with	Page - 101
7.6 (v)	Director's holding	Directors' and Chief Executive Officer's holding in shares at the beginning and end of the financial year	Complied with	Annual Report of the Board of Directors
7.6 (vi)	Enterprise Risk	Information pertaining to material and foreseeable risk factors	Complied with	Note 33 to the Financial Statements
7.6 (vii)	Employees & Industrial relations	Detail of material issues pertaining to employees and industrial relations	Not reported	
7.6 (viii)	Investment Properties	Extents, locations, valuations and the number of buildings on the Company's land holdings and investment properties as at the end of the financial year	Complied with	Note 10.5-10.7 to the Financial Statements
7.6 (ix)	Stated Capital	Number of shares representing the stated capital as at the end of the financial year	Complied with	Note 17 to the Financial Statements
7.6 (x)	Shareholder Information	A distribution schedule stipulating the number of shareholders in each class of equity and the percentage of their total holdings as at the financial year end	Complied with	Share Information Page - 101
7.6 (xi)	Shareholder Information	Ratios and market price information, equity, Net Asset Value per share and market value per share	Complied with	Share Information Page - 101
7.6 (xii)	Property, Plant & Equipment	Significant changes in the entity's fixed assets and the market value of land, if the value differs substantially from the book value	Complied with	Note 10 to the Financial Statements on Property, Plant & Equipment
7.6 (xiii)	Raise Funds	Details of funds raised through public issue and private placement during the financial year	Complied with	Note 17 to the Financial Statements
7.6 (xiv)	Employee Share Option	Information in respect of Employee Share Option Schemes	Not applicable	
7.6 (xv)	Section 7 of Listing Rule	Disclosures pertaining to Corporate Governance Practices in term of Rules 7.10.3, 7.10.5 and 7.10.6 of Section 7 of the Listing Rules	Complied with	Pages - 18, 19

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

RULE NO.	SUBJECT	REQUIREMENTS	COMPLIANCE STATUS	EXTENT OF COMPLIANCE BY SINGHE HOSPITALS
7.10.1.(a)	Non - Executive Directors	Two or One-third of the Directors, whichever is higher, should be Non - Executive Directors	Complied with	There were 7 Directors as of 31.03.2019 and as at the date of the Annual Report. Out of which 4 Directors are Non - Executive Directors
7.10.2.(a)	Independent Directors	Two or One-third of Non - Executive Directors, whichever is higher, should be independent	Complied with	The Board comprised 4 Independent Non - Executive Directors as of 31st March 2019 and as at the date of Annual Report
7.10.2. (b)	Independent Directors	Each Non - Executive Director should submit a declaration of Independence / Non independence in the prescribed format	Complied with	All the Directors have submitted declarations on Independence in the prescribed format
7.10.3.(a)	Disclosure relating to the Directors	Name of the Independent Directors should be disclosed in the Annual Report.	Complied with	Please refer to page 22 of this Report

RULE NO.	SUBJECT	REQUIREMENTS	COMPLIANCE STATUS	EXTENT OF COMPLIANCE BY SINGHE HOSPITALS
7.10.3.(b)	Disclosure relating to the Directors	In the event a Director does not qualify as an independent as per the rules of Corporate Governance, however the Board is of the opinion that the Director is nevertheless independent, it shall specify the basis of the the determination in the annual report	Complied with	All Independence Directors satisfy the 'Criteria of independence' as per the rules on corporate governance
7.10.3.(c)	Disclosure relating to the Directors	A brief resume of each Director should be publised in the Annual Report including his/her area of expertise	Complied with	Please refer to page 13&14 of this Report
7.10.3.(d)	Disclosure relating to the Directors	A brief resume of any new Directors appointed to the Board should be provided to CSE	Complied with	Brief resumes of all newly appointed Directors have been provided to the Colombo Stock Exchange
7.10.5	Remuneration Committee	A listed company shall have a Remuneration Committee	Complied with	Please refer to page 23 of this Report
7.10.5.(a)	The composition of the Remuneration Committee	The Remuneration Committee shall comprise a minimum of two Independent Non - Executive or Non - Executive Directors, a majority of whom shall be independent,whichever is higher.	Complied with	As of 31st March 2019,the Remuneration Committee comprises three Independent Non - Executive Directors and as at the date of Annual Report, the composition has remained unchanged
	Chairman of the Remuneration Committee	One Non - Executive Director shall be appointed as Chairman of the Committee by the Board	Complied with	Mr.H.MA.B.Weerasekera functioned as the Chairman of the Committee and he is a Non - Executive Director of the Board
7.10.5.(b)	Functions of the Remuneration Committee	The Remuneration Committee shall recommend the remuneration of the Chiet Executive Officer and Executive Directors	Complied with	Please refer to the Scope of the Remuneration Committee on page 23 of this Report
7.10.5.(c)	Disclosures in the Annual Report	The Annual Report shall set out;		
		The names of the Directors that comprise the Remuneration Committee	Complied with	Please refer to page 23 of this Report
		Aggregate remuneration paid to Excutive and Non - Executive Directors	Complied with	Please refer to page 84 of this Report
7.10.6	Audit Committee	A listed Comapany shall have an Audit Committee	Complied with	Please refer to page 27 of this Report
7.10.6.(a)	The composition of the Audit Committee	The Audit Committee shall comprise a minimum of two Independent Non - Executive Directors or Non - Executive Directors, a majority whom shall be independent which ever is higher	Complied with	As of 31st March 2019, and as of the date of Annual Report, the Audit Committee comprised three Independent Non - Executive Directors
		One Non - Executive Director shall be appointed as Chairman of the Audit Committee by the Board	Complied with	The Chairman of the Audit Committee Mr.U.B.H.J.Kithsiri is a Non - Executive Director in the Board
		The Chief Executive Officer and Chief Finance Officer shall attend Audit Committee meetings	Complied with	Chief Executive Officer and Chief Finance Officer attend meeting by invitation
		The Chairman or One member of the Committee should be a member of a recognised professional accounting body	Complied with	The Chairman of the Audit Committee is a member of Institute of Chartered Accountants of Sri Lanka
7.10.6.(b)		The Audit Committee shall have functions as set out in section 7.10 of Listing Rules	Complied with	Please refer to the Audit Committee Report on page 27
7.10.6.(c)		The Annual Report shall set out;		
		The name of Directors who comprise the Audit Committee	Complied with	Please refer to the Audit Committee Report on page 27
		The Audit Committee shall make a determination of the Independence of the Auditors and disclose the basis for such determination	Complied with	Please refer to the Audit Committee Report on page 28
		A report by the Audit Committee setting out the manner of compliance of the functions set out in section 7.10 of the listing rules.	Complied with	Please refer to the Audit Committee Report on page 27

Financial Reports



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

GENERAL

The Directors have pleasure in presenting their report and the Audited Financial Statement of the Company for the year ended 31st March 2019 and The Auditor's Report on the Financial Statements. This report provides the information as requested by the Companies Act No: 07 of 2007, the Listing Rules of the Colombo Stock Exchange and recommended best practices on Corporate Governance. This report was approved by the Board of Directors on 17th August 2019.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

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

FINANCIAL STATEMENTS OF THE COMPANY

The Financial Statements of the Company duly certified by the Head of Finance and approved by two Directors in compliance with sections 152, 153 and 163 of the Companies Act No. 07 of 2007 are given from pages 34 to 99 of the Annual Report.

AUDITORS REPORT

External Auditors of the company Messer's B R De Silva & Company, Chartered Accountants performed the audit on the Financial Statements for the year ended 31st March 2019. The Auditors report on the Financial Statement is given on page 29 of the Annual Report as required by section 168(1) c of the Status.

ACCOUNTING POLICIES

A summary of the significant accounting policies adopted in the preparation of the Financial Statements are given on Page 38 to 66 of the Annual Report as required by Section 168 (1) (d) of the Companies Act No: 07 of 2007. The policies adopted are consistent with those adopted in the previous financial year.

RESULTS AND DIVIDENDS

Gross Revenue

The total revenue of the company for the year ended 31st March 2019 was Rs. 595,107,275/-

Profit and Appropriation

The profit before income tax of the Company for the year ended 31st March 2019 was Rs. 17,518,396/- and the loss after the tax for the year ended 31st March 2019 was Rs. 11,873,521/-. The details of profit/(loss) relating to the Company is given on page 34 to this report.

Dividend on Ordinary Shares

The Directors have not recommended any dividend for the financial year ended 31st March 2019.

Provision for Taxation

Income Tax for 2018/19 has been provided on taxable income arising from the operations of the Company has been disclosed in accordance with Sri Lanka Accounting Standards.

Information on Income Tax expenses and Deferred Taxes is given in the Notes to the Financial Statements in pages 68,81 of this Annual Report.

Reserves

The Company total reserves as at 31st March 2019 amounted to Rs.435,021,413 (Negative). The movement of the reserves are given on Page 36 under the Statement of Changes in Equity.

PPE, Investments Properties, Leasehold Properties and Intangible Assets

Details of capital expenditure incurred on Property Plant and Equipment are given in the Notes to the Financial Statements form Page 69 to 73.

List of Directors

Names of the persons who held office as Directors of the Company as at 31st March 2019 and the names of the persons who ceased to hold office as Directors of the Company at any time during the year 2018/2019, as required by Section 168 (i) (h) of the Companies Act No: 07 of 2007 are given below.

Mr. A M Weerasinghe

Chairman

Mr. A M D H Navinda Weerasinghe

Managing Director

Mr. A M Lakshika Maduranga Weerasinghe

Director

Mr. H M A B Weerasekara

Independent Non-Executive Director

Mr. U B H J Kithsiri

Independent Non-Executive Director

Mr. A M A Cader

Independent Non-Executive Director

Dr. H.S. Jayasinghe

(Appointed on 15.10.2018)

Independent Non-Executive Director

Election and Re-election of Directors

In Accordance with the Article No. 82 of the Articles of Association of the Company Mr. A.M.Weerasinghe & Mr. U B H J Kithsiri come up for re-election and the Board unanimously recommended their re-election. Dr. H.S. Jayasinghe was appointed on 15th October 2018 under Article No: 89 of the Articles of Association. The Board unanimously recommend his appointment.

Disclosures of Directors Dealings in Shares

	No of Shares as at 31st March	
	2019	2018
A M Weerasinghe	330,425,885	297,350,885
A M H D N Weerasinghe	10	10
H.S.Jayasinghe	50,000	-

Remuneration and Other Benefits.

Directors' remuneration and other benefits in respect of the Company for the financial year 31st March 2019 disclosed on Page 84 of this Annual Report.

Related Party Transaction

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

STATED CAPITAL

The stated capital of the company as at 31st March 2019 was Rs. 914,351,790/-. Details of the stated capital are given in Note 17 to the Financial Statement on Page 76 to the Annual Report.

SHARE INFORMATION

Details of share related information are given on page 101 of this Annual Report.

PUBLIC HOLDING OF SHARE IN THE COMPANY

The public shareholding as at 31st March 2019 for Voting Shares was 23.28%.

SUBSTANTIAL SHAREHOLDING

The Twenty Largest shareholders of the Company as at 31st March 2019 are indicated on page 102 of this Annual Report.

EQUITABLE TREATMENT TO SHAREHOLDERS

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

CORPORATE DONATIONS

During the year Company made donations to charity amounting to Rs. 189,906/-. The information given above on donations as required by the Section 168 (i) (g) of the Companies Act No. 07 of 2007.

ENVIRONMENTAL PROTECTION

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

STATUTORY PAYMENTS

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

EVENTS AFTER THE REPORTING PERIOD

There have been no material events accruing after the reporting date that would require adjustment to or disclosure in the Financial Statement other than disclosed on page 88 to this Annual Report.

GOING CONCERN

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

RISK MANAGEMENT AND SYSTEM OF INTERNAL CONTROL

Risk Management

Specific steps that have been taken by the Company are detailed from page 94 to 99 of this Annual Report.

System of Internal Control

The Board of Directors has established an effective and comprehensive system of Internal Control to ensure that proper controls are in place to safeguard the assets of the company to detect and prevent fraud and irregularities to ensure that proper records are maintained and Financial Accounts are prepared, giving the management relevant, reliable and up to date Financial Statements and key performances indicators.

The Audit Committee reviews on a regular basis, the reports, policies and procedures to ensure that a comprehensive internal control framework is in place. More details in this regards can be seen from Page 27 to 28 of this Annual Report.

The Board has conducted a review of the controls covering financial, operational and compliance and risk management and have

obtained reasonable assurance of their effectiveness and successful adherence there with for the period up to the date of signing the Financial Statements.

AUDIT COMMITTEE

The composition of the Audit Committee and their Report is given from Page 27 to 28 of this Annual Report.

RELATED PARTY TRANSACTION REVIEW COMMITTEE

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

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

REMUNERATION COMMITTEE

The Remuneration Committee Meeting comprises the following members.

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

The committee review and revise the company's recruitments, promotions, remuneration packages, annual increments, bonuses and incentive plans

The committee also review information related to executive compensation to ensure that it is in par with market/industry rates

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

Name of the member	Attendance
Mr. H.M.A.B. Weerasekera	1/1
Mr. A.M.A. Cader	0/1
Mr. U B H J Kithsiri	1/1

CORPORATE GOVERNANCE

The Company is committed to high standards of Corporate Governance. The main Corporate Governance practice are set out page 17 of this Annual Report. The Directors acknowledge their responsibility for the companies corporate governance and the system of internal control.

OPERATIONAL EXCELLENCE

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

APPOINTMENT OF EXTERNAL AUDITORS

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

AUDITOR'S REMUNERTAIION AND INTEREST IN CONTRACTS WITH THE COMPANY.

The Company Audit Fees paid for the year 2018/2019 amounted to Rs. 400,000/-. Apart from that, the Company has engaged Messrs. B.R.De Silva & Company. the External Auditors to advise on taxation and accounting matters for the year under consideration. As far as the Directors are aware, the Auditors do not have any other relationship or interest in contracts with the Company.

ANNUAL GENERAL MEETING

The 2018/19 Annual General Meeting of the Company will be on 21st September 2019 at the premises of Singhe Hospitals PLC, No.362, Colombo Road, Ratnapura at 10.00 am.

NOTICE OF MEETING

Notice of Annual General Meeting is published on page number 104 of the report.

A C K N O W L D G E M E N T O F T H E C O N T E N T S O F T H E R E P O R T

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

For and behalf of the Board.

Sgd. Director	Sgd. Director
---------------------------	---------------------------

Sgd.
.....
Nexia Coporate Consultants (Pvt) Ltd.

Statement of Directors' Responsibility

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

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

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

In preparing the financial statements as disclosed on page 34 to 37, the Directors consider that the Company has used appropriate accounting policies that have been applied consistently and supported by reasonable and prudent judgment and estimates, while all accounting standards considered to be applicable and relevant have been followed.

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

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

Compliance Report

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

By order of the Board

Sgd.

Nexia Corporate Consultants (Pvt) Ltd
Secretaries
17th August, 2019

Report of the RPTR Committee

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

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

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

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

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

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

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

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

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

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

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

Conduct of Meetings

The Committee held four meetings during the financial year ended 31st March 2019. The attendance of the respective committee member is tabulated below.

<u>Name of the Member</u>	<u>Attendance</u>
Mr. A M A Cader - Chairman	4/4
Mr. A M Weerasinghe - Member	4/4
Mr. H M A B Weerasekera - Member	4/4
Mr. U B H J Kithsiri - Member	3/4

Sgd.

A M A Cader

Chairman,

Related Party Transactions Review Committee

17th August 2019

Audit Committee Report

Composition of the Audit Committee

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

Mr. U B H Jayalath Kithsiri

Chairman of the Committee
Non-Executive Independent Director

Mr. H M A B Weerasekera

Non-Executive Independent Director

Mr. A M A Cader

Non-Executive Independent Director

The profile of each member is set out on page 13 to 14 of this Annual Report.

Conduct of Meeting

The committee held four meetings during the financial year ended 31st March 2019. The Chairman, Managing Director, Executive Director, Head of Finance, Accountant, Assistant Manager IT, Assistant Manager HR and External Auditors also attended these meetings by invitation. The proceedings of these meetings with adequate details of matters are regularly reported to the Board of Directors. The attendance of members at the meetings held is given below.

Directors	Attendance
Mr. U B H Jayalath Kithsiri	4/4
Mr. H M A B Weerasekera	4/4
Mr. A M A Cader	4/4

Objective and Role

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

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

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

Purpose of the Audit Committee

- I. Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the Financial Statements are correct, sufficient and credible.
- ii. Reviewing, with the management, the Annual Financial Statements before submission to the Board for approval.
- iii. Reviewing, with the management, the quarterly Financial Statements before submission to the Board for approval.
- iv. Reviewing, with the management, performance of statutory and Internal Auditors and the adequacy of the internal control systems.
- v. Reviewing the adequacy of internal audit

function, including the structure of the Internal Audit Department, staffing, and seniority of the official heading the department, reporting structure coverage and frequency.

- vi. Recommending to the Board, the appointment, re-appointment and, if required the replacement or removal of the statutory Auditor and the fixing of audit fees.
- vii. Reviewing the independence and performance of the External Auditors.

Internal Audit and Inspection

Messrs Ernest & Young carries out inspection the company with the concurrence of the Board. The Audit committee closely monitors the internal Audit and inspection function.

During the year, the Audit Committee reviewed the performance of the internal audit function, the findings of the audits completed which covered the head-office (Hospital), Out Labortary reference to the internal controls, and the Department's resource requirements including succession planning. The Internal Audit Plan was also reviewed and approved by the committee and follow up actions were monitored regularly.

External Auditor

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

The Committee is satisfied that the independence of the External Auditors had not been impaired by any event or service that give rise to a conflict of interest. Due consideration has been given to the nature of the services provided by the External Auditors and the level of an audit and non-audit fee received by them.

The Audit Committee reviewed the performance of the External Auditors and recommended to the Board the re-appointment of Messrs B. R. De Silva, Chartered Accountants as the External Auditors of the company for the ensuing financial year, subject to the approval of

the approval of the Shareholders at the Annual General Meeting.

U B H Jayalath Kithsiri

Chairman

Audit Committee

17th August 2019

Independent Auditors' Report

B.R.DE SILVA & CO.
Chartered Accountants



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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Singhe Hospitals PLC ("the Company"), which comprise the statement of financial position as at 31st March, 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 31st March 2019, and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Key Audit Matters

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

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements of our report, including in the relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risk of material misstatement of the financial statements. The results of our audit procedures, performed to address the matters bellow, provide the basis for our audit opinion on the accompanying financial statements.

Partners - N.S.C. De Silva FCA, FCMA(UK), L.C. Piyasena FCA, L.L.S. Wickramasinghe FCA,
F.S.N. Marikkar FCA, S.M.S.S. Bandara MBA, FCA, D.S. De Silva LLB, Attorney-at-Law
ACA, ACMA(UK)
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1. Recognition of Revenue

Risk Description

With reference to the Note 03 to the Financial Statements, Revenue of the Company is earned through the provision of the healthcare services and selling pharmaceuticals. Main Revenue of the Company for the reporting year comprise with Income sourced from Provision of Laboratory Services and for the reporting year which is 43.6% of total revenue of the Company. There may be a risk that the all services rendered have not been recorded in the accounts and taken into revenue without any revenue leakages.

In addition to above the revenue streams are captured and invoiced through the Hospital Management Software which are not fully integrated and linked with the transaction recording modules.

In consideration of the significance of the account transactions and level of management's manual interventions applied in the recognition of revenue, same has been noted as a Key Audit Matter.

Our Response

Our audit procedures included,

Our audit procedures in relation to revenue recognition included both tests of controls as well as substantive procedures.

- Obtained and understood the business module and revenue sources of the Company.
- Obtained and understood prevailing internal controls regarding the revenue streams.
- Our testing of the company's manual and automated controls focused on controls around the timely & accurate recording of sales transactions.
- We performed analytical review procedures to assess whether the recognized revenue was in line with the expected level.
- Critically analyzed the assumed revenue projections by reference to historical performance against the projections prepared for the same period, and external market data, where available, in terms of market size and expectations of market share.
- We tested the ledger postings in the revenue accounts with invoices raised for the selected sample transactions and vice-versa.
- Assessed the adequacy of financial statements disclosures.

2. Assessment of Impairment for Property Plant and Equipment and Management's estimation on the useful lives.

Risk Description

The carrying value of the Company's property plant and equipment reflects as at the reporting date of 31st March 2019 at Rs 691,929,943 (2017/18 - Rs 786,157,857) representing 78.5% of the Total Assets.

The carrying value of these assets are reviewed annually by the management for the unfavorable indicators for cause of impairment. For assets where such indicators exists, management analyzes and execute detailed impairment reviews, taking into account, the impact of the revenue assumptions and technical factors which may affect the expected remaining useful lives and carrying value of the assets.

In consideration of the significance of the account balances and level of management's judgments applied, same has been noted as a Key Audit Matter.

Our Responses

Our audit procedures to assess the potential impairment of property plant and equipment included following.

Evaluated the existing internal controls over Property Plant and Equipment with the Fixed Asset Policy and Procedure Manual.

Discussed with the management and evaluated the key assumptions underlying management's assessment of indicators for impairment of same assets.

Carried out physical inspection of assets including both current year additions & assets purchased in previous years.

Checked the adequacy and appropriateness of the disclosure notes pertaining to the impairment of property plant and equipment.

Compared with the market value of Land and Buildings of similar commercial properties situated in close proximity to the business premises.

3. Valuation of Investment Property and Transfers from Property Plant & Equipment to Investment Property.

Risk Description

Management has estimated the fair value of Investment Property, amounting to Rs 89,100,000 as at reporting date of 31st March, 2019 with a gain on fair value for the year ended 31st March, 2019 recognized in the Statement of the Comprehensive Income amounting to Rs 32,100,000 and Investment Property which are stated at fair value significant to the financial statements in terms of their values.

The Company has engaged independent professional valuer with appropriate expertise in valuing property to determine the fair value of the Investment Property in accordance with recognized industry standards.

The valuation of Investment Property was significant to our audit due to use of significant estimates which require significant judgments.

Our Responses

Our audit procedures to assess the potential impairment of property plant and equipment included following.

Assessed the objectivity, independence, competence and qualification and expertise of the external valuer in the property being valued.

Obtained and inspected the valuation report prepared by the external property valuer and assessed the appropriateness of the valuation techniques used by the external valuer, taking into account the nature of the investment property.

Checked the key assumptions used and conclusions made by the external valuer, in ascertaining the fair value of the property and comparing the same with evidence of current market values of similar property situated in close proximity to the business premises.

Assessed the adequacy of the disclosures in the financial statements, including the description and appropriateness of the inherent degree of subjectivity and key assumptions in the estimates.

Other Information included in the 2018/19 Annual Report

Management is responsible for the other information presented in the Annual Report together with the financial statements.

Our opinion on the financial statements does not cover this other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our knowledge obtained in the audit. Based solely on that work we have not identified material misstatements in the other information.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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



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

Date: 17/08/2019

(LW/SA/sn (18/04))



SINGHE HOSPITALS PLC

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

	<i>Notes</i>	2019 Rs.	2018 Rs.
Revenue	(3)	595,107,275	488,314,092
Cost of Sales		<u>(227,309,460)</u>	<u>(198,586,006)</u>
Gross Profit		367,797,815	289,728,086
Other Income	(4)	35,217,417	3,880,419
Other Operating Expenses	(5)	(34,659,179)	(34,020,241)
Administration Expenses		<u>(303,988,580)</u>	<u>(283,462,853)</u>
Loss from Operating Activities		64,367,474	(23,874,589)
Finance Costs	(6)	<u>(46,849,077)</u>	<u>(42,128,399)</u>
Profit/(Loss) Before Taxation	(7)	17,518,396	(66,002,988)
Income Tax Expense	(8)	<u>(29,391,917)</u>	<u>16,957,053</u>
Profit/(Loss) For the Year		(11,873,521)	(49,045,935)
<u>Items that will not be reclassified to Profit or Loss</u>			
Actuarial Gain/(Loss) from Valuation of Defined Benefit Plans		(641,724)	(46,012)
Gain on Revaluation of Property Plant & Equipment		-	-
Deferred Tax Impact on Revaluation		-	-
Deferred Tax Impact on Defined Benefit Plan Actuarial (Gain)/Loss		128,345	4,601
Other Comprehensive Income for the Year		<u>(513,379)</u>	<u>(41,411)</u>
Total Comprehensive Income/(Loss) for the Year		<u><u>(12,386,900)</u></u>	<u><u>(49,087,346)</u></u>
Basic Earnings/(Loss) Per Share	(9)	<u><u>(0.03)</u></u>	<u><u>(0.12)</u></u>

The Notes to the Financial Statements in pages (38) to (99) form an integral part of these Financial Statements.

SINGHE HOSPITALS PLC
STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH,



	<i>Notes</i>	2019 Rs.	2018 Rs.
<u>ASSETS</u>			
<u>Non-Current Assets</u>			
Property, Plant and Equipment	(10)	691,929,943	786,157,857
Investment Property	(10.7)	89,100,000	-
Intangible Assets	(11)	6,058,876	5,131,780
		787,088,819	791,289,637
<u>Current Assets</u>			
Inventories	(12)	39,368,362	35,479,334
Trade and Other Receivables	(13)	27,684,366	23,580,082
Financial Investments	(14)	14,570	17,690
Income Tax Recoverable	(24)	4,778,111	2,464,654
Short Term Investments	(15)	15,000,000	15,000,000
Cash and Cash Equivalents	(16)	7,182,155	6,218,707
		94,027,564	82,760,467
Total Assets		881,116,383	874,050,104
<u>EQUITY AND LIABILITIES</u>			
<u>Capital and Reserves</u>			
Stated Capital	(17)	914,351,790	848,201,790
Reserves	(18)	107,701,213	108,214,592
Retained Earnings		(542,722,626)	(530,849,105)
Total Equity		479,330,377	425,567,277
<u>Non-Current Liabilities</u>			
Retirement Benefit Obligations	(19)	6,320,226	4,095,200
Interest Bearing Borrowings	(20.2)	188,330,000	215,570,000
Finance Leases	(20.1)	6,422,527	1,139,439
Deferred Tax Liabilities	(21)	78,286,763	49,023,191
		279,359,516	269,827,830
<u>Current Liabilities</u>			
Trade and Other Payables	(22)	18,015,192	22,157,529
Interest Bearing Borrowings	(20.2)	27,240,000	27,240,000
Finance Leases	(20.1)	3,514,613	1,287,005
Amounts Due to Related Parties	(23)	14,054,714	63,704,714
Bank Overdrafts	(25)	59,601,971	64,265,749
		122,426,490	178,654,997
Total Equity and Liabilities		881,116,383	874,050,104

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



R. Vimalanathan
 Head of Finance

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

	NAME	
DIRECTORS	A. M. D. H. N. Weerasinghe	 SIGNATURE
	A. M. L. M. Weerasinghe	
DATE OF APPROVAL BY THE BOARD 17th August 2019		

The Notes to the Financial Statements in pages (38) to (99) form an integral part of these Financial Statements.

SINGHE HOSPITALS PLC**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MARCH,**

	<i>Revaluation Reserve</i>	<i>Stated Capital</i>	<i>Retained Earnings</i>	<i>Gain/(Loss) on Defined Benefit Plan</i>	<i>Total</i>
	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
Balance as at 01st April, 2017	116,324,693	848,201,790	(483,421,619)	3,079,247	484,184,112
Loss for the Year	-	-	(49,045,935)	-	(49,045,935)
Other Comprehensive Income	-	-	-	(46,012)	(46,012)
Revaluation Gain on Disposed Asset.	(1,618,449)	-	1,618,449	-	-
Deferred Tax impact on Revaluation	(9,529,489)	-	-	-	(9,529,489)
Deferred Tax impact on Actuarial Gain/(Loss)	-	-	-	4,601	4,601
Balance as at 31st March, 2018	<u>105,176,755</u>	<u>848,201,790</u>	<u>(530,849,105)</u>	<u>3,037,837</u>	<u>425,567,277</u>
Balance as at 01st April, 2018	105,176,755	848,201,790	(530,849,105)	3,037,837	425,567,277
Private Placement of Shares	-	66,150,000	-	-	66,150,000
Loss for the Year	-	-	(11,873,521)	-	(11,873,521)
Other Comprehensive Income	-	-	-	(641,724)	(641,724)
Deferred Tax impact on Actuarial Gain/(Loss)	-	-	-	128,345	128,345
Balance as at 31st March, 2019	<u>105,176,755</u>	<u>914,351,790</u>	<u>(542,722,626)</u>	<u>2,524,458</u>	<u>479,330,377</u>

The Notes to the Financial Statements in pages (38) to (99) form an integral part of these Financial Statements.

SINGHE HOSPITALS PLC
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31ST MARCH

	<i>Notes</i>	2019 Rs.	2018 Rs.
<u>Cash Flow from/(used in) Operating Activities</u>			
Profit/(Loss) Before Income Tax Expenses		17,518,396	(66,002,988)
<u>Adjustments for :</u>			
Depreciation	(10.2)	61,676,670	63,086,961
Intangible Assets Amortisation	(11)	852,235	580,672
Interest Income	(4)	(1,442,725)	(1,637,442)
Finance Cost	(6)	46,849,077	42,128,399
Net (Gain) /Loss on disposal of Property, Plant and Equipment		(40,000)	(391,780)
Fair value (Gain)/Loss on Quoted Investments	(14.1)	3,120	2,593
Gain on Change in Fair Value of Investment Property	(10.7)	(32,100,000)	
Provision for Retirement Benefit Obligations	(19.2)	1,741,052	1,376,763
		<hr/>	<hr/>
Operating Profit/(Loss) before Working Capital Changes		95,057,826	39,143,178
<u>Changes in Working Capital</u>			
(Increase)/ Decrease in Inventories		(3,889,028)	543,738
(Increase)/ Decrease in Trade & Other Receivables		(4,104,284)	19,700,163
Increase/ (Decrease) in Trade & Other Payables		(542,337)	(6,449,528)
		<hr/>	<hr/>
Cash Generated from/(used in) Operating Activities		86,522,176	52,937,551
Finance Cost paid	(6)	(39,530,547)	(37,128,615)
Defined Benefit Plan Costs paid	(19.1)	(157,750)	(46,885)
Income Tax paid	(24)	(2,313,457)	(2,941,833)
		<hr/>	<hr/>
Net Cash Generated from/(used in) Operating Activities		44,520,421	12,820,218
<u>Cash Flows from/(used in) Investing Activities</u>			
Acquisition of Property, Plant & Equipment		(15,891,483)	(14,516,481)
Acquisition of Capital Work in Progress	(10.4)	(1,849,410)	-
Acquisition of Intangible Assets	(11.1)	(1,779,331)	(2,236,031)
Income from Investments - Interest Received	(4)	1,442,725	1,637,442
Proceeds from Disposal of Property, Plant & Equipment		40,000	7,300,000
		<hr/>	<hr/>
Net Cash Generated from/(Used in) Investing Activities		(18,037,498)	(7,815,070)
<u>Cash Generated from/(Used in) Financing Activities</u>			
Proceeds from Interest Bearing Borrowings	(20.3)	-	45,000,000
Repayments from Interest Bearing Borrowings	(20.3)	(27,240,000)	(23,390,000)
Repayments of Finance Leases Rental Payments	(20.1)	(5,115,697)	(5,626,205)
Related Party Advances Received - Mr A M Weerasinghe	(23.1)	11,500,000	-
		<hr/>	<hr/>
Net Cash Generated from/(used in) Financing Activities		(20,855,697)	15,983,795
Net Increase/ Decrease in Cash and Cash Equivalents		5,627,226	20,988,943
Cash and Cash Equivalents at the Beginning of the Year		(43,047,042)	(64,035,985)
		<hr/>	<hr/>
Cash and Cash Equivalents at the End of the Year		(37,419,816)	(43,047,042)
<u>Analysis of Cash and Cash Equivalents</u>			
Short Term Investments	(15)	15,000,000	15,000,000
Cash at Bank	(16)	850,667	883,909
Bank Overdrafts	(25)	(59,601,971)	(64,265,749)
Cash in Hand	(16)	6,331,488	5,334,798
		<hr/>	<hr/>
Cash and Cash Equivalents at the End of the Year		(37,419,816)	(43,047,042)

The notes to the Financial Statements in pages (38) to (99) form an integral part of these Financial Statements. Figures in brackets indicate deductions.

SINGHE HOSPITALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

1. GENERAL INFORMATION - REPORTING ENTITY

1.1. Legal Form

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

1.2. Total Number of Employees

<i>Total Number of Employees</i>	<i>2018-19</i>	<i>2017-18</i>
Company	353	305

1.3. Principal Activities and Nature of Operations

The principal activities of the company, are maintaining of the Hospital by providing laboratory services and other healthcare related services. There were no significant changes in nature of principal activities of the company during the reporting year.

2. BASIS OF PREPERATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1.1. Statement of Compliance

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

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

2.1.2. Responsibility for Financial Statements

The Board of Directors of the Company is responsible for the preparation and fair presentation of the financial statements.

Those Financial Statements were authorized for issue by the Board of Directors on 17th August 2019

SINGHE HOSPITALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

2.1.3. Basis of Measurement

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

- Land and buildings, Motor Vehicles and Investment property are measured at fair value.
- Non-derivative financial instruments classified as “Loans and Receivables” and “Other Financial Liabilities” measured at amortized cost.
- Defined Benefit Obligations are measured at its present value, based on an actuarial valuation as explained in Note 19.

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

2.1.4. Going Concern

1. The Company has recorded continuous losses from 2012/13. The Accumulated Loss of Rs 542,722,626 as at the reporting date of 31st March 2019 and as at that date of the Company’s Current Liabilities exceeded its Current Assets by Rs. 28,398,926. However, the management is of the view that the investments made in expansion of Laboratories will generate profits in the future as expected below. The Board of Directors has paid their special attention to overcome this situation.

Accordingly, the directors have made an assessment on the Company’s ability to continue as a going concern and they certified that the company has adequate resources to continue its operations in the foreseeable future.

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

- I. The Company has commenced an expansion project of establishing outstation Laboratories with effect from 1st April 2015 by using IPO funds. Under that project, the company has opened three main laboratories in Homagama, Negombo and Kandy and five mini laboratories in Embilipitiya, Kahawatta, Karawanella, Balangoda and Bandarawela. All they are less than four years and about to provide a positive contribution to the company bottom line. The directors also have been seriously looking to this and review all product portfolio including outstation labs and main hospital’s healthcare services.

SINGHE HOSPITALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

- II. A new business plan has been prepared along with the revenue forecast supported by revised financial budget. An External Consultant Team has been appointed to facilitate for this Business Plan.
- III. The Chairman of the Company, Mr. A. M. Weerasinghe has given his consent to provide external funds to the company as and when company needs external fund requirement.

2.1.5. Functional Currency and Presentation Currency

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

2.1.6. Materiality and Aggregation

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

2.1.7. Comparative Information

The Financial Statements for the Comparative periods comprise results for the 12-month period from 01st April 2017 to 31st March 2018. In this circumstance, the comparative information for the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and related notes are comparable with current reporting period.

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

2.1.8. Significant Accounting Judgments, Estimates and Assumptions

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

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

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

SINGHE HOSPITALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

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

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

b) Useful Lifetime of the Property, Plant & Equipment

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

c) Deferred Taxation – Utilization of Tax Losses

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

d) Defined Benefit Plans

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

e) Current Taxation

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

2.2. Significant Accounting Policies

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

SINGHE HOSPITALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

2.2.1. New and amended standards and interpretations

The Company adopted SLFRS 15 - Revenue from Contracts with Customers and SLFRS 9 - Financial Instruments - Recognition and Measurement, which resulted in changes to accounting policies. Several other amendments and interpretations in accounting standards applied for the first time in reporting year 2018/19 but do not have an impact on the Financial Statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued, but not yet effective.

2.2.2. SLFRS 9 -Financial Instruments

The Company has initially adopted SLFRS 9 with the date of transition as 1st April 2018. The adoption of SLFRS 9 has resulted in changes in accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets.

Recognition and initial measurement

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

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

Classification and subsequent measurement

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

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

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

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

SINGHE HOSPITALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

- A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Financial assets - Business model assessment:

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

SINGHE HOSPITALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

Policy applicable from 1 April 2018

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

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

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

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

Financial assets - Subsequent measurement and gains and losses:

- Amortized cost,
- Fair Value Through Other Comprehensive Income (FVOCI)
- Fair Value Through Profit or Loss. (FVTPL)

Financial assets - Policy applicable prior to 01st April, 2018

The Company classified its financial assets into one of the following categories:

- Financial assets at Fair Value Through Profit or Loss (FVTPL)
- Held-to-Maturity financial assets.
- Loans and Receivables
- Available for Sale

SINGHE HOSPITALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

Financial assets - Subsequent measurement and gains and losses

Policy applicable prior to 01st April, 2018

- Financial assets at Fair Value Through Profit or Loss (FVTPL)
 - Measured at fair value and changes therein, including any interest or dividend income, were recognized in profit or loss.
- Held-to-Maturity financial assets
 - Measured at amortized cost using the effective interest method
- Loans and Receivables
 - Measured at amortized cost using the effective interest method.
- Available-for Sale financial assets
 - Measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments, were recognized in OCI and accumulated in the fair value reserve. When these assets were derecognized, the gain or loss accumulated in equity was reclassified to profit or loss.

Financial Liabilities - Classification, subsequent measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derecognition

Financial Assets

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

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

SINGHE HOSPITALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

Financial Liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Offsetting

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

Impairment

Impairment policy: applicable from 01st April, 2018

Non-derivative financial assets

Financial instruments and contract assets

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

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

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

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

SINGHE HOSPITALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

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

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

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

Measurement of ECLs

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

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

Credit-impaired financial assets

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;
or
- the disappearance of an active market to a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

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

Write-off

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

SINGHE HOSPITALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

Impairment Policy: applicable prior to 01st April, 2018

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

SINGHE HOSPITALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

Impairment Policy: Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

An impairment loss in respect of other assets, recognized in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Accounting Policy applicable from 01st April, 2018

At the date of transition to SLFRS 9, the Company updates the hedge documentation for the existing hedging relationships under LKAS 39 that continue to comply with the SLFRS 9 documentation requirements. The expected changes are the incorporation of the hedge ratio and the expected sources of ineffectiveness and the removal of the retrospective effectiveness test (which is no longer required under SLFRS 9).

SLFRS 9 introduces the concept of 'rebalancing'. Rebalancing refers to adjustments to the designated quantities of either the hedged item or the hedging instrument of an existing hedging relationship for the purpose of maintaining a hedge ratio that complies with the hedge effectiveness requirements. This allows the Company to respond to changes that arise from the underlying or risk variables. Rebalancing does not result in de-designation and re-designation of a hedge, but it is accounted for as a continuation of the hedging relationship.

SINGHE HOSPITALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

However, on rebalancing, hedge ineffectiveness is determined and recognized immediately before adjusting the hedge relationship. Rebalancing is consistent with the requirement of avoiding an imbalance in weightings at inception of the hedge, but also at each reporting date and on a significant change in circumstances, whichever comes first.

When rebalancing a hedging relationship, the Company update its documentation of the analysis of the sources of hedge ineffectiveness that are expected to affect the hedging relationship during its remaining term.

In some circumstances, rebalancing is not applicable (for example, where the changes in the hedge relationship – which might arise from changes in the derivative counterparty credit risk – cannot be compensated by adjusting the hedge ratio). In addition, if the risk management objective has changed, rebalancing is not allowed, and hedge accounting should be discontinued.

Accounting Policy applicable prior to 01st April, 2018

Company formally designate and document a hedge relationship between a qualifying hedging instrument and a qualifying hedged item at the inception of the hedge; and both at inception and on ongoing basis, demonstrate that the hedge is highly effective.

The documentation includes identification of the hedge or transaction, hedging instrument, nature of the risk that is being hedge and the way in which effectiveness of the hedge will assessed at inception and during the period of the hedge.

The Company makes an assessment, both at the inception of the hedge relationship and on an ongoing basis, whether the hedging instrument is expected to be highly effective in offsetting the changes in cash flows derived from the respective hedged item during the period for which the hedge is designated, and whether the actual results of each hedge is highly effective. The effective portion of the gain or losses on the hedging instrument is recognized directly as other comprehensive income in the cash flow hedge reserve while any ineffective portion is recognized immediately in profit or loss. The amount recognized in the other comprehensive income is reclassified to profit or loss as a reclassification adjustment in the same period as the hedged cash flows affect profit or loss, and is recognized under the same line item in the income statement.

If the forecast transaction is no longer expected to occur, the hedge no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated or exercised, or the designation is revoked, hedge accounting is discontinued prospectively and the amount accumulated in equity is reclassified to profit or loss.

SINGHE HOSPITALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

2.2.3. Foreign Currency Translation

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

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

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

2.2.4. Valuation of Assets and their Measurement Bases

2.2.4.1. Inventories

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

The cost of inventories is based on Weighted Average Cost. The costs incurred in bringing inventories to their present location and condition are accounted for as follows,

Pharmacy and Surgical	- At actual cost on Weighted Average Cost
General	- At actual cost on Weighted Average Cost

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

2.3.2 Cash and Cash Equivalents

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

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

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

SINGHE HOSPITALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

Statement of Cash Flow

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

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

2.3.3 Property, Plant & Equipment

2.3.4 Recognition and Measurement

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

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

Such cost includes the cost of replacing component parts of the property, Plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of the property plant and equipment are required to be replaced at intervals, the company derecognizes the replaced part, and recognizes the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

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

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

Land and buildings and motor vehicles are measured at fair value less accumulated depreciation on building and impairment losses recognized after the date of the revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Revaluation of Property, Plant & Equipment are undertaken by professionally qualified valuers.

SINGHE HOSPITALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

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

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

Property, Plant & Equipment - Owned Assets (Contd.....)

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

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

Depreciation

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

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

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

SINGHE HOSPITALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

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

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

(c) Restoration Cost

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

(d) De-recognition

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

2.3.5 Property, Plant & Equipment - Leased Assets

Finance Leases-Where the Company is the Lessee

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

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

The corresponding principal amount payable to the lessor is shown as a liability, lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

The interest payable over the period of the lease is transferred to an interest in a suspense account. The interest element of the rental obligations applicable to each financial year is charged to the Statement of Comprehensive Income over the period of the lease.

SINGHE HOSPITALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

2.3.6 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 utilization or at the time the asset is commissioned.

2.3.7 Intangible Assets

Recognition and measurement

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

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

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

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

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

SINGHE HOSPITALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

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

2.3.8 Intangible Assets

2.3.9 Initial Recognition and measurement

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

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

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

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

2.3.10 Subsequent costs

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

2.3.11 Subsequent measurement

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

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

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

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

2.3.12 Intangible assets recognized by the Company

2.3.13 Computer Software

All computer software cost incurred and licensed for use by the Company, which does not form an integral part of related hardware, which can be clearly identified and reliably measured with the probability of leading to future economic benefits, are capitalized under intangible assets.

Hospital Billing Management System's (Intangible Assets) amortization rate - 10% p.a.
Software License - Over four years

2.4 Liabilities and Provisions

Liabilities classified as current liabilities on the statement of financial position are those, which fall due for payment on demand or within one year from the reporting date. Non-current liabilities are those balances that fall due for payment after one year from the reporting date. Provisions are recognized when the company has a present obligation (Legal or Constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of Comprehensive Income net of any reimbursement.

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

2.4.1 Retirement Benefit Obligations

(a) Defined Benefit Plan – Employee Benefits

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

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

Employees are eligible to receive a gratuity payment of half month's salary per year of service at the end of service provided the employee has provided 5 years of service. Defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The actuarial gains and losses are charged to the Statement of Comprehensive Income in the period in which they arise. The assumptions based in which the results of the actuarial valuation were determined as at 31st March 2019, are included in the Note 19 to the Financial Statements. Gratuity liability was computed from the first year of service for all employees in conformity with Sri Lanka Accounting Standard 19 (LKAS 19) – 'Employee Benefit'

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

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

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

2.5 The Statement of Profit or Loss and Other Comprehensive Incomes

2.5.1 Revenue from Contracts with Customers

The Company is in the business of providing healthcare and laboratory services. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

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

2.5.1.1 Hospital Revenue

The Company recognizes revenue from hospital services over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Company.

Consultancy fees collected on behalf of the in house and visiting consultants by the Company do not form part of revenue are excluded from the revenue.

2.5.1.2 Pharmacy Revenue

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the medicine and related drug products.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration and the existence of significant financing components.

· Variable consideration

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in SLFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Company recognizes a refund liability.

· Significant financing component

Generally, the Company receives short-term advances from its customers. Using the practical expedient in SLFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

2.5.1.3 Rental Income from Investment Property

Rental income arising from renting of investment property is recognized as other income on a straight-line basis over the term of agreement.

2.5.1.4 Interest Income

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

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

2.5.1.5 Other Income.

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

SINGHE HOSPITALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

2.5.2 Expenditure Recognition

- (a) Expenses are recognized in the statement of Comprehensive Income on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the Property, Plant and Equipment in a state of efficiency has been charged to income in arriving at the profit for the year.
- (b) For the purpose of presentation of the Statement of Comprehensive Income, the Directors are of the opinion that the function of expenses method, presents fairly the elements of the Company's performance and hence, such presentation method is adopted.

2.5.3 Borrowing Costs

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

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

2.5.4 Dividends on Ordinary Shares

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

2.5.5 Income Tax Expense

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

2.5.5.1 Current Taxation

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

SINGHE HOSPITALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

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

Provision for taxation is based on the profit for the year adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No 24 of 2017 commencing from 01st April, 2018.

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

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

Subsequent to the expiration of the aforesaid concessionary tax rate of 10%, the profits and income of the Enterprise shall for any year of assessment be charged at the rate of 20%

- The Company is liable for income tax at the rate of 10%

2.5.5.2 Deferred Tax

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

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

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

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

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

SINGHE HOSPITALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

2.6 DETERMINATION OF FAIR VALUES

The Company accounting policies and disclosures require the determination of fair value, both financial and non-financial assets and liabilities. Fair Values have been determined for measurement and / or disclosure purposes based on following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset and liability. When measuring the fair value of an asset or liability the company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

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

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

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

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

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

SINGHE HOSPITALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

(a) Property, Plant & Equipment

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

(b) Inventories

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

(c) Trade and Other Receivables

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

(d) Other Non-Derivative Financial Liabilities

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

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

2.7 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

SINGHE HOSPITALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise four types of risk: interest rate risk, currency risk, commodity price risk and another price risk such as equity price risk. Financial instruments affected by market risk include loans and borrowings, equity investments classified as fair value through profit or loss.

Interest Rate Risk

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

Interest Rate Sensitivity

The following table demonstrates the sensitivity to a possible change in interest rates on that portion of the long term and short term borrowings. With all other variables held constant, the Company profit before tax is affected through the impact on floating rate borrowings as follows;

	<i>Change in Interest Rate</i>	<i>Change in Profit Before Tax</i>
Year ended 31st March 2018	100(1%)	2,428,100
Year ended 31st March 2019	100(1%)	2,155,700

Credit Risk

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

Trade Receivables

Customer credit risk is managed in accordance with the Company's established policy, procedures and control relating to customer credit risk management. Individual credit limits are defined in accordance with the prior experience with the customers. Outstanding customer receivables are regularly monitored. The requirement for an impairment is analyzed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively.

SINGHE HOSPITALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

The calculation is based on actually incurred historical data. The Company evaluates the concentration of risk with respect to trade receivables as low.

Liquidity Risk

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

2.8 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Institute of Chartered Accountants of Sri Lanka has issued the following standard which becomes effective for annual periods beginning after the current financial year. Accordingly, this standard has not been applied in preparing these financial statements. The Company is currently in the process of evaluating the potential effect of adoption of this standard on its financial statements. Such impact has not been quantified as at the reporting date. The Company will be adopting this standard when it becomes effective.

- Sri Lanka Financial Reporting Standards (SLFRS 16) Leases - effective for annual periods beginning on or after 01st of January 2019

SLFRS 16 eliminates the current dual accounting model for lessees which distinguishes between on-balance sheet finance leases and off - balance sheet operating leases. Instead there will be a single on balance sheet accounting model that is similar to the current finance lease accounting.

The Company is assessing the potential impact on its Financial Statements resulting from the application of SLFRS 16.

SINGHE HOSPITALS PLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH,**

	2019	2018
	Rs.	Rs.
(3) INCOME		
Healthcare Services	595,107,275	488,314,092
	<u>595,107,275</u>	<u>488,314,092</u>
(4) OTHER INCOME		
Interest on Fixed Deposits	1,439,384	1,517,056
Interest on Savings Accounts	3,342	120,386
Sundry Income	1,637,812	1,853,790
Change in Investments valued at Fair Value Through Profit and Loss	(3,120)	(2,593)
Gain/(Loss) on Fair Valuation on Investments Property	32,100,000	-
Net gain on disposal of Property, Plant and Equipment	40,000	391,780
	<u>35,217,417</u>	<u>3,880,419</u>
(5) OTHER OPERATIONAL EXPENSES		
Bad Debts	71,793	-
Sales Commission - Out Lab	10,354,325	9,280,170
Business Promotion Expenses	4,257,532	4,349,094
Employee Recruitment Advertisements	274,144	520,311
Refunds	1,404,027	1,477,501
Staff Incentives	6,950,650	4,172,550
Discounts	563,204	768,725
Disallowable VAT	9,447,552	9,673,843
Advertisement & Promotion Expenses	1,335,952	3,778,047
	<u>34,659,179</u>	<u>34,020,241</u>
(6) FINANCE COSTS		
Bank Charges	698,521	513,613
Loan Interest - Term Loans	29,859,872	27,023,640
Interest on Related Party Advances	5,000,000	6,000,000
Lease Interest Charges	2,318,530	569,267
Credit Card Commission	1,721,946	1,496,552
Overdraft Interest	7,250,208	6,525,327
	<u>46,849,077</u>	<u>42,128,399</u>
(7) PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE TAXATION		
Profit/(Loss) from ordinary activities before taxation is stated after charging all expenses including the following.		
Salaries and Wages	84,315,964	77,034,567
Allowances	11,151,855	13,266,926
EPF	10,092,822	9,452,875
ETF	2,514,740	2,337,628
Overtime	20,242,860	18,239,039
External Auditors' Remuneration	400,000	380,000
Depreciation	61,676,670	63,086,961
Amortization	852,235	580,672
Provision for Retirement Benefit Obligations	1,741,052	1,376,763
Charity & Donations	189,906	98,600
Emoluments paid to Directors	430,000	590,000

SINGHE HOSPITALS PLC**NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH,**

		2019	2018
		Rs.	Rs.
(8) INCOME TAX EXPENSES			
Income Tax on Current Year Profit	<i>(Note 8.1)</i>	-	458,484
(Reversal from) / Transferred to Deferred Taxation	<i>(Note 21)</i>	29,391,917	(17,415,537)
		<u>29,391,917</u>	<u>(16,957,053)</u>
(8.1) RECONCILIATION OF TAXABLE PROFIT AND ACCOUNTING PROFIT & EFFECTIVE TAX RATES			
Profit/(Loss) before Income Tax		17,518,396	(66,002,988)
Items considered as separate source of income		(33,718,240)	(1,638,059)
Aggregate Non Deductible Expenses for Tax		64,953,342	67,021,888
Aggregate Deductible Expenses for Tax		<u>(64,329,290)</u>	<u>(76,636,288)</u>
Adjusted Profit/ (Loss) from Company		(15,575,792)	(73,979,329)
Income from Interest		1,442,725	(1,638,059)
Rent Income on Investment Property		135,000	-
Total Statutory Income		<u>1,577,725</u>	<u>(1,638,059)</u>
Tax Losses Claimed		<u>(1,577,725)</u>	-
Taxable Profit/(Loss)		<u>-</u>	<u>(1,638,059)</u>
Current Income Tax Expense			
Taxation at 10%		-	-
Taxation at 28%		-	458,484
Tax Provision for the Year		<u>-</u>	<u>458,484</u>

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

Subsequent to the expiration of the aforesaid concessionary tax rate of 10%, the profits and income of the Enterprise shall for any year of assessment be charged at the rate of 20%

(09) EARNINGS / (LOSS) PER SHARE**(09.1) Basic Earnings per Share**

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

Net Profit / (Loss) Attributable to Ordinary Shareholders	(11,873,521)	(49,045,935)
Weighted Average Number of Shares Outstanding During the Year - <i>(Note 09.1.1)</i>	403,738,395	398,225,895
Basic Earnings Per Share (Rs)	<u>(0.03)</u>	<u>(0.12)</u>
(09.1.1) Weighted Average Number Of Ordinary Shares		
Issued ordinary shares as at 1 April	398,225,895	398,225,895
Effect of shares issued via Private Placement	5,512,500	-
Weighted average number of ordinary shares as at 31 March	<u>403,738,395</u>	<u>398,225,895</u>

(09.2) Diluted Earnings per Share

The calculation of diluted earnings per share has been based on the profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

There was no dilution of ordinary shares outstanding at any time during the year. Therefore, diluted earnings per share is the same as basic earning per share as shown in Note 09.1

SINGHE HOSPITALS PLC

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31ST MARCH,

(10) PROPERTY, PLANT & EQUIPMENT

(10.1) Description of Assets

	<i>Opening Balance as at 01.04.2018 Rs.</i>	<i>Additions/ Transfers During the Year Rs.</i>	<i>Revaluation During the Year Rs.</i>	<i>Disposals/ Transfer During the Year</i>	<i>Closing Balance as at 31.03.2019 Rs.</i>
<u>Cost or Valuations</u>					
<u>At Valuation</u>					
Land	141,800,000	-	-	(57,000,000)	84,800,000
Building	370,236,880	-	-	-	370,236,880
Motor Vehicles	17,571,708	1,476,447	-	(127,960)	18,920,195
	529,608,588	1,476,447	-	(57,127,960)	473,957,075
<u>At Cost</u>					
Air Conditioners	44,639,195	-	-	-	44,639,195
Computer Equipment	18,164,495	2,550,837	-	-	20,715,332
C.S.S.D.	14,056,936	-	-	-	14,056,936
Elevators	4,375,933	-	-	-	4,375,933
Fixtures and Fittings	52,850,152	1,065,319	-	-	53,915,471
Furniture and Fittings	11,508,575	631,434	-	-	12,140,009
Generator	16,913,910	-	-	-	16,913,910
Hospital Furniture	23,761,710	-	-	-	23,761,710
Housekeeping Equipment	471,971	-	-	-	471,971
Kitchen Equipment	9,047,716	112,600	-	-	9,160,316
Laundry Equipment	8,464,465	-	-	-	8,464,465
Office Equipment	3,422,838	179,325	-	-	3,602,163
Television	3,364,881	27,999	-	-	3,392,880
Tools and Equipment	2,802,935	-	-	-	2,802,935
Linen	1,776,974	108,240	-	-	1,885,214
UPS	5,377,529	-	-	-	5,377,529
Medical Equipment	259,062,163	15,145,557	-	-	274,207,720
Name Boards	4,562,148	921,015	-	-	5,483,163
CCTV Camera System	394,471	380,550	-	-	775,021
Mortury	757,591	-	-	-	757,591
	485,776,588	21,122,876	-	-	506,899,464
Total	1,015,385,176	22,599,323	-	(57,127,960)	980,856,539

SINGHE HOSPITALS PLC

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

(10.2) Depreciation

<i>Description of Assets</i>	<i>Opening Balance as at 01.04.2018 Rs.</i>	<i>Additions/ Transfers During the Year Rs.</i>	<i>Depreciation on Revaluation During the Year Rs.</i>	<i>Disposals During the Year Rs.</i>	<i>Closing Balance as at 31.03.2019 Rs.</i>
<u>Depreciation</u>					
<u>At Valuation</u>					
Buildings	8,226,865	7,404,732	-	-	15,631,597
Motor Vehicles	4,213,078	3,602,855	-	(127,960)	7,687,973
	<u>12,439,943</u>	<u>11,007,587</u>	<u>-</u>	<u>(127,960)</u>	<u>23,319,570</u>
<u>At Valuation</u>					
Air Conditioners	22,014,204	4,463,917	-	-	26,478,121
Computer Equipment	13,538,662	2,947,030	-	-	16,485,692
C.S.S.D.	7,379,880	1,405,692	-	-	8,785,572
Elevators	2,443,229	437,592	-	-	2,880,821
Fixtures and Fittings	18,142,259	5,329,154	-	-	23,471,413
Furniture and Fittings	3,158,313	1,178,127	-	-	4,336,440
Generator	7,363,730	1,691,389	-	-	9,055,119
Hospital Furniture	12,832,387	2,376,169	-	-	15,208,556
Housekeeping Equipment	256,989	47,196	-	-	304,185
Kitchen Equipment	4,717,016	908,257	-	-	5,625,273
Laundry Equipment	4,514,083	846,444	-	-	5,360,527
Medical Equipment	109,466,587	26,812,252	-	-	136,278,839
Office Equipment	2,119,503	243,117	-	-	2,362,620
Television	1,819,787	336,957	-	-	2,156,744
Tools and Equipment	1,365,820	280,296	-	-	1,646,116
UPS	2,960,235	537,755	-	-	3,497,990
Linen	1,629,218	182,169	-	-	1,811,387
Name Boards	845,953	521,143	-	-	1,367,096
CCTV Camera System	68,003	48,648	-	-	116,651
Mortury	151,518	75,757	-	-	227,275
	<u>216,787,376</u>	<u>50,669,083</u>	<u>-</u>	<u>-</u>	<u>267,456,436</u>
Total	<u>229,227,319</u>	<u>61,676,670</u>	<u>-</u>	<u>(127,960)</u>	<u>290,776,006</u>
(10.3) Net Book Value	<u>786,157,857</u>				<u>690,080,533</u>

(10.4) CAPITAL WORK IN PROGRESS

	<i>Opening Balance as at 01.04.2018 Rs.</i>	<i>Additions/ Transfers During the Year Rs.</i>	<i>Revaluation During the Year Rs.</i>	<i>Transfers to Property, Plant & Equipment Rs.</i>	<i>Closing Balance as at 31.03.2019 Rs.</i>
Capital Work in Progress	-	1,849,410	-	-	1,849,410
	<u>-</u>	<u>1,849,410</u>	<u>-</u>	<u>-</u>	<u>1,849,410</u>

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

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

Net Book Value	786,157,857	690,080,533
Capital Work in Progress	-	1,849,410
Total Net Book Value	<u>786,157,857</u>	<u>691,929,943</u>

SINGHE HOSPITALS PLC

**NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH**

(10.5) Revaluation of Land and Buildings

"The following properties are revalued in previous reporting of 2017 and recorded under freehold land and buildings. Fair Value measurement disclosure for revalued land based on unobservable inputs are as follows,

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

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

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

<i>Company</i>	<i>Location</i>	<i>Property</i>	<i>Extent</i>	<i>Independent Valuer</i>	<i>Effective Date of Valuation</i>	<i>Valuation Details</i>	<i>Significant Unobservable Input / Price per Perch</i>	<i>Range</i>	<i>Fair Value measurement sensitivity to unobservable input</i>	<i>Fair Value Measurement /Level 03</i>
Singhe Hospitals PLC	No 362,Colombo Road, Rathnapura	Land 01	0A-1R-13.00P	Mr D S N Perera	31st March, 2017	Open Market Based Approach	Land Value per perch	1,500,000 - 1,600,000	Significant increase/(decrease) in estimated price per perch in isolation would result in a significantly higher/(lower) fair value.	84,800,000
Singhe Hospitals PLC	No 362,Colombo Road, Rathnapura	Building (06 Levels)	45,144 Sq. Ft.	Mr D S N Perera	31st March, 2017	Direct Capital Comparison method adopting the depreciated value of building	Rate per Sq. Ft.	9,000 - 2,500	Significant increase/(decrease) in estimated price per perch in isolation would result in a significantly higher/(lower) fair value.	370,180,948

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

(10.5) Transfer to Investment Property from Property Plant & Equipment

Due to change in nature of use, Land No. 02 was transferred as Investment Property as at 1st January 2019. (Note 10.7)

SINGHE HOSPITALS PLC

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH,

(10.6) Revaluation of Land and Buildings

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

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

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

The land No 02 was a paddy field earlier and it has been developed as company's car park. The Company had developed the land No 02 in the financial year 2014/15 and 2015/16 since the hospital didn't have a car park.

Further location is being developed as a health care hub and building value of the area is increasing continuously. Based on the Commercial developments explained above, the management has identified the requirements of the revaluation and decided to revalue the entire lands and the buildings as at 31st March 2017.

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

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

<i>Class of Asset</i>	<i>2018/19</i>		<i>2017/18</i>	
	<i>Cost</i>	<i>Accumulated Depreciation if asstes were carried at cost</i>	<i>Cost</i>	<i>Accumulated Depreciation if asstes were carried at cost</i>
Free Hold Land	46,505,106	-	46,505,106	-
Building	282,929,248	36,849,985	282,929,248	21,191,400
	<u>329,434,354</u>	<u>36,849,985</u>	<u>329,434,354</u>	<u>21,191,400</u>
				<u>308,242,954</u>

The cost of fully depreciated Property, Plant & Equipment of the Company which are still in use at reporting date is Rs 10,706,470 (2017/18 - Rs 266,887).

No of Buildings owned by the Company are 02.

During the financial year, the Company has acquired Property Plant & Equipment to an aggregate value of Rs 22,599,323 (2017/18 - Rs 15,286,525). Cash Payments amounting to Rs 17,740,873 (2017/18 - Rs 14,516,481).

**NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH**

(10.7) INVESTMENT PROPERTY

	Opening Balance as at 01.04.2018	Additions (Subsequent Expenditure) For the Year	Transfer from / (to) Property, plant and equipment	Change in the Fair Value	Disposals	Closing Balance as at 31.03.2019
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Freehold Land	-	-	57,000,000	32,100,000	-	89,100,000
	-	-	57,000,000	32,100,000	-	89,100,000

(Note 10.7.1)

(10.7.1) Transfer to Investment Property from Property Plant and Equipment.

On 01st January, 2019 land located at No 362, Colombo Road, Rathnapura were transferred from property plant and equipment to investment property.

(10.7.2) Location, Extent and Valuation Details of Investment Property

In accordance with LKAS 40, fair value of the above Investment Property was ascertained as at 31 March, 2019 by Mr D S N Perera, an independent professional valuer. Changes in the values are recognised as gains in Income Statement. The increase in the market value of the investment property is unrealised as at the reporting date. Rental Income earned from Investment Property by the Company amounted to Rs 135,000.00.

Fair Value Hierarchy

The fair value of Land was determined by external independent Land valuer having appropriate recognised professional qualifications and recent experience in the location and category of the Land being valued. The fair value measurement of Land has been categorised as level 03 fair value based on the input to the valuation technique used.

Valuation technique and significant unobservable inputs

Following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used:

Location	Property	Extent	Independent Valuer	Effective Date of Valuation	Valuation Details	Significant Unobservable Input/ Price per Perch	Range	Fair Value measurement sensitivity to unobservable input	Fair Value Measurement/ Level 03
No.362,Colombo Road, Rathnapura	Land 02	0A- 1R- 20.00 P	Mr D S N Perera	31st March, 2019	Open Market Based Approach	Land Value per perch	1,400,000 - 1,500,000	Significant increase/ (decreas e) in estimated price per perch in isolation would result in a significantly higher/ (lower) fair value.	89,100,000

SINGHE HOSPITALS PLC

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH,

(11) INTANGIBLE ASSETS

	<i>Opening Balance as at 01.04.2018 Rs.</i>	<i>Additions For the Year Rs.</i>	<i>Disposals Rs.</i>	<i>Closing Balance as at 31.03.2019 Rs.</i>
(11.1) <u>Cost</u>				
Hospital Management System	7,523,085	1,779,331	-	9,302,416
	<u>7,523,085</u>	<u>1,779,331</u>	<u>-</u>	<u>9,302,416</u>
	<i>Opening Balance as at 01.04.2018 Rs.</i>	<i>Charge for the Year Rs.</i>	<i>Disposals Rs.</i>	<i>Closing Balance as at 31.03.2019 Rs.</i>
(11.2) <u>Amortization</u>				
Hospital Management System	2,391,305	852,235	-	3,243,540
	<u>2,391,305</u>	<u>852,235</u>	<u>-</u>	<u>3,243,540</u>
(11.3) <u>Carrying Value</u>	<u>5,131,780</u>			<u>6,058,876</u>

SINGHE HOSPITALS PLC**NOTES TO THE FINANCIAL STATEMENTS****AS AT 31ST MARCH,**

	2019	2018
	Rs.	Rs.
(12) <u>INVENTORIES</u>		
General Stock	22,795,498	18,146,571
Pharmaceutical & Surgical Items	16,572,865	17,332,763
	<u>39,368,362</u>	<u>35,479,334</u>
(13) <u>TRADE AND OTHER RECEIVABLES</u>		
Trade Receivables	13,545,215	12,190,022
Trade Receivables BHT	159,175	267,594
Doctor Receivables	2,262,564	940,973
Prepayments	934,536	-
Rent Advance	3,577,642	3,723,875
Other Café Receivables	259,302	-
Insurance Prepayment	510,317	413,554
Service Agreement Prepayment	766,315	346,612
Advance for Purchase	1,538,440	813,502
Receivable from SLT	50,000	50,000
Interest Receivable	327,945	349,315
Staff Advances	606,560	1,346,856
Security Deposit Rent	1,759,500	1,377,500
CEB Deposit Receivables	562,500	562,500
Refundable Deposits	63,526	63,526
Security Deposits - Ja - Ela	187,500	187,500
Staff Meals Receivable	23,753	98,786
Festival Advances	2,500	12,000
Sri Lanka Telecom - Bid Bond	100,000	50,000
Other Receivables	329,998	658,967
Staff Loans	117,078	127,000
	<u>27,684,366</u>	<u>23,580,082</u>
	2019	2018
	Rs.	Rs.
(14) <u>FINANCIAL INVESTMENTS</u>		
(14.1) <u>Investments Valued at Fair Value Through Profit and Loss</u>		
(14.1.1) <u>Equity Investments in Quoted Public Companies</u>		
Market Value as at the beginning of the year	17,690	20,283
Gain / (Loss) in Market Value during the year	(3,120)	(2,593)
Market Value as at the end of the year	<u>14,570</u>	<u>17,690</u>
(15) <u>SHORT TERM INVESTMENTS - FIXED DEPOSITS</u>		
Hatton National Bank PLC <i>Account - 030030023465</i>	15,000,000	15,000,000
	<u>15,000,000</u>	<u>15,000,000</u>

SINGHE HOSPITALS PLC

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31ST MARCH,

		2019 Rs.	2018 Rs.
(16) CASH AND CASH EQUIVALENTS	<i>Account No</i>		
Commercial Bank of Ceylon PLC	8030018400	52,831	50,624
Commercial Bank of Ceylon PLC	1030016742	46,866	50,616
Commercial Bank of Ceylon PLC	1490026900	114,036	20,251
Bank of Ceylon - Savings Account	0077816404	110	3,868
Bank of Ceylon - Ratnapura	0077816456	39,079	83,160
Bank of Ceylon - Corporate Branch	0071984647	4,520	2,296
Hatton National Bank PLC	030010014643	29,021	9,681
Sampath Bank PLC - Savings Account	103314006069	8,332	8,060
Credit Cards Receivable		555,871	655,353
Petty Cash		958,991	820,730
Cash in Hand		5,372,497	4,514,068
		<u>7,182,155</u>	<u>6,218,707</u>

(17) STATED CAPITAL

<i>Description</i>	<i>No. of Shares</i>	<i>Value (Rs.)</i>
Balance as at 01st April, 2017	398,225,895	848,201,790
New Share Issue During the Year	-	-
Balance as at 31st March, 2018	<u>398,225,895</u>	<u>848,201,790</u>
Shares Issued by the way of a Private Placement of Shares (<i>Note 17.1</i>)	33,075,000	66,150,000
Balance as at 31st March, 2019	<u>431,300,895</u>	<u>914,351,790</u>

The holders of ordinary shares confer their right to receive dividends as declared from time to time and are entitled to one vote per share at a meeting of the Company. All shares rank equally with regard to the Company's residual assets.

- (17.1) The Directors of the Company resolved on 31st, January 2019 to issue 33,075,000 (Thirty Million and Seventy Five Thousand Only) Ordinary shares of the company by way of a Private Placement, in lieu of repayment of the loan of Rs.50,650,000.00 granted to the Company by Mr.A.M.Weerasinghe, Chairman of the company, with interest at AWPLR + 1% thereon of Rs.15,500,000.00 calculated upto 31 August 2018, at a price of Rs. 2.00 per share amounting to a total consideration of Rs.66,150,000.00. This was subsequently approved by shareholders at an EGM held on 31st January, 2019.

	2019 Rs.	2018 Rs.
(18) RESERVES		
Revaluation Reserves (<i>Note 18.1</i>)	105,176,755	105,176,755
Other Reserves - Gain / (Loss) on Defined Benefit Plan	2,524,458	3,037,837
	<u>107,701,213</u>	<u>108,214,592</u>

(18.1) REVALUATION RESERVE

<u>On Property Plant and Equipment</u>	2019 Rs.	2018 Rs.
Balance as at 01st April,	105,176,755	116,324,693
Revaluation during the Year	-	-
Deferred Tax Impact on Revaluation Gain	-	(9,529,489)
Revaluation Gain on Disposed Assets	-	(1,618,449)
Balance as at 31st March,	<u>105,176,755</u>	<u>105,176,755</u>

- (18.2) The above revaluation surplus consists of net surplus resulting from the revaluation of freehold land and building described in Note 10.3.

Current year movement represents the deferred taxation provided on accumulated revaluation surplus arising on implementation of capital gain tax by the new Inland Revenue Act No. 24 of 2017.

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

	2019 Rs.	2018 Rs.
(19) RETIREMENT BENEFIT OBLIGATIONS		
<u>The amount recognized in the Statement of Financial Position</u>		
Present Value of Defined Benefit Obligations	<u>6,320,226</u>	<u>4,095,200</u>
(19.1) Movement in the Present Value of Defined Benefit Obligations (PV DBO)		
Balance at the Beginning of the Year	4,095,200	2,719,310
Current Service Cost (Note 19.2)	1,331,532	1,036,849
Interest Cost (Note 19.2)	409,520	339,914
Payments Made	(157,750)	(46,885)
Actuarial (Gain) / Loss on PV DBO (Note 19.3)	641,724	46,012
Balance at the End of the Year	<u>6,320,226</u>	<u>4,095,200</u>
(19.2) Amount Recognized in Income Statement		
Current Service Cost	1,331,532	1,036,849
Interest Cost	409,520	339,914
	<u>1,741,052</u>	<u>1,376,763</u>
(19.3) Amount Recognized in Other Comprehensive Income		
Actuarial (Gains) / Losses recognized during the year	<u>641,724</u>	<u>46,012</u>
	<u>641,724</u>	<u>46,012</u>
(19.4) The retirement benefit liability of the company is based on the actuarial valuation carried out by Actuarial & Management Consultant (Pvt) Ltd, a qualified actuary. As recommended by the Sri Lanka Accounting Standard (LKAS 19 - Employee Benefits), the Projected Unit Credit (PUC) method has been used in this valuation.		
(19.5) Actuarial Assumptions	2019	2018
Discount Rate	10.50%	10.00%
Expected Rate of Salary Increase	6.00%	5.00%
Staff Turnover Rate - Upto Age 50 Years	43.00%	36.00%
Retirement Age - As specified by the Company	55 Years	55 Years

In addition to above, demographic assumptions such as mortality and withdrawal disability were considered for the actuarial valuation. A 1967/70 mortality table issued by the Institute of Actuaries, London was taken as the base for the valuation.

(19.6) Sensivity Analysis of Present Value of Defined Benefit Obligation

The sensivity analysis depicted below have been determined based on a method that extrapolates the impact on employee benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant.

The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

In order to illustrate the significance of the salary escalation rate and discount rate assumed in this valuation as at 31st March, 2019 assuming the following salary escalation rate and discount rate.

	<u>PV-DBO</u>	
<u>Assumption Changed</u>	<u>2018/19</u>	<u>2017/2018</u>
01% Increase in Discount Rate	6,240,547	4,003,120
01% Decrease in Discount Rate	6,440,807	4,191,910
01% Increase in Salary Increment Rate	6,427,991	4,184,651
01% Decrease in Salary Increment Rate	6,215,075	4,008,592

SINGHE HOSPITALS PLC

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH,

(20) INTEREST BEARING BORROWINGS

(20.1) FINANCE LEASE OBLIGATIONS

Lessor	Hatton National Bank PLC	Hatton National Bank PLC	Hatton National Bank PLC	Hatton National Bank PLC	Hatton National Bank PLC	Hatton National Bank PLC	Hatton National Bank PLC	Siyapatha Finance PLC	Total
Leased Assets								03 Nos Laboratory Machines	
Lease Installment Amount	40,554	9,348	37,549	37,549	37,549	37,549	28,216	309,031	
Period of Lease	24 Months	36 Months	60 Months	60 Months	60 Months	60 Months	24 Months	48 Months	
Cost	854,490	277,620	1,825,000	1,825,000	1,825,000	1,825,000	839,800	10,800,000	16,421,910
Down Payment	-	9,348	37,549	37,549	37,549	37,549	251,940	1,080,000	(1,416,386)
Finance Lease Liability	854,490	268,272	1,787,451	1,787,451	1,787,451	1,787,451	587,860	9,720,000	15,005,524
Interest in Suspense	118,806	68,256	465,489	465,489	465,489	465,489	89,324	5,113,498	6,320,862
	973,296	336,528	2,252,940	2,252,940	2,252,940	2,252,940	677,184	14,833,498	21,326,386
Balance as at 01st April	851,634	205,656	788,529	788,529	863,627	863,627	-	-	2,709,446
Leases obtained	-	-	-	-	-	-	677,184	14,833,498	15,510,682
Lease Installments Paid	(486,648)	(102,828)	(450,588)	(450,588)	(450,588)	(450,588)	(225,728)	(3,399,317)	(5,115,697)
Balance as at 31st March	364,986	102,828	337,941	337,941	413,039	413,039	451,456	11,434,181	13,104,431
Interest in Suspenses									
Balance as at 01st April	91,481	25,929	76,310	76,310	89,282	89,282	-	-	283,002
Lease facility obtained	-	-	-	-	-	-	89,324	5,113,498	5,202,822
Interest transferred to Income Statement	(73,660)	(20,292)	(56,469)	(56,469)	(62,574)	(62,574)	(48,830)	(2,056,708)	(2,318,533)
	17,821	5,637	19,841	19,841	26,708	26,708	40,494	3,056,790	3,167,291
Net Liability	347,165	97,191	318,100	318,100	386,331	386,331	410,962	8,377,391	9,937,140
Amount Payable within one year	347,165	97,191	318,100	318,100	386,331	386,331	301,076	2,064,750	3,514,613
Amount Payable within after one year	-	-	-	-	-	-	109,886	6,312,641	6,422,527
	347,165	97,191	318,100	318,100	386,331	386,331	410,962	8,377,391	9,937,140

SINGHE HOSPITALS PLCNOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH,(20) INTEREST BEARING BORROWINGS(20.2) BORROWINGS - TERM LOANS

	2019 Rs.	2018 Rs.
Long Term Loans	215,570,000	242,810,000
	<u>215,570,000</u>	<u>242,810,000</u>

(20.3) BORROWINGS - TERM LOANS

	Balance As at 01.04.2018 Rs.	Facilities Obtained During the year Rs.	(Repayments)/ Transfers Rs.	Balance As at 31.03.2019 Rs.
Sampath Bank PLC (A)	200,560,000	-	(20,640,000)	179,920,000
Sampath Bank PLC (B)	42,250,000	-	(6,600,000)	35,650,000
Term Loans	<u>242,810,000</u>	<u>-</u>	<u>(27,240,000)</u>	<u>215,570,000</u>

(20.4) BORROWINGS - LONG TERM LOANS

	2018/19		2017/18	
	Re-Payable within One Year	Re-Payable after One year	Re-Payable within One Year	Re-Payable after One year
Sampath Bank PLC (A)	20,640,000	159,280,000	20,640,000	179,920,000
Sampath Bank PLC (B)	6,600,000	29,050,000	6,600,000	35,650,000
Term Loans	<u>27,240,000</u>	<u>188,330,000</u>	<u>27,240,000</u>	<u>215,570,000</u>
				<u>Total</u>
				200,560,000
				42,250,000
				<u>242,810,000</u>

SINGHE HOSPITALS PLC

**NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH**

(20) INTEREST BEARING BORROWINGS

(20.5) Details of the Loans obtained by the Company are tabled below:

<i>Financial Institution</i>	<i>Repayment Terms / Maturity</i>	<i>Principal Rs Cts</i>	<i>Purpose</i>	<i>Interest Rate %</i>	<i>Security/ Collaterals</i>	<i>Annual Payments</i>	<i>Balance as at 31st March, 2019</i>
Sampath Bank PLC	144 equal monthly installments	247,000,000	To absorb the Loan Facility at Bank of Ceylon and Finance the expansion of Hospital.	AWPLR + 1.0%	Term Loan Agreement for Rs 247,000,000 Credit Card / Cash Collection related to Hospital to be channeled through Sampath Bank PLC Primary Mortgage Bond for Rs 272,000,000.00 over land and buildings at No 362, Colombo Road, Ratnapura, depicted as Lot No 01 in Plan No 1220 dated 10.01.2015 made by K A K L Edirisinghe (L.S.)	(20,640,000)	179,920,000
Sampath Bank PLC	60 monthly installments	45,000,000	To meet working capital requirement of the Hospital & 08 Laboratories and to absorb part of the existing overdraft facility.	AWPLR + 2.0%	Term Loan Agreement for Rs 45,000,000 Credit Card / Cash Collection related to Hospital to be channeled through Sampath Bank PLC Primary Mortgage Bond for Rs 272,000,000.00 over land and buildings at No 362, Colombo Road, Ratnapura, depicted as Lot No 01 in Plan No 1220 dated 10.01.2015 made by K A K L Edirisinghe (L.S.)	(6,600,000)	35,650,000

(20.6) Details of the Bank Overdrafts obtained by the Company are tabled below:

Sampath Bank PLC	On demand	25,000,000	To finance working capital requirement	AWPLR + 2.5%	Overdraft Agreement for Rs 12,500,000 Primary Mortgage for Rs. 272,000,000.00 over land and building at No. 362, Colombo road, Rathnapura depicted as lot 01 plan No. 1220 dated 10.01.2005 K.A.L.L. Edirisinghe (L.S.)	-	25,417,080
Bank of Ceylon	On demand	3,000,000	To finance working capital requirement	27.00%	Casual Overdraft Facility Credit Card / Cash Collection related to Hospital to be channeled through Bank of Ceylon	-	2,856,697.34
Hatton National Bank PLC	On demand	13,500,000	To finance working capital requirement	03 Months FD Rate + 3.5%	Lien over Fixed Deposit No 030030023465 for Rs 15,000,000	-	31,328,194

SINGHE HOSPITALS PLC

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH,

		2019	2018
		Rs.	Rs.
(21) <u>DEFERRED TAX LIABILITY</u>			
Balance as at Beginning of the Year - 01st April,		49,023,191	56,913,840
Provision/(Reversal) During the Year			
In Statement of Profit or Loss		29,391,917	(17,415,537)
In OCI - Actuarial Gain/(Loss)		(128,345)	(4,601)
In Retained Earnings - Revaluation Gain		-	9,529,490
Balance as at End of the Year - 31st March, (21.1)		<u>78,286,763</u>	<u>49,023,191</u>
 <u>The closing Differed Tax Liability arrives as follows:</u>			
Accelerated Depreciation for Tax Purposes		76,340,807	-
Retirement Benefit Obligations		(1,264,045)	-
Change in Fair Value of Investment Property		3,210,000	-
		<u>78,286,762</u>	<u>-</u>
 (21.1) <u>Deferred Tax Provision as at the Reporting Date</u>			
		<i>Temporary</i>	<i>Temporary</i>
		<i>Differences</i>	<i>Differences</i>
Property, Plant and Equipment		481,048,076	493,634,503
Intangible Assets		6,058,876	
Investment Property		32,100,000	-
Retirement Benefit Obligations		(6,320,226)	4,095,200
		<u>512,886,726</u>	<u>497,729,703</u>
 (21.2) <u>Originating during the Year</u>			
Statement of Profit & Loss	<i>Note 21.3</i>	29,391,917	(17,415,537)
Statement of Other Comprehensive Income	<i>Note 21.4</i>	(128,345)	(4,601)
		<u>29,263,571</u>	<u>(17,420,138)</u>
 (21.3) <u>Amounts Recognized in Profit/Loss</u>			
Originating During the Year		29,391,917	(17,415,537)
		<u>29,391,917</u>	<u>(17,415,537)</u>
 (21.4) <u>Amounts Recognized in Other Comprehensive Income</u>			
On Defined Benefit Plan Actuarial Gain/(Losses)		(128,345)	(4,601)
		<u>(128,345)</u>	<u>(4,601)</u>

SINGHE HOSPITALS PLC**NOTES TO THE FINANCIAL STATEMENTS****AS AT 31ST MARCH,**

	2019	2018
	Rs.	Rs.
(22) <u>TRADE AND OTHER PAYABLES</u>		
Trade Payables	10,281,567	8,772,809
Other Payables (22.1)	7,733,625	13,384,720
	<u>18,015,192</u>	<u>22,157,529</u>
(22.1) <u>Other Payables</u>		
E.P.F. - Payable	1,685,648	1,348,633
E.T.F. - Payable	252,847	202,295
P.A.Y.E. Payable	39,542	25,532
Staff Welfare Payable	37,300	68,219
Professional Fee Payable	50,000	768,500
Salaries Payable	450,821	91,350
Overtime Payable	-	1,683,792
Telephone Payable	-	563,538
Electricity Payable	1,542,118	1,784,145
Water Payable	44,752	47,123
Stamp Duty Payable	25,350	18,925
Other Deductions Payable	12,114	46,482
Sales Commission Payable	-	786,412
Staff Incentives Payable	475,032	337,088
Blood Bank Charges Payable	20,000	17,000
Clinical Wastage Payable	297,630	171,981
Out Door Lab Tests Payable	-	1,106,091
Lab Courier Expenses Payables	293,947	190,697
Cleaning Charges Payable	-	234,175
Fuel & Oil Payable	175,142	397,310
Security Charges Payable	355,581	339,334
Audit Fees Payable	534,077	463,000
Vehicle Hiring Charges Payable	171,811	154,330
Secretarial Fees Payable	25,000	-
Bike Advance Payable	70,600	-
VAT Payable	57,515	1,295,968
ESC Payable	-	1,212,163
Rate Payable	-	30,637
WHT Payable	1,116,798	-
	<u>7,733,625</u>	<u>13,384,720</u>

SINGHE HOSPITALS PLC

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31ST MARCH,

(23) AMOUNTS DUE TO RELATED PARTIES

<i>Name of the Related Party</i>	<i>Relationship</i>	<i>Nature of the Transaction</i>	2019	2018
Mr. A.M. Weerasinghe	Chairman	Advance	14,054,714	63,704,714
			-	
			<u>14,054,714</u>	<u>63,704,714</u>

(23.1) Nature of the Transaction

	<i>Value Rs.</i>	<i>Value Rs.</i>
Balance as at 01st April,	63,704,714	58,704,714
Loan Interest Charged	5,000,000	6,000,000
<i>Less</i> - Repayments	-	(1,000,000)
Shares Issued by the way of a Private Placement of Shares (<i>Note 17.1</i>)	(66,150,000)	-
Advances Granted	11,500,000	-
Balance as at 31st March,	<u>14,054,714</u>	<u>63,704,714</u>

Terms and Conditions applicable for Loan Interests Charged

The Company has obtained a loan of Rs 50,650,000.00 from Mr A M Weerasinghe at a rate of AWPLR + 01%.

(24) CURRENT TAX LIABILITIES / (RECOVERABLE)

Opening Balance as at 01st April,	(2,464,654)	18,695
Income Tax Provision for the Year	-	458,484
	<u>(2,464,654)</u>	<u>477,179</u>
Income Tax Paid During the Year	-	-
ESC Paid	(2,224,022)	(2,723,925)
WHT Paid	(89,435)	(217,908)
Closing Balance as at 31st March,	<u>(4,778,111)</u>	<u>(2,464,654)</u>

SINGHE HOSPITALS PLC

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31ST MARCH,

(25) <u>BANK OVERDRAFTS</u>	<u>Account No</u>	<u>2019</u>	<u>2018</u>
			<u>Rs.</u>
Bank of Ceylon	0070317843	2,856,697	323,866
Sampath Bank PLC	003310002991	25,417,080	21,553,688
Hatton National Bank PLC - Ratnapura	030010015138	31,328,194	42,388,195
		<u>59,601,971</u>	<u>64,265,749</u>

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

(26.1) PARENT AND ULTIMATE CONTROLLING PARTY

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

(26.2) IDENTIFYING THE RELATED PARTIES

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

(26.3) TRANSACTIONS HELD WITH KEY MANAGEMENT PERSONNEL

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

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

(26.3.1) Compensation of Key Managemnt Personnel

	<u>2018/2019</u>	<u>2017/2018</u>
Short Term Employee Benefits	3,885,000	3,890,000
Post Employment Benefits	-	-
Other Long Term Benefits	-	-
Termination Benefits	-	-
Share Based Payments	-	-

(26.3.2) Loan from Chairman

<u>Name of the Related Party</u>	<u>Relationship</u>	<u>Nature of the Transaction</u>	<u>2018/2019</u>	<u>2017/2018</u>
Mr. A.M. Weerasinghe	Chairman	Balance as at 01st April	63,704,714	58,704,714
		Loan Interest Charged	5,000,000	6,000,000
		Repayments	-	(1,000,000)
		Private Placement of Shares	(66,150,000)	-
		Advances Granted	11,500,000	-
		Balance as at 31st March		<u>14,054,714</u>

(26.3.3) Other Transactions held with Key Management Personnel

As at the reporting date Directors of the Company hold 76.72% of the voting shares of the Company directly and indirectly.

Transactions heldwith Key Management Personnel and their Related Parties have been conducted on relevant commercial terms with the respective parties.

SINGHE HOSPITALS PLCNOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH**(26.4) TRANSACTIONS HELD WITH RELATED COMPANIES**

The Company carries out transactions in ordinary course of its business with parties who are defined as Related Parties in Sri Lanka Accounting Standard 'LKAS 24 - Related Party Disclosures', the details of which are disclosed below.

<i>Name of the Company</i>	<i>Relationship</i>	<i>Name of Director</i>	<i>Balance as at 01.04.2018</i> <i>Receivable / (Payable)</i> <i>Rs.</i>	<i>Nature of Transaction</i>	<i>Amount Received / (Charged)</i> <i>Rs.</i>	<i>Balance as at 31.03.2019</i> <i>Receivable / (Payable)</i> <i>Rs.</i>
Royal Ceramics Lanka PLC	Related Company Common Director	Mr. A M Weerasinghe	(20,664)	Purchase of Goods Settlement of Outstanding	-	(17,280)
Weerasinghe Property Development (Pvt) Ltd	Related Company Common Director	Mr A M Weerasinghe	-	Rent Income Settlement of Outstanding	135,000 (135,000)	-

Further, the employees of Royal Ceramics Lanka PLC, are entitled to discount on Hospital Room Charges at a 10% rate and 15% on Healthcare Packages when they are getting healthcare services from Singhe Hospitals PLC.

(26.4.1) Terms and Conditions of transactions held with related parties

Transactions held with related parties are carried out in the ordinary course of the business. Outstanding balances at year end are unsecured, interest free and settlement occurs in cash.

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

SINGHE HOSPITALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

(26.5) NON RECURRENT RELATED PARTY TRANSACTIONS

Singhe Hospitals PLC entered in to a Non-recurrent related party transaction of which the aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the companies audited financial statements as at 31st March 2018, which requires additional disclosures in this Annual Report under Colombo Stock Exchange Listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

01 Name of the relevant related party	Mr. A.M. Weerasinghe
02 Relationship between the entity and the related party -	Mr. A.M. Weerasinghe is the Chairman and Major Shareholder of Singhe Hospitals PLC
03 Details and Nature of the Transaction	Issue of 33,075,000 (Thirty Million and Seventy Five Thousand Only) Ordinary shares of the company at Rs.2.00 per share, by way of a Private Placement, in lieu of repayment of the loan of Rs.50,650,000/- granted to the Company by Mr.A.M.Weerasinghe, Chairman of the company, with interest at AWPLR + 1% thereon of Rs.15,500,000/- calculated upto 31 August 2018, Totaling Rs.66,150,000/-.
04 Aggregate Value of the Related Party Transaction Entered into during the Reporting Year as a % of Equity	11%
05 Value of the related party transaction as a % of Total Assets	6%
06 Terms and conditions of the related party transaction -	
(a) The date of the borrowings :	27 March 2015
(b) The Amount borrowed :	Rs.50,650,000/-.
(c) The purpose of the borrowings :	To meet the working capital requirements
(d) Terms and Conditions	
(1) Pay interest at AWLPR + 1% w.e.f. 1st June 2016 to 31st August 2018.	
(2) Repaying the capital on an installments of Rs.100,000/- a month, depending on the cash flow of the company.	
(3) Obtaining secondary loan from a bank and to settle the loan.	
(e) The loan would be ceased upon transfer the loan together with accrued interest to the point at which new share allotted to Mr. A.M.Weerasinghe. The interest accrued from 1 September 2018 to the point of allotment of shares of private placement shall be settled by cash depending on the cash flow of the company.	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2019

- 07 The Rational for entering to the transaction** As per the quarterly accounts for the quarter ended 30 June 2018 and 30 September 2018 submitted with Colombo Stock Exchange, the company marked serious loss of capital situation by Rs.119,370.00 and Rs.647,685.00 respectively. To overcome this situation, the board of directors have evaluated several options such as to increase the share capital by way of Right Issue to existing shareholders, Private placement to related parties as well as external parties or Capital reduction of present share capital. With the present financial position, the board noted that converting the loan together with the accrued interest is the best available option to overcome the serious loss of capital situation.
- In order to strengthen the Balance sheet of the company strengthening the Net Asset to overcome serious loss of capital situation the board of directors decided to allot the above mentioned shares by way of private placement of shares.
- The Board of Directors are of the opinion and have formally resolved to that effect, that the price of Rupees Two (Rs.2/-) per ordinary share is fair and reasonable to the company and all its existing Shareholders.
- The above price was based on the past performance and the forecasted cash flow of the company, Which is between Rs.1.50 and Rs.2.00 per share as per the valuation report and recommendation made by Merchant Bank of Sri Lanka and Finance PLC (MBSL).
- The valuation report was prepared on 29th November 2018 and issued by Merchant Bank of Sri Lanka & Finance PLC based on the information provided by the company. The forecasted cash flow was prepared on 15th October 2018.

(26.6) RECURRENT RELATED PARTY TRANSACTIONS

There were no any recurrent related party transactions which in aggregate value exceeds 10% of the revenue of the Company as per 31st March 2018 audited financial statements, which required additional disclosures in the 2018/19 Annual Report under Colombo Exchange Listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under section 13(c) of the Security Exchange Commission Act.

(26.7) TRANSACTIONS , ARRANGEMNT & AGREEMENTS INVOLVING KEY MANAGEMENT PERSONNEL (KMP) & THEIR CLOSE FAMILY MEMBERS (CFM)

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

They may include,

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

There were no transactions with CFM during the reporting year.

SINGHE HOSPITALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

(27) CONTINGENT LIABILITIES

There were no significant Contingent Liabilities as at the reporting date that requires adjustment or disclosure in the Financial Statements except the following.

A court case has been filed against the Company by a patient, case no bearing 33371/M, which is pending at the District Court - Ratnapura.

(28) EVENTS OCCURRING AFTER THE REPORTING DATE

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

(29) COMMITMENTS

(29.1) CAPITAL EXPENDITURE COMMITMENTS

There were no capital expenditure commitments as at the reporting date.

(29.2) FINANCIAL COMMITMENTS

As at the reporting date, the Company has the following Financial Commitments to a lending institution.

<i>Institution</i>	<i>Facility for</i>	<i>Amount (Rs.)</i>
Sampath Bank PLC	To absorb the Loan Facility at Bank of Ceylon and Finance the expansion of Hospital.	179,920,000
Sampath Bank PLC	To meet working capital requirement of the Hospital & 08 Laboratories and to absorb part of the existing overdraft facility.	35,650,000

SINGHE HOSPITALS PLCNOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2019**(30) ASSETS PLEDGED AS COLLATERALS**

Assets Pledged As Collaterals by The Company

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

<i>Name of the Financial Institution</i>	<i>Nature of the Facility</i>	<i>Facility Granted</i>	<i>Securities Pledged</i>	<i>Balance as at Reporting Date of 31st March 2019</i>
Sampath Bank PLC	Term Loan	292,000,000	Primary Mortgage Bond for Rs 272,000,000.00 over land and buildings at No 362, Colombo Road, Rathnapura, depicted as Lot No 01 in Plan No 1220 dated 10.01.2015 made by K A K L Edirisinghe (L.S.)	215,570,000
Sampath Bank PLC	Bank Overdraft Facility	25,000,000	Primary Mortgage Bond for Rs 272,000,000.00 over land and buildings at No 362, Colombo Road, Rathnapura, depicted as Lot No 01 in Plan No 1220 dated 10.01.2015 made by K A K L Edirisinghe (L.S.)	25,417,080
Hatton National Bank PLC	Bank Overdraft Facility	13,500,000	Lien over Fixed Deposit No 030030023465 for Rs 15,000,000	31,328,194

SINGHE HOSPITALS PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2019**

(31) FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT

(31.1) ACCOUNTING CLASSIFICATIONS & FAIR VALUES

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

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

Cash & Cash Equivalents, Short Term Deposits, Trade and Other Receivables, Trade and Other Payables approximate their carrying amounts largely due to the

short term maturities of these instruments.

Long Term Loans and Finance Leases approximate their carrying amount.

Fair Value Hierarchy

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

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

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

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

(31.1) <u>Fair Value vs Carrying Amounts</u>	Financial Assets Recognized Through Profit or Loss (FVTPL)	Financial Assets at Fair Value Through Other Comprehensive Income (FVTOCI)	Financial Assets at Amortized Cost	Total Carrying Amount	Fair Value
<u>Classification as at 31st March, 2019</u>	Rs	Rs	Rs	Rs	Rs
<u>Financial Assets</u>					
Financial Investments	14,570	-	-	14,570	14,570
Cash & Cash Equivalents	-	-	7,182,155	7,182,155	7,182,155
Other Financial Assets	-	-	15,000,000	15,000,000	15,000,000
Trade and Other Receivables	-	-	27,684,366	27,684,366	27,684,366
Total Financial Assets	14,570	-	49,866,521	49,881,091	49,881,091
<u>Financial Liabilities</u>					
Interest Bearing Borrowings			215,570,000	215,570,000	215,570,000
Finance Lease Liabilities			9,937,140	9,937,140	9,937,140
Amounts Due to Related Parties			14,054,714	14,054,714	14,054,714
Trade & Other Payables			18,015,192	18,015,192	18,015,192
Bank Overdrafts			59,601,971	59,601,971	59,601,971
Total Financial Liabilities			317,179,017	317,179,017	317,179,017

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2019**

(31) ACCOUNTING CLASSIFICATIONS & FAIR VALUES

**(31.2) Fair Value vs Carrying Amounts
Classification as at 31st March 2018**

Financial Assets

	Held for Trading		Loans & Receivables		Available for Sale		Other Financial Liabilities		Total Carrying Amount		Fair Value	
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Financial Investments - Held for Trading	17,690	-	-	-	-	-	-	-	17,690	17,690	17,690	17,690
Cash & Cash Equivalents	-	6,218,707	-	-	-	-	-	-	6,218,707	6,218,707	6,218,707	6,218,707
Other Financial Assets	-	15,000,000	-	-	-	-	-	-	15,000,000	15,000,000	15,000,000	15,000,000
Trade and Other Receivables	-	23,580,082	-	-	-	-	-	-	23,580,082	23,580,082	23,580,082	23,580,082
Total Financial Assets	17,690	44,798,789	-	-	-	-	-	-	44,816,479	44,816,479	44,816,479	44,816,479

Financial Liabilities

Interest Bearing Borrowings	-	-	-	-	-	-	242,810,000	-	242,810,000	242,810,000	242,810,000	242,810,000
Finance Lease Liabilities	-	-	-	-	-	-	2,426,444	-	2,426,444	2,426,444	2,426,444	2,426,444
Amounts Due to Related Parties	-	-	-	-	-	-	63,704,714	-	63,704,714	63,704,714	63,704,714	63,704,714
Trade & Other Payables	-	-	-	-	-	-	22,157,529	-	22,157,529	22,157,529	22,157,529	22,157,529
Bank Overdrafts	-	-	-	-	-	-	64,265,749	-	64,265,749	64,265,749	64,265,749	64,265,749
Total Financial Liabilities	-	-	-	-	-	-	395,364,436	-	395,364,436	395,364,436	395,364,436	395,364,436

SINGHE HOSPITALS PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2019**

(32) FINANCIAL INSTRUMENTS - FAIR VALUE

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

<i>As at 31st March 2019</i>	<i>Total Carrying Amount</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Fair Value</i>
<i>Financial Assets measured at Fair Value</i>	<i>Rs</i>	<i>Rs</i>	<i>Rs</i>	<i>Rs</i>	<i>Rs</i>
Investment in Quoted Equity Shares	14,570	14,570	-	-	14,570
	<u>14,570</u>	<u>14,570</u>	<u>-</u>	<u>-</u>	<u>14,570</u>
<i>Financial Assets</i>					
Trade and Other Receivables	27,684,366	-	-	27,684,366	27,684,366
Short Term Investments	15,000,000	-	-	15,000,000	15,000,000
Cash and Cash Equivalents	7,182,155	-	-	7,182,155	7,182,155
	<u>49,866,521</u>	<u>-</u>	<u>-</u>	<u>49,866,521</u>	<u>49,866,521</u>
<i>Total Financial Assets</i>	<u>49,881,091</u>	<u>14,570</u>	<u>-</u>	<u>49,866,521</u>	<u>49,881,091</u>
<i>Financial Liabilities</i>					
Interest Bearing Borrowings	215,570,000	-	215,570,000	-	215,570,000
Finance Lease Liability	9,937,140	-	9,937,140	-	9,937,140
Other Financial Liabilities	73,656,685	-	73,656,685	-	73,656,685
	<u>299,163,825</u>	<u>-</u>	<u>299,163,825</u>	<u>-</u>	<u>299,163,825</u>
<i>Total Financial Liabilities</i>	<u>299,163,825</u>	<u>-</u>	<u>299,163,825</u>	<u>-</u>	<u>299,163,825</u>
<i>As at 31st March 2018</i>					
<i>Financial Assets measured at Fair Value</i>	<i>Rs</i>	<i>Rs</i>	<i>Rs</i>	<i>Rs</i>	<i>Rs</i>
Investment in Quoted Equity Shares	17,690	17,690	-	-	17,690
	<u>17,690</u>	<u>17,690</u>	<u>-</u>	<u>-</u>	<u>17,690</u>
<i>Financial Assets not measured at Fair Value</i>					
Trade and Other Receivables	23,580,082	-	-	23,580,082	23,580,082
Short Term Investments	15,000,000	-	-	15,000,000	15,000,000
Cash and Cash Equivalents	6,218,707	-	-	6,218,707	6,218,707
	<u>44,798,789</u>	<u>-</u>	<u>-</u>	<u>44,798,789</u>	<u>44,798,789</u>
<i>Total Financial Assets</i>	<u>44,816,479</u>	<u>17,690</u>	<u>-</u>	<u>44,798,789</u>	<u>44,816,479</u>
<i>Financial Liabilities not measured at Fair Value</i>					
Interest Bearing Borrowings	242,810,000	-	242,810,000	-	242,810,000
Finance Lease Liability	2,426,444	-	2,426,444	-	2,426,444
Other Financial Liabilities	127,970,463	-	127,970,463	-	127,970,463
	<u>373,206,907</u>	<u>-</u>	<u>373,206,907</u>	<u>-</u>	<u>373,206,907</u>
<i>Total Financial Liabilities</i>	<u>373,206,907</u>	<u>-</u>	<u>373,206,907</u>	<u>-</u>	<u>373,206,907</u>

SINGHE HOSPITALS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2019
FINANCIAL INSTRUMENTS - FAIR VALUE

(32.2) Transfers Between Levels of Fair Value Hierarchy

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

(32.3) Valuation Techniques and Significant Unobservable Inputs

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

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

SINGHE HOSPITALS PLC

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

(33) FINANCIAL RISK MANAGEMENT - OVERVIEW

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

- Credit Risk
- Liquidity Risk
- Market Risk

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

RISK MANAGEMENT FRAMEWORK

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

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

The Audit Committee, oversees how management monitors compliance with the Company's risks, management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The Audit Committee is assisted in its role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of controls and procedures, the results of which are reported to the Audit Committee.

Further quantitative disclosures are included throughout these Company Financial Statements.

(33.1) Credit Risk

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

Trade and Other Receivables

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

Management of Credit Risk Include Following components

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

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

FINANCIAL INSTRUMENTS

(33) RISK MANAGEMENT FRAMEWORK Cont'd

Investments

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

Cash and Cash Equivalents

The Company held cash and cash equivalents of Rs 7,182,155 as at 31st March 2019 (2017/18- Rs 6,218,075) which represents its maximum credit exposure on these assets.

Company as at 31.03.2019

Assets	Neither	Past Due	Individually	Impairment	Totals
	Past Due Nor Impaired	But not Impaired	Impaired	Provision	
	Rs	Rs	Rs	Rs	Rs
Trade Debtors and Other Receivables	27,684,366	-	-	-	27,684,366
Short Term Investments	15,000,000	-	-	-	15,000,000
Cash & Cash Equivalents	7,182,155	-	-	-	7,182,155
Total Financial Assets	49,866,521	-	-	-	49,866,521

Company as at 31.03.2018

Assets	Neither	Past Due	Individually	Impairment	Totals
	Past Due Nor Impaired	But not Impaired	Impaired	Provision	
	Rs	Rs	Rs	Rs	Rs
Trade Debtors and Other Receivables	18,336,899	5,243,182	-	-	23,580,081
Short Term Investments	15,000,000	-	-	-	15,000,000
Cash & Cash Equivalents	6,218,707	-	-	-	6,218,707
Total Financial Assets	39,555,606	5,243,182	-	-	44,798,788

SINGHE HOSPITALS PLC

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

FINANCIAL INSTRUMENTS

(33.1.1) CREDIT QUALITY OF FINANCIAL ASSETS

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

	2019	2018
<u>Counterparties without external credit ratings</u>		
Counterparties without external credit ratings & Cash in hand	6,331,488	5,334,798
	<u>6,331,488</u>	<u>5,334,798</u>
<u>Cash at bank and short-term bank deposits</u>		
Hatton National Bank PLC	29,021	9,681
Sampath Bank PLC	8,332	8,060
Bank of Ceylon	599,581	744,677
Commercial Bank of Ceylon PLC	213,732	121,491
Counterparties without external credit rating	6,331,488	5,334,798
	<u>7,182,155</u>	<u>6,218,707</u>

SINGHE HOSPITALS PLCNOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCHLoans &
ReceivablesRISK MANAGEMENT FRAMEWORK - Cont'dAnalysis of Concentration of Risk

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

<u>Company as at 31.03.2019</u> <u>Sector Wise Breakdown</u>	<u>Cash & Cash</u>		<u>Other</u>		<u>Interest</u>		<u>Other</u>		<u>Totals</u>
	<u>Rs</u>	<u>Rs</u>	<u>Financial</u>	<u>Assets</u>	<u>Bearing</u>	<u>Financial</u>	<u>Liabilities</u>		
Corporate Institutions	850,667				225,507,140	-			226,357,807
Others	6,331,488				-	14,054,714			20,386,202
Total	7,182,155				225,507,140	14,054,714			246,744,009

(33.2) Liquidity Risk

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

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdraft, bank loans and finance leases. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to source of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

Exposure to Liquidity Risk - Maturity Analysis of Financial Assets

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

<u>Year ended 31st March 2019</u> <u>Assets</u>	<u>Carrying</u> <u>Amount</u>	<u>On</u> <u>Demand</u>	<u>Upto 1</u> <u>Year</u>	<u>1 - 3</u> <u>Years</u>	<u>3 - 5</u> <u>Years</u>	<u>Over 5</u> <u>Years</u>
Cash & Cash Equivalents	7,182,155	7,182,155	-	-	-	-
Trade and Other Receivables	27,684,366	-	27,684,366	-	-	-
Short Term Investments	15,000,000	-	15,000,000	-	-	-
As at 31st March 2019	49,866,521	7,182,155	42,684,366	-	-	-

SINGHE HOSPITALS PLC

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

RISK MANAGEMENT FRAMEWORK - Cont'd

<u>Year ended 31st March 2018</u>	Carrying Amount	On Demand	Upto 1 Year	1 - 3 Years	3 - 5 Years	Over 5 Years
<u>Assets</u>	Rs	Rs	Rs	Rs	Rs	Rs
Cash & Cash Equivalents	6,218,707	6,218,707	-	-	-	-
Trade and Other Receivables	23,580,082	-	23,580,082	-	-	-
Short Term Investments	15,000,000	-	15,000,000	-	-	-
As at 31st March 2018	44,798,789	6,218,707	38,580,082	-	-	-

Maturity Analysis of Financial Liabilities

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

<u>Year ended 31st March 2019</u>	Carrying Amount	On Demand	Upto 1 Year	1 - 3 Years	3 - 5 Years	Over 5 Years
<u>Liabilities</u>	Rs	Rs	Rs	Rs	Rs	Rs
Interest Bearing Borrowings	215,570,000	-	27,240,000	59,580,000	58,630,000	70,120,000
Finance Leases	9,937,140	-	3,514,613	6,422,527	-	-
Trade and Other Payables	18,015,192	-	18,015,192	-	-	-
Amounts Due to Related Parties	14,054,714	-	14,054,714	-	-	-
Bank Overdrafts	59,601,971	59,601,971	-	-	-	-
As at 31st March 2019	317,179,017	59,601,971	62,824,519	66,002,527	58,630,000	70,120,000

<u>Year ended 31st March 2018</u>	Carrying Amount	On Demand	Upto 1 Year	1 - 3 Years	3 - 5 Years	Over 5 Years
<u>Liabilities</u>	Rs	Rs	Rs	Rs	Rs	Rs
Interest Bearing Borrowings	242,810,000	-	27,240,000	59,580,000	58,630,000	97,360,000
Finance Leases	2,426,444	-	1,287,005	1,139,439	-	-
Trade and Other Payables	22,157,529	-	22,157,529	-	-	-
Amount Due to Related Parties	63,704,714	-	63,704,714	-	-	-
Bank Overdrafts	64,265,749	64,265,749	-	-	-	-
As at 31st March 2018	395,364,436	64,265,749	114,389,248	60,719,439	58,630,000	97,360,000

SINGHE HOSPITALS PLC

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

RISK MANAGEMENT FRAMEWORK - Cont'd

(33.3) Market Risk

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

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

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

(33.3.1) Management of Market Risk

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

(33.3.2) Interest Rate Risk

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

(33.3.3) Interest Rate Sensitivity

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

The following table represents the sensitivity to a reasonable possible changes in interest rates, with all other variables held constant, of the Company's profit before tax (through the impact on floating rate borrowings)

	<u>2018/2019</u>	<u>2017/2018</u>
01% Increase in Interest Rate	(2,155,700)	(2,428,100)
01% Decrease in Interest Rate	2,155,700	2,428,100

(34) CAPITAL MANAGEMENT

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

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

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

No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March, 2019 and 31st March, 2018.

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

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

		<u>2018/2019</u>	<u>2017/2018</u>
Interest Bearing Borrowings	(Note 20.2)	215,570,000	242,810,000
Other Financial Liabilities	(Note 20) & (Note 23)	23,991,854	66,131,158
Trade and Other Payables	(Note 22)	18,015,192	22,157,529
Bank Overdrafts	(Note 25)	59,601,971	64,265,749
Less : Cash & Cash Equivalents	(Note 15) & (Note 16)	<u>(22,182,155)</u>	<u>(21,218,707)</u>
Net Debts		<u>294,996,862</u>	<u>374,145,729</u>
Total Equity		<u>479,617,135</u>	<u>425,567,277</u>
Adjusted Net Debt to Adjusted Equity Ratio		62%	88%

Value Added Statement

Value Added	Year ended 31st March 2019		Year ended 31st March 2018	
	Amount	%	Amount	%
Turnover	595,107,275		488,314,092	
Cost of Materials and Services	(402,760,942)		(313,233,406)	
Other Income	35,217,417		3,880,419	
	<u>227,563,750</u>		<u>178,961,105</u>	
<u>Distribution of Value Added</u>				
<u>To Employees</u>				
Salaries and Others	130,059,292	57%	121,707,798	68%
<u>To Government</u>				
Tax	-	0%	458,656	0%
<u>To Capital Providers</u>				
Interest on Loans	46,849,077	21%	42,128,399	23%
Share Holders	(11,873,521)	(5)%	(49,045,935)	(27)%
<u>To Expansion and Growth</u>				
Depreciation	62,528,902	27%	63,712,187	36%
	<u>227,563,750</u>	100%	<u>178,961,105</u>	100%

Eight Year Summary

Rs' 000	2019	2018	2017	2016	2015	2014	2013	2012
<u>OPERATING RESULTS</u>								
Turnover	595,107	488,314	405,367	297,636	234,887	164,004	33,344	-
Other Income	35,217	3,880	4,387	7,524	-	119	170	217
Profit/(Loss) Before Tax	17,518	(66,003)	(74,340)	(66,346)	(59,422)	(113,904)	(95,087)	(5,260)
Income Tax	(29,392)	16,957	(3,610)	(7,688)	(8,981)	(17,685)	(12,782)	(28)
Profit/(Loss) After Tax	<u>(11,873)</u>	<u>(49,046)</u>	<u>(77,951)</u>	<u>(74,035)</u>	<u>(68,404)</u>	<u>(131,589)</u>	<u>(107,870)</u>	<u>(5,289)</u>
<u>BALANCE SHEET</u>								
<u>Assets</u>								
Property, Plant & Equipment	787,089	791,290	844,343	802,340	674,659	699,882	621,756	353,688
Inventories	39,368	35,479	36,023	28,966	18,582	12,077	9,946	-
Receivables	32,477	26,062	43,300	26,692	253,157	4,388	1,673	659
Cash & Cash Equivalents	22,182	21,219	16,743	104,879	1,940	1,069	4,170	3,843
	<u>881,116</u>	<u>874,050</u>	<u>940,409</u>	<u>962,877</u>	<u>948,338</u>	<u>717,416</u>	<u>637,545</u>	<u>358,190</u>
<u>Equity & Liabilities</u>								
Share Capital	914,352	848,201	848,201	848,201	848,201	434,470	150,000	150,000
Reserves	(434,021)	(422,634)	(364,017)	(325,427)	(330,062)	(154,860)	(117,800)	(9,930)
Interest Bearing Borrowings	225,507	295,886	279,132	301,390	289,908	333,410	320,000	93,877
Trade & Other Payables	116,676	88,331	96,314	82,677	94,052	64,956	247,801	117,862
Overdraft	59,602	64,266	80,779	56,036	46,239	39,440	37,544	6,381
	<u>881,116</u>	<u>874,050</u>	<u>940,409</u>	<u>962,877</u>	<u>948,338</u>	<u>717,416</u>	<u>637,545</u>	<u>358,190</u>

Share Information

Distribution of Shareholders

Voting shares

Shareholding	Resident			Non - Resident			
	Number of Shareholders	No. of Shares	%	No of Shareholders	No. of Shares	%	
1	1,000	344	145,284	0.04	1	200	0
1001	10000	242	1,183,823	0.27	1	2,000	0
10001	100000	78	2,537,208	0.59	0	0	0
100001	1000000	18	5,000,864	1.16	0	0	0
Over 1,000000		5	422,431,516	97.94	0	0	0
		687	431,298,695	100.00	2	2,200	0

Categories of Shareholders

	Number of Shareholders	No. of Shares
Individuals	674	382,352,114
Institutional	15	48,948,781
	689	431,300,895

Public Shareholding

Number of Share Holders	685	648
Number of Shares	100,408,727	100,458,727
Percentage	23.28%	25.23%

Investor Ratios

	2018 - 2019	2017 - 2018
Earnings Per Share (Rs)	-0.03	-0.12
Net Assets Value per Share (Rs)	1.11	1.07

Market Activities

Market Value per Share

	2018 - 2019			2017 - 2018		
	Highest Traded Price	Lowest Traded Price	Last Traded Price	Highest Traded Price	Lowest Traded Price	Last Traded Price
Voting Shares (Rs)	1.80	1.10	1.30	2.20	1.60	1.60
Date	17th September 2018	23rd October 2018	28th March 2019	19th May 2017	28th March 2018	28th March 2018

Share Trading Information

	2018 - 2019		2017 - 2018	
	Share Traded Numbers	Turnover Rs.	Share Traded Numbers	Turnover Rs.
	873,649	1,261,190	1,215,284	2,173,846

	2018 - 2019 Rs.	2017 - 2018 Rs.
Market Capitalization	560,691,164	637,161,432
Float adjusted Market Capitalization	130,528,903	160,755,829

Company maintains the minimum public holding under option 2 of the listing rule no.7.13.1(b).

Share Information

Top 20 Shareholders listed as at 31st March

S/ N	Name of the Shareholders	Country Residence	As at 31st March 2019		As at 31st March 2018	
			Number of Shares	Holding %	Number of Shares	Holding %
01	Mr. A M Weerasinghe	Sri Lanka	330,425,885	76.61%	297,350,885	74.67%
02	M/s. Sampath Bank/ DR.T.Senthilverl	- Do -	44,237,000	10.26%	44,237,000	11.11%
03	Mr.T M P Tennakoon	- Do -	42,271,530	9.80%	42,271,530	10.61%
04	M/s. Bank of Ceylon No. 1 Account	- Do -	4,000,000	0.93%	4,000,000	1.00%
05	Mr.K K D P A P Weligepola	- Do -	1,497,101	0.35%	1,497,101	0.38%
06	Mr.K B Kannangara	- Do -	500,000	0.12%	500,000	0.13%
07	Mrs.V S Gooneratne	- Do -	470,000	0.11%	495,191	0.12%
08	Mr.L E Liyanage	- Do -	436,000	0.10%	436,000	0.11%
09	M/s.Weerasinghe Property Development (Pvt) Ltd	- Do -	416,273	0.10%	416,273	0.10%
10	Mr.M C C K Rodrigo	- Do -	334,208	0.08%	325,688	0.08%
11	Dr.T N Attygalle	- Do -	328,805	0.08%	267,891	0.07%
12	Mrs.I A S Karunaratna	- Do -	300,000	0.07%	300,000	0.08%
13	Mr.A M L W Attanayaka	- Do -	300,000	0.07%	300,000	0.08%
14	Mr.W A S P De Saram	- Do -	243,869	0.06%	231,869	0.06%
15	M/s.People's Merchant Finance PLC/ Mr.S.M.I.U.K.Senevirathne	- Do -	223,052	0.05%	264,152	0.07%
16	Mr.Wanigasekara	- Do -	202,000	0.05%	202,000	0.05%
17	Mr.K K Wickramasinghe	- Do -	200,000	0.05%	200,000	0.05%
18	Mr.C Kananathan	- Do -	200,000	0.05%	200,000	0.05%
19	Mrs.U D S Jayalath	- Do -	200,000	0.05%	200,000	0.05%
20	Mrs.S A N C Jayarathna	- Do -	190,921	0.04%	190,921	0.05%
Total			426,976,644	99.03%	393,886,501	98.92%

Branch Network

Singhe Hospital has 5 main laboratories in main towns of Ratnapura, Homagama, Negombo, Kandy and Bandarawela, and 7 Mini laboratories in Balangoda, Kahawaththa, Embilipitiya, Kurunegala, Meegoda, Kalwana and Karawanella. Further Singhe Hospital has 29 own collecting centers.



- ▲ **Main Labs**
- **Mini Labs**
- **Collecting Center**

▲ **Ratnapura**

- Urban Center
- Galabada Center
- Eheliyagoda Center
- Kudugalwatta Center
- Kuruwita Center

▲ **Homagama**

- Town Center
- Hanwella
- Padukka
- MOH

▲ **Negombo**

- Thalahena
- Pitipana
- Seeduwa
- Minuwangoda

▲ **Kandy**

- Theldeniya
- Hanguranketha
- Mother & Baby Care
- Thalathuoya

▲ **Bandarawela**

- Wellawaya

■ **Balangoda**

- Oluganthota
- Bogawanthalawa

■ **Kahawatta**

- Pelmadulla
- Godakawela
- Madola

■ **Embilipitiya**

- Embilipitiya Town
- Padalangala
- Middeniya
- Sooriyawewa
- OPD & CC

■ **Karawanella**

- Avissawella

■ **Kurunegala**

■ **Kalawana**

■ **Meegoda**

Notice of Meeting

Notice is hereby given that the Annual General Meeting of the Shareholders of Singhe Hospitals PLC , will be held on 21st September 2019 at the premises of Singhe Hospitals PLC, No. 362,Colombo Road, Ratnapura at 10.00 a.m.

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

1. To receive and consider the Annual Report of the Directors and the Statement of Accounts for the year ended 31st March 2019 with the Report of the Auditors thereon. (Resolution 1)
2. To re-elect Mr. A.M. Weerasinghe, who retires by rotation under Article 82 of the Articles of Association and being eligible offers himself for re-election. (Resolution 2)
3. To re-elect Mr. U.B.H.J. Kithsiri, who retires by rotation under Article 82 of the Articles of Association and being eligible offers himself for re-election. (Resolution 3)
4. To elect Dr. H.S. Jayasinghe, who was appointed since the last Annual General Meeting, in terms of Article No.89 of the Articles of Association. (Resolution 4)
5. To re-appoint M/s B R De Silva & Company, Chartered Accountants, the retiring Auditors who have expressed their willingness to continue in office as Company's Auditors, until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to determine their remuneration. (Resolution 5)
6. To authorize the Directors to determine donations for the year 2019/2020. (Resolution 6)

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

SECRETARIES

17th August 2019

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 Singhe Hospitals PLC, held on 21st September 2019 at the premises of Singhe Hospitals PLC, No.362, Colombo Road, Ratnapura at 10.00 a.m.

Full Name of Shareholder :

National Identity Card :

No. of Shareholder :

Address of Shareholder :

.....

Name of Proxy holder :

(If applicable) :

National Identity Card :

No. of Proxy holder :

Address of Proxy holder :

No of Shares held :

Share Certificate No. :

Signature of Shareholder :

Date :

Note :

Shareholders are requested to:

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



Form of Proxy Shareholders

I/We.....

of.....
being a

shareholder / shareholders of Singhe Hospitals PLC. hereby appoint

Mr. A M Weerasinghe	or failing him
Mr. A M D H Navinda Weerasinghe	or failing him
Mr. A M Lakshika Maduranga Weerasinghe	or failing him
Mr. B H Jayalath Kithsiri	or failing him
Mr. H M A B Weerasekara	or failing him
Mr. A M A Cader	or failing him
Dr. H.S. Jayasinghe	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 21st September 2019 and at any adjournment thereof.

Resolutions

1. To receive the Statement Accounts for the year ended 31st March 2019.
2. To re-elect Mr. A.M. Weerasinghe , who retires by rotation
3. To re-elect Mr. U.B.H.J. Kithsiri, who retires by rotation
4. To elect Dr. H.S. Jayasinghe, who was appointed since the last AGM
5. To re-appoint auditors
6. To authorize Directors to determine donations

For Against

Mark your preference with "X"

Signed on this day of
 2019

.....
 Signature



Note

1. A shareholder entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote instead of him/her.
2. Kindly perfect the Form of Proxy after filling legibly your full name and address by signing in the space provided and dating same.
3. If the Proxy Form is signed by an Attorney, the relative power of Attorney should also accompany the completed Form of Proxy, if it has not already been registered with the Company.
4. The complete Proxy Form should be deposited at the Registered Office of the Company at No. 362, Colombo Road, Ratnapura (not less than 48 hours before the time appointed for the holding of the meeting).

NAME OF THE COMPANY

Singhe Hospitals PLC

LEGAL FORM

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

Company Registration Number
PB 70371 PQ

STOCKS EXCHANGE LISTING

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

REGISTERED OFFICE

No 362, Colombo Road, Rathnapura.

BANKERS

Bank of Ceylon
Hatton National Bank PLC
Commercial Bank of Ceylon PLC
Sampath Bank PLC

AUDITORS

Messers BR De Silva & Co.
Chartered Accountants
No 22/4, Vijaya Kumarathunga Mawatha,
Colombo 05.

SECRETARIES

Nexia Corporate Consultants (Pvt) Ltd
No. 181, Nawala Road,
Narahenpitiya.

REGISTRARS

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



☎ **045 7 555 555**

No: 362 Colombo Road, Ratnapura.
www.singhehospitals.com