



LANKA
HOSPITALS

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NEXT GEN HEALING

The Lanka Hospitals Corporation PLC
Integrated Annual Report 2024

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NEXT GEN HEALING

At Lanka Hospitals, we are redefining what it means to heal. By fusing next-generation medical innovation with deeply personalized care, we create a healthcare experience that is both advanced and human-centered.

Our state-of-the-art technology, globally trained specialists, and future-focused practices place us at the forefront of modern medicine. From AI-powered diagnostics to minimally invasive surgeries, we harness the latest in medical science to deliver faster, safer, and more effective outcomes.

But beyond the technology lies something timeless—compassion. Every patient journey is guided not just by expertise, but by empathy, understanding, and a genuine commitment to healing lives.

This is Next Gen Healing—where cutting-edge care meets heartfelt service, and where the future of medicine is already here, today.

ABOUT US



Mission

“To offer cost effective healthcare solutions of International standards while Maintaining exceptional and Compassionate quality.”



Vision

“To be the foremost and preferred Private Healthcare Facility in the Country, which will serve to build a healthier nation and to be a preferred destination for medical tourism in the region.”



Our Promise

“We believe that every person has the right to be treated with utmost respect and consideration. Therefore, at Lanka Hospitals we care about our patients, we care about their families who are anxious and concerned, we care about our colleagues and how we as a team provide the best care to our patients. Because we care, we will be sincere, compassionate and sensitive to make a difference in the lives we touch.”

Our History

The Lanka Hospitals Corporation PLC commenced operations in Sri Lanka on 7th June 2002, under the brand name of Apollo Hospitals, a part of the chain of Apollo Hospitals founded by the renowned Dr. Pratap C. Reddy in India. As the only purpose built private hospital of its kind in Sri Lanka, Apollo Colombo revolutionised Sri Lanka’s healthcare service, and today under the brand Lanka Hospitals, we continue to dominate and lead the healthcare sector. Ours is still considered to be the best health care facility in the country.

In 2012, we celebrated a decade of excellence in healthcare. Over the past decade, Lanka Hospitals has revolutionized the healthcare industry in Sri Lanka through infrastructure development and advancement of its’ products and services, through sizeable investments, with a view to deliver healthcare that is on par with global developments in medical technology. We also play a critical role in the nation’s strategy to provide world-class medical care whilst balancing the equation of affordability and accessibility for all Sri Lankans.



Our Service Philosophy

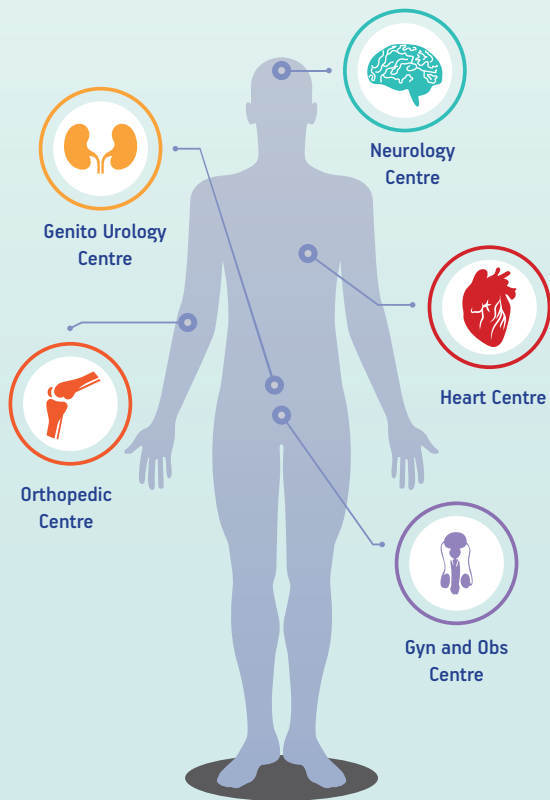
Our service philosophy is built on the precepts of commitment to clinical protocols, provision of compassionate care and service excellence that transcends the conventional healthcare offer. Recognising that service excellence is dynamic in nature, we continuously seek to enhance our service delivery in a bid to provide our customers with world-class healthcare experiences.

This drive for excellence has seen us claim many “firsts” in the industry in both clinical as well non-clinical areas. As a firm believer that excellence in healthcare is a combination of excellence in clinical and non-clinical care, Lanka Hospitals has strived at every opportunity to up its game across the service continuum. Whilst our clinical excellence is driven by international alliances with some of the most reputed global healthcare providers in securing knowledge transfer and sharing of best practices, our excellence in non-clinical care stems from a meticulous drive for quality and continuous improvement.

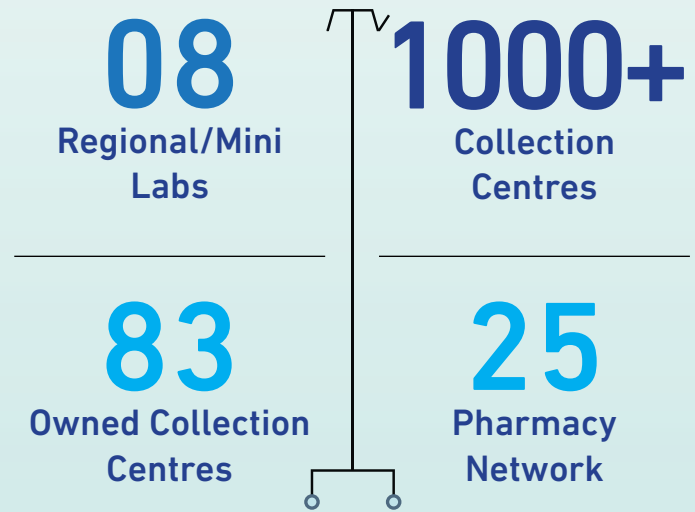


Lanka Hospitals at a Glance

CENTRES OF EXCELLENCE



ISLAND-WIDE PRESENCE



Lanka Hospitals is a leader in the healthcare industry and the most highly accredited multi-specialty hospital in Sri Lanka, providing an unparalleled array of primary, secondary, and tertiary health services. Focusing on global standards, exceptional patient care, and cutting-edge technology to differentiate itself which has allowed the hospital to maintain its distinct competitive edge. Our organization remains committed to investing in modern medical and clinical technology and the development of our team's expertise in order to expand our capabilities and achieve excellence in healthcare.



OUR ACHIEVEMENTS

OUR PEOPLE

CUSTOMER CONFIDENCE

FINANCIAL STABILITY



160,000+
Total Surgeries

11,500+
Cardiac Surgeries

1,550+
IVF Babies

1,250+
Kidney Transplants

150+
Cochlear Implants



397
Nursing staff

1,154
Consultants

25,095
Inpatients for 2024

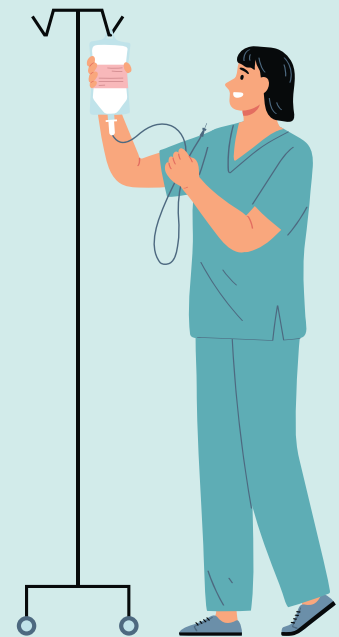
339,908
Outpatients for 2024

Rs. 18.5 Bn
Total Assets

Rs. 14.2 Bn
Equity

Rs. 13.7 Bn
Revenue

Rs. 1.3 Bn
PAT



ABOUT THE REPORT

GRI 2 - 1, 2 - 2, 2 - 3, 2 - 4, 2 - 5

Overview

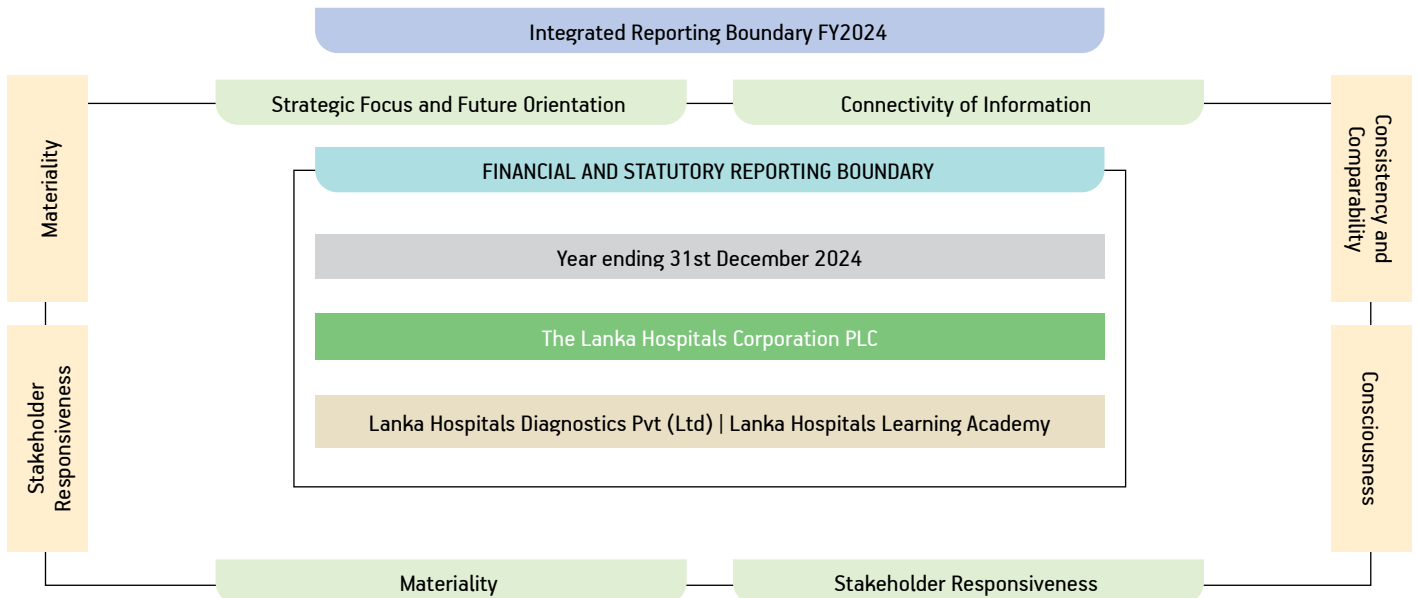
The Lanka Hospitals Corporation PLC (LHC) is proud to announce the resumption of its integrated reporting journey with the publication of its Integrated Annual Report for the financial year 2024. This report reflects our strong commitment to integrated thinking as a cornerstone of long-term value creation. By combining financial and non-financial disclosures, the report seeks to demonstrate how, as a leading private healthcare service provider in Sri Lanka, LHC is creating sustainable value, addressing stakeholder expectations, and driving excellence in healthcare delivery through responsible and forward-looking practices.

All previous reports, including the most recent report for the FY 2024 are available for viewing and download at <https://www.lankahospitals.com/about/annual-reports/>



Scope and Boundary

This integrated report has been prepared for the period 01st January 2024 to 31st December 2024 to coincide with the Company's financial reporting year. The report covers all core activities of LHC, including the Lanka Hospitals Diagnostics Pvt (Ltd) and the Lanka Hospitals Learning Academy.



REPORTING FRAMEWORKS	
Integrated Reporting	▶ International Integrated Reporting Council (IIRC) Integrated Reporting <IR> Framework
Financial Reporting	▶ Companies Act No.7 of 2007 ▶ Listing Rules of the Colombo Stock Exchange ▶ Sri Lanka Accounting & Auditing Standards Act No.15 of 2015 ▶ Sri Lanka Financial Reporting Standards
Risk and Governance Reporting	▶ Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka ▶ Corporate Governance rules issued by the Colombo Stock Exchange for listed entities
Sustainability Reporting	▶ Global Reporting Initiative (GRI) Standards ▶ Sustainable Development Goals (SDG's)

Determination of Report Content based on Materiality

the principle of materiality serves as a key guiding framework in shaping the structure and content of our Integrated Annual Report. We have applied this principle to identify, assess, and prioritise matters that have a significant impact on LHC's ability to create and sustain value for our stakeholders over the short, medium, and long term. This ensures that all critical information both financial and non-financial, is meaningfully captured and transparently communicated within this report.

Assurance

Assurance of the report content is provided through a combination of internal and external sources. The content included in this Integrated Report has been approved by the respective business heads and reviewed by the Board Audit and Risk Committee prior to submission to the Board of Directors for approval.

An independent review of the Company's Financial Statements has been carried out by National Audit Office. Their report is on page 140 to 143.

Independent assurance has also been obtained from Messrs Ernst & Young, Sri Lanka (EY), confirming the alignment of the Integrated Report with the IIRC Framework and its preparation in accordance with the GRI Standards. Their report are on pages 134 to 137.

Forward Looking Statements

This integrated report may contain "forward-looking statements" based on the beliefs of LHC's management, as well as assumptions made and information currently available. These statements include information related to the Company's business prospects, future developments, trends, and likely conditions in the industry and markets in which the Company operates. Given their nature, forward-looking statements are subject to significant risks and uncertainties; thus, actual results and performance may differ materially from those implied.

Readers are cautioned not to place undue reliance on such statements. The Lanka Hospitals Corporation PLC does not undertake any obligation to publicly update any revisions to these statements after the date of this report. Consequently, there are no restatements pertaining to previous reports.

Board Responsibility Statement

The Board of Directors of The Lanka Hospitals Corporation PLC acknowledges its responsibility for ensuring the completeness, accuracy and integrity of this report. The Board confirms that it collectively reviewed the contents of the report in conjunction with the assurance reports obtained from our various internal and external assurance providers, including assessments on risk and internal controls.

On this basis, the Board is satisfied that the Integrated Report for FY 2024 addresses all the issues that are material to its ability to create value and thereby provides an accurate assessment of the Company's performance for the financial year ended 31st December 2024.

Feedback

LHC welcomes questions and suggestions to help improve the quality of its reporting process and request that all feedback be directed to:
Senior Finance Manager,
The Lanka Hospitals Corporation PLC
Telephone: 011 5439037

<https://www.lankahospitals.com/about/annual-reports/>



FINANCIAL HIGHLIGHTS

		2024	2023	Change (%)
Financial Performance				
Revenue	Rs. Million	13,650	12,419	10
Results from operating activities	Rs. Million	1,709	1,203	42
Profit before tax	Rs. Million	1,895	1,910	(1)
Profit after tax	Rs. Million	1,339	1,345	(0.4)
Profit attributable to equity holders of the Company	Rs. Million	1,339	1,345	(0.4)
Dividends	Rs. Million	-	671	(100)
Gross profit Margin	%	44	42	5
Operating Profit Margin	%	13	10	30
Net Profit Margin	%	10	11	(9)
Earnings per share (basic)	Rs.	6.00	6.01	-
Return on Assets (ROA)	%	7	8	(13)
Return on Capital Employed (ROCE)	%	11	8	38
Interest cover	Times	N/A	N/A	
Efficiency & Financial Stability Ratios				
Total Assets	Rs. Million	18,511	16,319	13
Total Debt	Rs. Million	N/A	N/A	-
Shareholder's funds	Rs. Million	14,178	12,599	13
Gearing ratio	Times	N/A	N/A	-
Debt/Equity	%	N/A	N/A	-
Asset Turnover	Times	0.7	0.8	(13)
Net assets per share	Rs.	63.37	56.31	13
Current ratio	Times	4.59	5.01	(8)
Quick asset ratio	Times	4.20	4.60	(9)
Investor Information				
Market value per share	Rs.	79.50	120.25	(34)
Dividend per share	Rs.	-	3	(100)
Company market capitalization	Rs. billion	17.79	26.900	(34)
Price earnings ratio	Times	12.42	20	(38)
Dividend yield ratio	%	-	2.49	(100)
Dividend payout ratio	%	-	49.89	(100)
Dividend Cover	Times	-	2	(100)
Infrastructure and Technology				
Property, plant and equipment	Rs. Million	6,583	5,385	22
CAPEX Additions	Rs. Million	1,448	851	79
No. of beds	No.	367	367	-
Laboratory collection network (COCOs)	No.	83	60	38
Pharmacy network	No.	25	26	(4)

AWARDS AND ACCOLADES

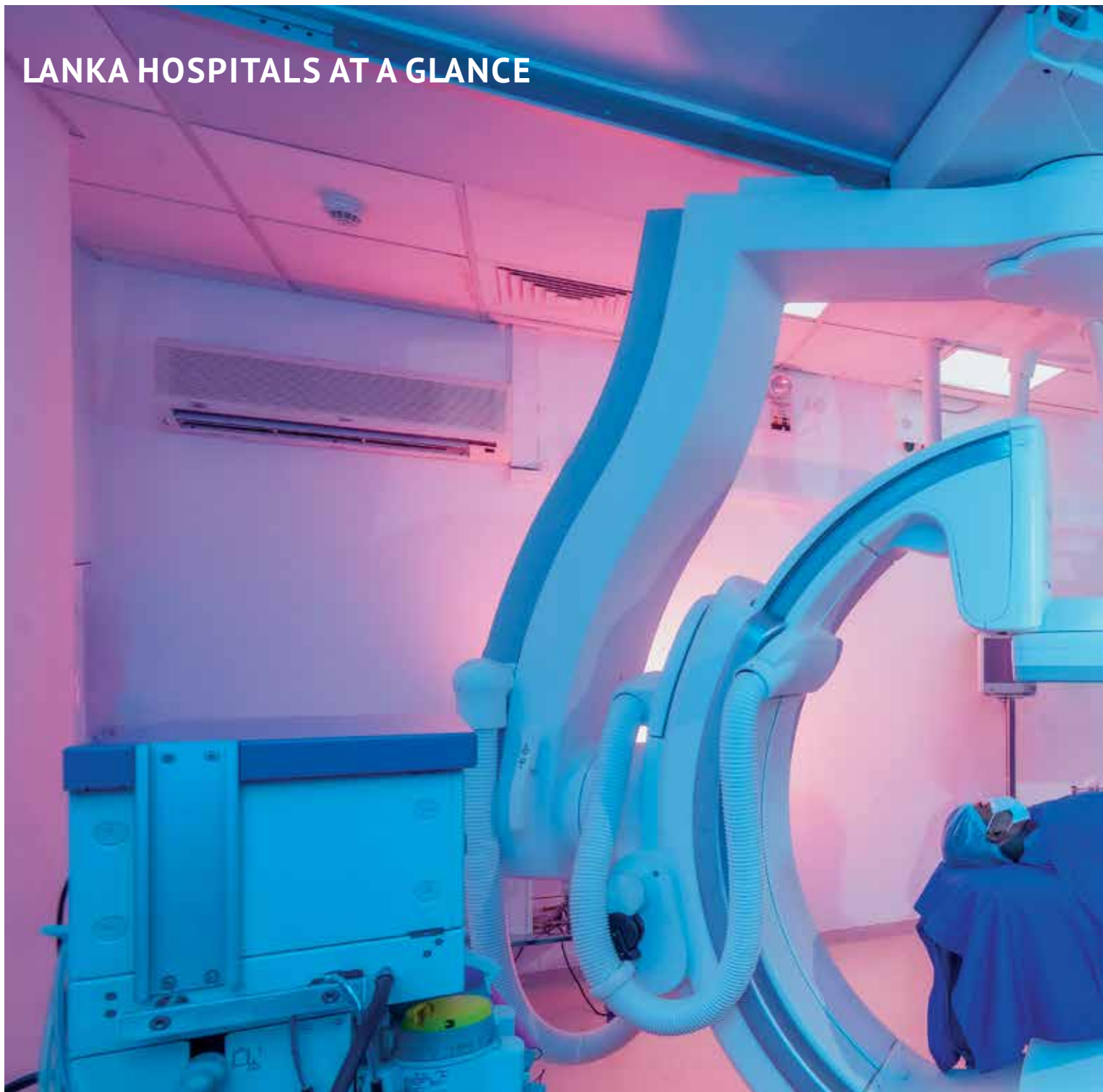
 ▶ Joint Commission International- Gold Seal

 ▶ Quality laboratory practices

 ▶ First Laboratory in a hospital in Sri Lanka to receive ISO 15189:2007 certification

 ▶ CA Sri Lanka Tags Compliant Tags Awards

LANKA HOSPITALS AT A GLANCE



Total Assets
Rs. 18.5 Bn (+13%)

Revenue
Rs. 13.7 Bn (+10%)

Gross Profit
Rs. 5.95 Bn (+14%)

Shareholder Funds
Rs. 14.2 Bn (+13%)

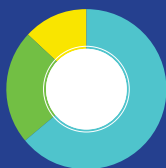
Company Own Collection Centers
83 (+38%)

Net Asset Per Share
Rs. 63.37 (+13%)



Revenue Contribution

- Hospital Revenue - 64%
- Laboratory Revenue - 23%
- Pharmacy Revenue - 13%



CAPEX Additions
1,448 Mn (+70%)

Operating Profit Margin
13% (+42%)



CHAIRMAN'S MESSAGE

“At Lanka Hospitals, we believe that healthcare is more than a service-it is a commitment rooted in empathy, trust, and unwavering responsibility”

“We remain passionate about raising the bar in patient care and clinical outcomes. As we move forward, we are planning significant investments in advanced medical technologies, digital infrastructure, and patient-centered innovations that will allow us to meet the evolving needs of our community”

It is with immense pride and heartfelt gratitude that I share this message at a pivotal moment in our journey. As we reflect on the year gone by, we also look ahead with renewed purpose, guided by our mission to deliver exceptional, ethical, and compassionate healthcare to every Sri Lankan.

At Lanka Hospitals, we believe that healthcare is more than a service-it is a commitment rooted in empathy, trust, and unwavering responsibility. Every patient who enters our hospital deserves not just clinical excellence, but care that respects their dignity and humanity. That is the standard we aim to uphold every day.

We remain passionate about raising the bar in patient care and clinical outcomes. As we move forward, we are planning significant investments in advanced medical technologies, digital infrastructure, and patient-centered innovations that will allow us to meet the evolving needs of our community. These strategic investments will also support the continued growth and development of our exceptional staff.

Recognizing that no great achievement happens in isolation, we are also exploring new partnerships and collaborations both locally and internationally. These partnerships will help us bring in global expertise, share best practices, and strengthen our capabilities as we strive to become a regional leader in healthcare.

I would also like to express my gratitude to our stakeholders for their unwavering confidence and investment in Lanka Hospitals. I assure you that your faith in this institution is well-placed and will never be regretted. Our ongoing commitment to excellence, innovation, and responsible

governance will continue to deliver sustainable growth and lasting value.

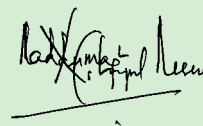
A heartfelt thank you must also go to the previous Board of Directors for their dedication, foresight, and years of committed service. Their efforts have laid a strong foundation and handed over a prestigious institution poised for even greater achievements.

To the remarkable staff of Lanka Hospitals - our doctors, nurses, technicians, administrative teams, and support personnel, I extend my deepest appreciation. Your dedication, resilience, and integrity are the driving force behind every success we celebrate. I remain committed to ensuring that you feel supported, valued, and empowered to grow, both personally and professionally.

To our patients and their families, I offer my sincere thanks for your continued trust. I assure you that we will always listen to your needs, care for you with compassion, and remain steadfast in our ethical duty to serve with excellence.

The path ahead is full of potential. With the strength of our people, the clarity of our purpose, and a bold vision for the future, Lanka Hospitals is poised to make even greater strides in shaping the healthcare landscape of Sri Lanka.

With deepest respect and ongoing commitment,



Dr. Nilupul Perera
Chairman

22nd April 2025

GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

GRI 2-22

“We continued to build on our track record of excellence, delivering strong clinical outcomes that clearly reflect our commitment to patient safety, quality of care, and service excellence.”

“We focused on expanding access to specialized care, and invested in modern infrastructure and digital capabilities, proving yet again our ability to raise the bar for specialized care in Sri Lanka.”

The year under review was one of continued growth, resilience, and transformation for The Lanka Hospitals Corporation PLC (LHC). While navigating Sri Lanka's dynamic and rapidly evolving healthcare landscape, we remained steadfast in our commitment to delivering world-class medical care upholding the values of integrity, compassion, and clinical excellence.

Living up to our core purpose

Over the past year, we continued to build on our track record of excellence, delivering strong clinical outcomes that clearly reflect our commitment to patient safety, quality of care, and service excellence. Guided by best-in-class protocols and driven by a culture of continuous improvement, our clinical teams have consistently produced results that not only meet but often exceed global standards. These outcomes go beyond mere statistics; they represent real, meaningful stories of healing, faster recovery times, fewer complications, and lives that have been profoundly transformed under our care.

Equally significant is the high level of patient satisfaction, which reflects the deep and enduring trust that patients and their families place in us. I believe this trust is not built solely on our ability to deliver superior clinical outcomes, but also has a lot to do with empathy and compassionate care that is at the heart of our service philosophy. It is about the way we listen, the dignity with which we treat every individual, and the personalised attention we provide at every stage of the patient journey. This human connection, combined with medical excellence, is what sets us apart. As we strengthen our position as a leader in Sri Lanka's

healthcare sector, this unwavering focus on patient experience will remain one of our most powerful differentiators.

Operational Highlights

Against the backdrop of the rapidly evolving healthcare environment locally and globally, LHC continued to further enhance its clinical services in 2024. We focused on expanding access to specialized care, and invested in modern infrastructure and digital capabilities, proving yet again our ability to raise the bar for specialized care in Sri Lanka. Most notably the acquisition of Sri Lanka's most advanced neuro microscope from Siemens, along with the Brainlab Neuronavigation system, saw LHC reinforcing its status as a pioneer in advanced neurosurgical care in Sri Lanka.

We also made significant progress in the sphere of minimally invasive surgery with the introduction of a state-of-the-art 3D laparoscopy system. Initially deployed for bowel procedures in early 2024, this technology was quickly extended to thoracic and other complex surgeries to offer patients faster recovery times and improved surgical outcomes. Our investment in high-quality ventilators and critical care monitors from top-tier European manufacturers further consolidates our commitment to providing safe, responsive care in intensive care settings.

In the orthopedic space, we strengthened surgical precision through the addition of high-performance surgical drills and a 2D C-arm unit, our fourth such unit which allows for real-time imaging during procedures, ensuring superior surgical accuracy and patient safety.

Another major milestone for LHC this past year was the launch of Sri Lanka's first specialized center for bariatric surgery, underscoring our commitment to bring world-class care within reach of every Sri Lankan. Designed on par with global healthcare standards, the center has already made a significant impact, completing 250 weight-loss surgeries in just eight months

Financial Highlights

The Lanka Hospitals Corporation delivered a strong and resilient financial performance for FY 2024. Revenue for the year reached Rs.13.6 Bn, denoting a solid 10% year on year growth. This coupled with disciplined cost management, and operational efficiency translated into a profit before tax of Rs. 1.9 Bn.

LHC's balance sheet also further strengthened, bolstered by 13% expansion in the asset base from Rs. 16.3 Bn to Rs. 18.5 Bn. Meanwhile higher retained earnings on the back of higher profitability saw shareholders' equity growing by an impressive 13% in the current year.

I believe our ability to achieve sustained financial results while living up to our core purpose of delivering exceptional care, stands as a testament to the resilience of our strategy and business model as well as the dedication of our team and the foresight of our leadership.

Focus on Sustainability

Bearing in mind our long-term sustainability goals and in anticipation of enhanced global and local sustainability reporting frameworks, we made meaningful progress across our Environmental, Social, and Governance (ESG) agenda in 2024.

We continued to demonstrate our commitment to environmental responsibility through a renewed focus on better waste management practices supported by a broad based staff awareness campaign.

Equally importantly, we also accelerated our community outreach programs. Through ongoing health education initiatives and free clinics, we worked to ensure equitable access to care to make healthcare more inclusive and accessible to underserved communities.

Looking Ahead

As we look to the future, our focus remains firmly on expanding our service footprint to ensure we remain at the cutting edge of healthcare delivery in Sri Lanka. Supported by our solid financial foundation, I believe LHC is well-positioned to continue investing in world-class infrastructure, attracting top-tier talent and deepening strategic partnerships to accelerate the adoption of digital health innovations to better serve the evolving needs of our patients and communities.

While we consolidate our leadership as the Country's foremost private healthcare provider, we are also setting our sights on improving our regional visibility. By leveraging our expertise, reputation, and operational excellence, we have ambitious plans to establish LHC as a trusted healthcare partner across the wider Asian region.

Appreciations

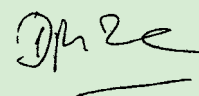
I would like to extend my deepest appreciation to LHC's Board of Directors for their strategic guidance and stewardship that has been instrumental in shaping our path forward.

Likewise, I wish to extend my heartfelt gratitude to the executive committee, the management staff members, support staff and key service providers. A Special word of appreciation is extended to the resident and visiting consultants for their unwavering commitment and the support extended to manage diverse healthcare needs of our patients.

Your tireless dedication, compassion, and commitment to clinical excellence remain the bedrock of our success. It is through your daily efforts that LHC is able to provide world-class care and consistently deliver outstanding outcomes to all patients who walk through our doors.

I would also like to express sincere thanks to our patients and their families for the trust they place in LHC - trust that we value deeply and strive to honour with every interaction. To our partners and stakeholders, thank you for walking this journey with us, sharing in our vision, and helping us push boundaries.

I am confident that together we will continue to bring hope, healing, and a healthier future for all.



Deepthi Lokuarachchi
Group Chief Executive Officer

20th March 2025

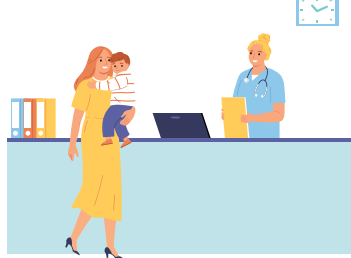
BUSINESS MODEL

Capital Inputs




Identification


- ▶ State-of-the-art Hospital complex
- ▶ Rs. 1,448 Mn invested in infrastructure and Rs. 964 Mn medical technology to-date
- ▶ 9-strong island-wide Laboratory network
- ▶ Rs. 157.5 Mn invested in IT infrastructure to-date




- ▶ 2,146 Team
- ▶ Dedicated Learning Academy



- ▶ Lanka Hospitals Brand
- ▶ Clinical Expertise
- ▶ Clinical Risk Management Framework
- ▶ Joint Commission International (JCI) accreditation




- ▶ Safety and Quality of Service
- ▶ Patient Communication
- ▶ Patient Satisfaction Survey
- ▶ Supply Chain Management
- ▶ Procurement Best Practices
- ▶ Community investment



- ▶ Equity Rs. 14,178 Mn (Rs. 12,599 Mn - 2023)
- ▶ Debt Rs. 0 (Rs. 0 - 2023)

Hospital +



- ▶ Energy Efficiency
- ▶ Carbon Footprint Calculation
- ▶ Managing Water and Effluents
- ▶ Waste Management

Outputs

- ▶ 365,003 Patients treated
- ▶ 1,691,295 Laboratory tests conducted
- ▶ 10,993 Successful surgeries
- ▶ 58% Occupancy rate at the hospitals

- ▶ 85% Employee retention rate

- ▶ Introduction of new disciplines and specialities
- ▶ 0.044% infectious control rate (below global average)

- ▶ 81.85% patient satisfaction
- ▶ 472 Supplier relationships

- ▶ Year-on-year Revenue Growth - 10% (16% - 2023)
- ▶ NPAT - Rs. 1,339 Mn (Rs. 1,345 Mn - 2023)
- ▶ Debt: Equity Ratio - N/A

- ▶ 5% reduction in energy consumption
- ▶ 0.5% reduction in energy intensity
- ▶ 4,725 Carbon Footprint (5,563 - 2023)

Stakeholder Outcomes

Patients



- ▶ Better clinical outcomes for patients
- ▶ Access to the customised healthcare solutions for diverse patient needs
- ▶ Higher quality of care and patient safety due to well-trained healthcare professionals
- ▶ Access to innovative treatments and advanced medical expertise

Employees and Clinical Teams



- ▶ A culture of excellence and innovation within the workplace.

Shareholders



- ▶ Consistent growth and a solid return on investment

Regulators



- ▶ Contribution to the advancement of the healthcare sector at a national level
- ▶ Compliance with environmental laws and waste management regulations, contributing to national sustainability targets and reducing the burden on public waste infrastructure

Suppliers



- ▶ Business opportunities for new suppliers

Community



- ▶ Healthier population supported by improved healthcare accessibility



STAKEHOLDER ENGAGEMENT

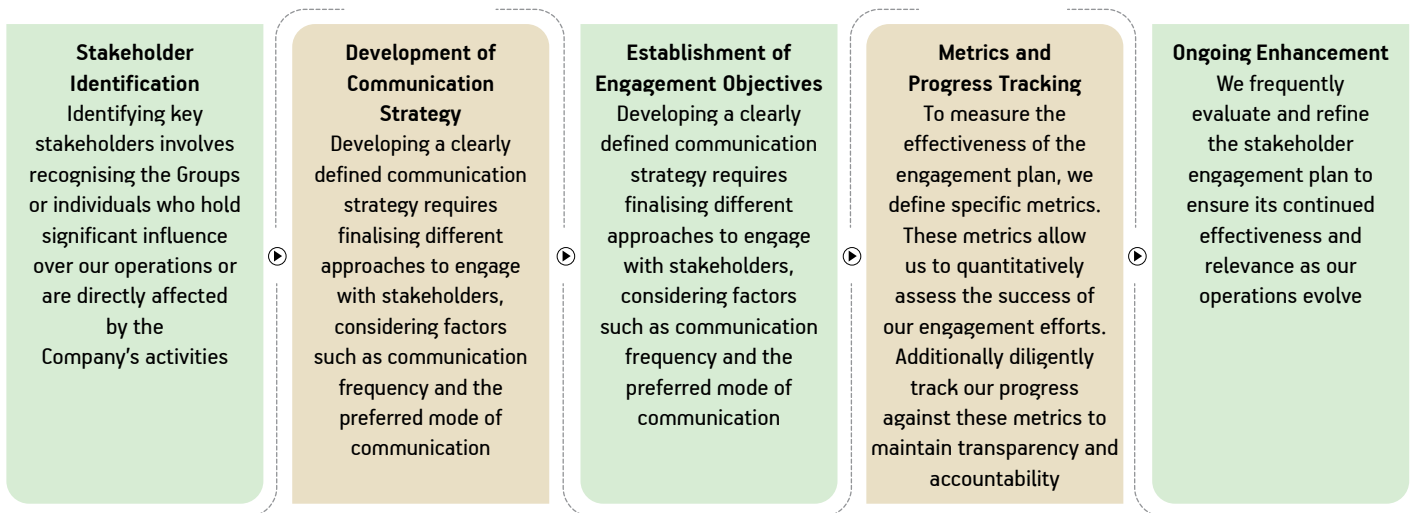
GRI 2-16, 2-27, 2-29, 407-1

At the Lanka Hospitals Corporation PLC (LHC), we believe effective stakeholder engagement serves as a platform to understand the needs, interests, and potential concerns of our stakeholders, in turn helping to mitigate risks and identify opportunities, drive innovation, foster collaboration, and trust.

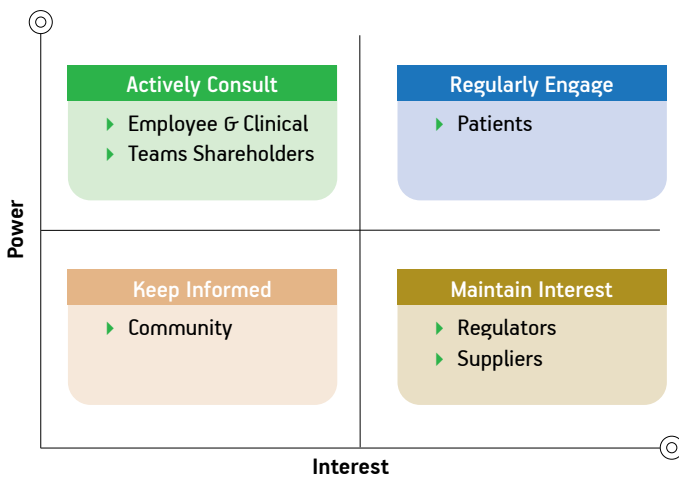
We adopt a decentralised approach to stakeholder engagement with each department entrusted with the responsibility of identifying and managing their respective key stakeholders, based on the understanding that stakeholders are individuals or groups who either impact our operations or are impacted by them, either directly or indirectly. Through this approach, we have identified our core stakeholders as our shareholders, patients, employees, clinical teams, suppliers, regulators and the wider community.

- ▶ There were no critical concerns reported through any of LHC's grievance channels, in the current year
- ▶ There were no incidents of non-compliance of laws and regulations reported in the current financial year
- ▶ Operations of the Company and its supply chain partners are not at risk for freedom of association or collective bargaining

Our Stakeholder Engagement Process Consists of the following Steps:



The Power/Interest Grid



GRI 207-3

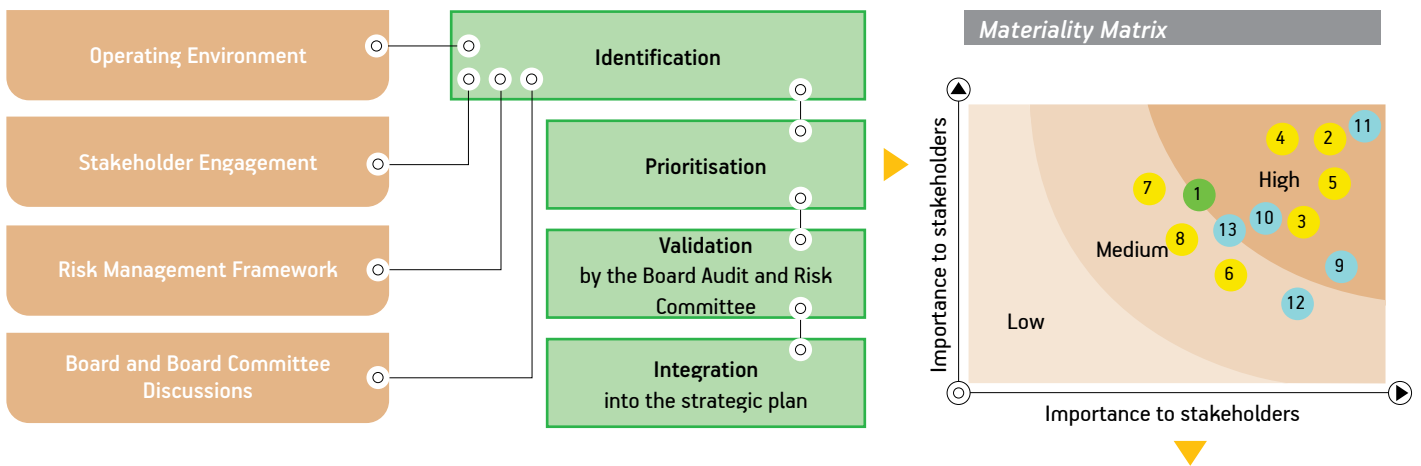
Stakeholder Category	Method and Frequency of Engagement	Key Expectations	LHC's Response	Further Reading
Shareholders	<ul style="list-style-type: none"> ▶ Press Releases (as needed) ▶ Website / Social Media (Ongoing) ▶ CSE Announcements (as needed) ▶ Quarterly Financials (Quarterly) ▶ Annual General Meeting (Annual) ▶ Integrated Annual Report (Annual) 	<ul style="list-style-type: none"> ▶ Performance - Revenue growth, PBT, PAT, ROE ▶ Ethics and Compliance ▶ Dividend and share price 	<ul style="list-style-type: none"> ▶ Ensure Transparent and Effective Communication of Business Performance ▶ Provide Insights into Company's Strategy and Sustainability Initiatives ▶ Address Investor/ Analyst Queries and Concerns ▶ Ensure Sound Corporate Governance Mechanisms ▶ Strengthen the Company's Reputation and industry positioning 	FC IC CG Risk Report
Patients	<ul style="list-style-type: none"> ▶ Email/ SMS / Website / Social Media Platforms / Patient feedback Surveys (Continuous) ▶ Complaint resolution process (as needed) 	<ul style="list-style-type: none"> ▶ Top Quality Healthcare ▶ State of the art technology and facilities ▶ Data Privacy ▶ Patient Care and Safety ▶ Disease Awareness and Prevention Measures 	<ul style="list-style-type: none"> ▶ Enhancing the Provision of High-Quality Healthcare Services through investments in the latest medical technology and adoption of internally accredited certifications for quality, safety etc ▶ Safeguarding Patient Health and Safety through Comprehensive Review and Investigation ▶ Ensuring Immediate Responses to Patient, Attend Complaints and Grievances in Real-Time 	MC SGRC
Employees & Clinical Teams	<ul style="list-style-type: none"> ▶ Trainings (Continuous) ▶ Employee Experience Surveys (as needed) ▶ Performance management process (annual) ▶ Employee relations framework (Continuous) 	<ul style="list-style-type: none"> ▶ Remuneration and benefits ▶ Career Progression ▶ Diversity and Inclusion ▶ Employee Engagement ▶ Employee Well-Being ▶ Code of Conduct and Corporate Policies ▶ Availability of medical technology ▶ Occupational Health and Well-being 	<ul style="list-style-type: none"> ▶ Creating a workplace where safety, inclusivity and empowerment of Employees are top priorities ▶ Supporting employees' to achieve financial security through competitive remuneration and performance-based incentives ▶ Investing in Cutting-Edge Infrastructure ▶ Building a Top-Tier Medical Facility with a wide range of specialisations 	MC HC
Regulators	<ul style="list-style-type: none"> ▶ Communication with Regulators (as needed) ▶ Regulatory Reporting Practices (as mandated) 	<ul style="list-style-type: none"> ▶ Fair and Ethical Business Practices ▶ Transparency in Disclosures ▶ Timely Compliance of regulatory requirements 	<ul style="list-style-type: none"> ▶ Maintain Transparency and Clarity in Financial Records ▶ Adhere to Legal Requirements for Regular Filings ▶ Comply with Applicable Regulations 	IC CG
Suppliers	<ul style="list-style-type: none"> ▶ Supplier Screening and Onboarding (as needed) ▶ Due diligence activities (Continuous) ▶ Supplier Social and Environmental Performance assessment (Continuous) 	<ul style="list-style-type: none"> ▶ Timely payments ▶ Business Ethics and Transparency ▶ Status of Compliance 	<ul style="list-style-type: none"> ▶ Supplier selection of based on a clear, transparent process outlined in the Procurement Manual ▶ Conflict of interest declaration to prevent potential misconduct during the procurement process ▶ feedback loops to drive continuous improvement 	SGRC
Community	<ul style="list-style-type: none"> ▶ Press Releases (as needed) ▶ Website / Social Media (Ongoing) ▶ Community outreach programmes (regularly) 	<ul style="list-style-type: none"> ▶ Affordability ▶ Better Access to Health and Nutrition ▶ Environmental Protection 	<ul style="list-style-type: none"> ▶ Raise healthcare awareness among the wider community ▶ Waste management strategy 	SGRC NC

MATERIAL TOPICS

GRI 3 -1, 3 -2, 3-3

Material Matters represent the critical issues that directly impact our ability to create sustainable, long-term value. To identify these issues, we follow a structured materiality determination process that combines quantitative analysis and qualitative analysis of both internal and external environments alongside active stakeholder engagement. This broad based approach is designed to provide a comprehensive understanding environmental, social and governance aspects that influence our operations and strategic direction. Identifying relevant material topics empowers the Board and management to make informed decisions to enhance LHC's ability to deliver value to all stakeholders over the short, medium and long term.

MATERIALITY DETERMINATION PROCESS



1.	Environmental Awareness	Environment	9.	Balanced Earnings	Governance
2.	Patient Experience	Social	10.	Cashflow Resilience	Governance
3.	Medical Specialisation	Social	11.	Industry Leadership	Governance
4.	Infrastructure Development	Social	12.	Technology Integration	Governance
5.	Occupational Health and Safety	Social			
6.	Diversity, Equity and Inclusion	Social			
7.	Human Capital Development	Social			
8.	Human Rights and Labour Management	Social			





#	Material Topic	Topic Boundary	GRI Reference	Management Approach	Link to Strategy	SDG's
1.	Environmental Action	Internal and External - strategies to mitigate its environmental impact both within its operations and in collaboration with external stakeholders	GRI 302 GRI 303 GRI 305 GRI 306 GRI 308 GRI 414	Integrate environmental, principles into all operations, underscoring the commitment to environmental laws, resource efficiency, pollution prevention, and climate action to reduce its carbon footprint	Sustainability	SDG 3 SDG 7 SDG 12 SDG 13
2.	Patient Experience	Internal - all aspects of patient care, from admission to post-treatment follow-up, ensuring a positive and holistic experience	GRI 416 GRI 417 GRI 418	As a Joint Commission International (JCI) accredited hospitals, LHC is committed to offering best-in-class healthcare services in line with the highest international standards	Innovation & Excellence Competent Team	SDG 3 SDG 7 SDG 17

#	Material Topic	Topic Boundary	GRI Reference	Management Approach	Link to Strategy	SDG's
3.	Medical Specialisation	Internal and External - Development of specialised medical services, investment in advanced clinical expertise, and creation of specialized departments or centres of excellence	GRI 416	investing in cutting-edge technology, internationally accredited clinical protocols, and highly qualified medical professionals. Develop subspecialty excellence through strategic partnerships, ongoing medical education, and the expansion of Centres of Excellence	Innovation & Excellence Competent Team Business Growth	SDG 3 SDG 9 SDG 17
4.	Infrastructure Development	Internal - Physical and technological infrastructure improvements, including hospital buildings, medical equipment, digital systems, and expansion of healthcare facilities to enhance capacity and operational efficiency	N/A	Continuous upgrades to medical technology, expansion of specialized treatment facilities, to build a safe, modern, and future-ready healthcare environment that aligns with global best practices	Innovation & Excellence Business Growth	SDG 3 SDG 9
5.	Occupational Health and Safety	Internal - Health and safety standards for employees, patient safety protocols, workplace risk management, and compliance with regulatory requirements	GRI 403	Implement a robust Occupational Health and Safety framework in compliance with national regulations and international standards such as ISO 45001	Innovation & Excellence Competent Team	SDG 3 SDG 8
6.	Diversity, Equity, and Inclusion	Workforce diversity, equal opportunity policies, and inclusive practices	GRI 405 GRI 406	Implement policies to promote non-discrimination, ethical conduct, and a culture of accountability, ensuring everyone feels valued and empowered to contribute to our healthcare mission	Competent Team	SDG 5 SDG 8 SDG 10
7.	Human Capital Development	Internal – Policies, practices, and initiatives aimed at fostering an inclusive and diverse workplace	GRI 401 GRI 404	Invest in structured training programmes, professional development opportunities, and performance-based growth pathways to build a skilled, future-ready workforce	Competent Team Business Growth	SDG 4 SDG 8
8.	Human Rights and Labour Management	Internal – Workforce development initiatives, training programs, career development, and employee well-being	GRI 402 GRI 407 GRI 408 GRI 409	Uphold fundamental human rights and fair labour practices across all operations in compliance with local labour laws and international standards	Innovation & Excellence Sustainability	SDG 5 SDG 8 SDG 10
9.	Balanced Earnings	Internal - Financial operations, pricing strategy, and cost management within Lanka Hospitals	GRI 207	Prudent financial planning, efficient resource allocation, and a strong focus on cost optimisation to generate sustained earning growth to support reinvestment in critical infrastructure and patient care improvements	Business Growth Innovation & Excellence	SDG 8 SDG 9 SDG 12
10.	Cashflow Resilience	Internal - Finance, procurement, billing, and revenue cycle management	N/A	Implement robust financial controls, timely collections, and strategic liquidity management to respond effectively to market fluctuations and unforeseen challenges	Business Growth	SDG 8 SDG 11 SDG 16
11.	Industry Leadership	Internal and External – Branding, market reputation, innovation leadership, and clinical excellence	N/A	Set benchmarks in clinical quality, patient safety, and medical innovation	Business Growth Innovation & Excellence	SDG 3 SDG 9 SDG 17
12.	Technology Integration	Internal – IT systems, medical technology, patient care systems, and data security	N/A	Invest in cutting-edge technologies to enhance diagnostics, treatment accuracy, and patient experience	Business Growth Innovation & Excellence Sustainability	SDG 3 SDG 9 SDG 12
13.	Operational Excellence	Internal – Clinical operations, supply chain, HR, and support services	N/A	Process optimisation, quality control, and continuous improvement practices	Business Growth Innovation & Excellence Sustainability	SDG 3 SDG 9 SDG 12

STRATEGY AND RESOURCE ALLOCATION

At The Lanka Hospitals Corporation PLC (LHC), our strategy is based on a forward-looking roadmap that leverages our past achievements while paving the way for growth through new and diverse opportunities. Our strategy development process is an iterative one that involves a thorough evaluation of historical performance, an in-depth analysis of the external environment, including macroeconomic trends and rigorous peer benchmarking. Findings from these processes are scrutinised against a SWOT analysis to establish LHC's strategy and outline our long-term targets.

Our strategy for FY 2024 is built around four strategic pillars: Business Growth, Innovation & Excellence, A Competent Team, and Sustainability.

			
<p>Strengths</p> <ul style="list-style-type: none"> Strong brand reputation in Sri Lanka's healthcare sector State-of-the-art medical infrastructure and technology adoption Skilled, professional workforce 	<p>Weaknesses</p> <ul style="list-style-type: none"> Limited island-wide presence Challenges in retaining skilled healthcare professionals owing to competitive pressure 	<p>Opportunities</p> <ul style="list-style-type: none"> Rising demand for private healthcare and wellness services Scope to expand specialised medical services and diagnostics Potential to gain first mover advantage in the medical tourism domain Invest in digital healthcare innovation 	<p>Threats</p> <ul style="list-style-type: none"> Macroeconomic instability affecting demand for healthcare Regulatory changes impacting healthcare operations and compliance Increasing competition from private and international healthcare providers Potential disruptions from future health emergencies or pandemics

Strategic Pillars	Business Growth	Innovation & Excellence	Competent Team	Sustainability
Key Highlights for FY 2024	Enhancing surgical specialities	Invested in 4K Endoscopy System	25,554 total training hours.	Strengthened infection control measures
	Strengthening critical care	Invested in the Siemens Neuro Navigation System	100% employees receiving performance evaluations	Strengthening patient support and engagement
	Revenue diversification through the introduction of new specialities	Invested in Kenova 900 Microscope	No. of 598 of new recruitments	More focus on energy reduction initiatives
	Expanding the lab network and diagnostic capabilities	Roll out of the SAP ERP system	21 safety training programmes covering 903.5 hours	Prioritise waste recycling
	Relocation of the learning academy to a dedicated space	Commenced bariatric surgery for the first time in Sri Lanka		
Link to Capitals	FC	MC, IC	HC	SGRC, NC
Outcomes	Revenue - Rs. 13,650 Mn (Rs. 12,419 Mn - 2023)	10% increase in neuro surgeries	85% employee retention	Infectious control rate below international average
	NPBT - Rs. 1,895 Mn (Rs. 1,910 Mn - 2023)	11% increase in pharmacy revenue		81.85% patient satisfaction score
Stakeholders Impacted	Shareholders Patients	Patients Regulators Community	2,146 Employees	Patients Community

OPERATING ENVIRONMENT

Summary of Sri Lanka's Economic Performance in 2024

In 2024, Sri Lanka's economy demonstrated a robust recovery, achieving an estimated real GDP growth of approximately 5%, marking the highest annual expansion since 2017. This resurgence was primarily driven by revitalised domestic economic activities, a rebound in tourism, and increased workers' remittances, all contributing positively to the external current account. The Central Bank of Sri Lanka (CBSL) reported that the economy expanded by 5.2% during the first three quarters, surpassing initial projections .

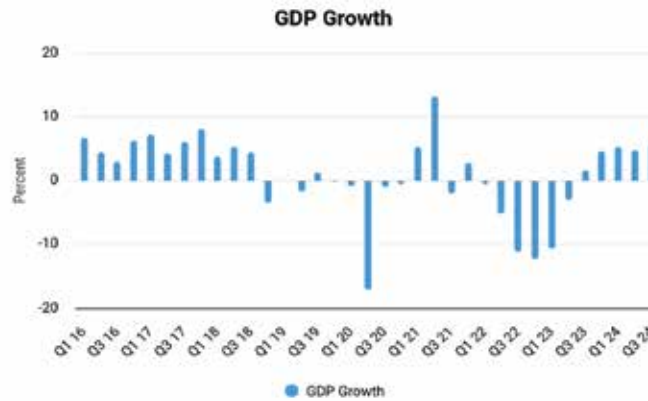
Concurrently, the country made significant strides in restoring macroeconomic stability. Gross official reserves rose to approximately USD 6.1 billion by the end of 2024, up from USD 4.4 billion at the end of 2023. This improvement was bolstered by the successful completion of a USD 25 billion debt restructuring and the continued support from the International Monetary Fund's Extended Fund Facility (IMF-EFF) program .

Inflation

Throughout 2024, Sri Lanka experienced a steady decline in inflation, culminating in deflationary conditions in the latter part of the year. Core inflation moderated, reflecting underlying demand conditions. The CBSL anticipates inflation to return to positive territory by mid-2025, aiming to stabilise around a 5% target thereafter .

Interest Rates

A notable downward trend in interest rates was evident in 2024 compared to the previous year, reflecting the broader stabilisation of macroeconomic conditions. The Central Bank of Sri Lanka (CBSL) continued to ease its monetary policy



Source: Central Bank of Sri Lanka

stance in response to the sustained decline in inflation and improvements in the external sector. These policy adjustments were aimed at stimulating domestic economic activity, particularly by encouraging credit growth and investment.

Exchange Rates

The Sri Lankan rupee exhibited notable stability and appreciation against the US dollar in 2024, appreciating by over 7% during the year. This strengthening was supported by increased foreign exchange inflows from tourism and remittances, as well as proactive foreign exchange purchases by the CBSL to bolster reserves. The central bank's interventions and the positive external sector developments contributed to the rupee's resilience.

Outlook and Prospects for the Sri Lankan Economy

Sri Lanka's economic outlook for 2025 is cautiously optimistic. Inflation is expected to gradually return to positive territory by mid-2025, aligning with the Central Bank's target of 5% . The easing of deflationary conditions, coupled with a stable exchange rate and improved investor confidence, is anticipated to support domestic demand and private sector investment. However, challenges

such as the need for structural reforms, attracting foreign direct investment, and enhancing export competitiveness remain critical for sustaining long-term growth. Against this backdrop, the Country's growth trajectory for the coming year will be largely underpinned by the ability to sustain macroeconomic stability, while policy consistency and institutional strengthening will be essential to navigate these challenges and capitalise on emerging opportunities in the global economic landscape.

Local Healthcare Sector Performance Highlights for 2024

Sri Lanka's healthcare sector experienced notable advancements across both public and private domains. The public healthcare system benefited from increased government allocations aimed at enhancing infrastructure, procuring essential medical equipment, and expanding access to primary care services. These investments were instrumental in improving service delivery and addressing healthcare disparities across various regions.

In 2024, Sri Lanka's private healthcare sector experienced an upswing, fueled by the broader economic recovery, which led to rising household incomes

OPERATING ENVIRONMENT CONTD.

and easing inflationary pressures. The sector continued to be led by a few large, well-established hospital groups. These institutions have distinguished themselves through sustained investments in infrastructure, service diversification, and obtaining global healthcare standards and accreditations. Moreover private healthcare providers continue to invest heavily in expanding their diagnostic footprint, which has significantly improved accessibility to advanced healthcare services across the Country.

Despite these advancements, the sector continues to grapple with persistent challenges, most notably, a severe shortage of trained medical professionals, including doctors, consultants, and nursing staff. This scarcity has intensified competition, thereby increasing operational costs and resulting in higher patient fees, placing pressure on affordability and equitable access within the private healthcare landscape.

Outlook and Prospects for the Healthcare Sector

Sri Lanka's healthcare sector is set to enter a phase of robust expansion in the coming years. As the country continues on its path of economic recovery, the growing middle class and rising disposable incomes are expected to fuel greater consumer investment in healthcare. This upward shift in spending capacity will likely drive demand for more advanced, high-quality medical services. Simultaneously, the government is anticipated to intensify its efforts to enhance healthcare access and service delivery, supported by progressive policy initiatives. These measures will create a conducive environment for sustained growth in the medical technology sector, positioning Sri Lanka as a regional leader in modern healthcare solutions





NEXT GEN EXPERTISE

Our team of internationally trained specialists brings a wealth of global knowledge, backed by years of hands-on experience. With continuous professional development and access to the world's latest protocols, we deliver care that is both progressive and proven.

SEGMENTAL REVIEWS

HOSPITAL OPERATIONS

GRI2-6

Overview of Operations for FY 2024

In 2024, Lanka Hospitals made remarkable progress in elevating its surgical capabilities to reinforce its position as a leader in advanced medical procedures. Fuelled by the growing demand for major surgeries particularly in orthopaedics, neurosurgery, and bariatric surgery, LHC's surgical department recorded a 2% increase in surgical procedures with all eleven of our state-of-the-art operating theatres, including two newly introduced modular theatres operating at full capacity.

In 2024, we made significant technological upgrades including the acquisition of Sri Lanka's latest neuro microscope, which delivers superior clarity and 3D visualisation to enhance surgical precision. Additionally, we introduced the Neuro Navigator, a cutting-edge system that enables precise tumour localisation, reducing damage to surrounding brain

tissue. Our neuro microscope, sourced from Siemens, and the navigation system from Brainlab, further positioned us at the forefront of neurosurgical advancements.

Laparoscopic surgery capabilities were also further enhanced with the introduction of a 3D laparoscopy system to improve patient outcomes through minimally invasive surgery. The technology which was first introduced in early 2024 to support greater precision in bowel surgeries was later extended to thoracic and other complex surgical interventions. To enhance critical care capabilities, we invested in high-quality ventilators and monitors from leading European manufacturers.

In the field of orthopaedics, LHC invested in high-precision surgical drills and a 2D C-arm unit, allowing real-time X-ray imaging during surgery. This latest addition marks the fourth C-arm system LHC.

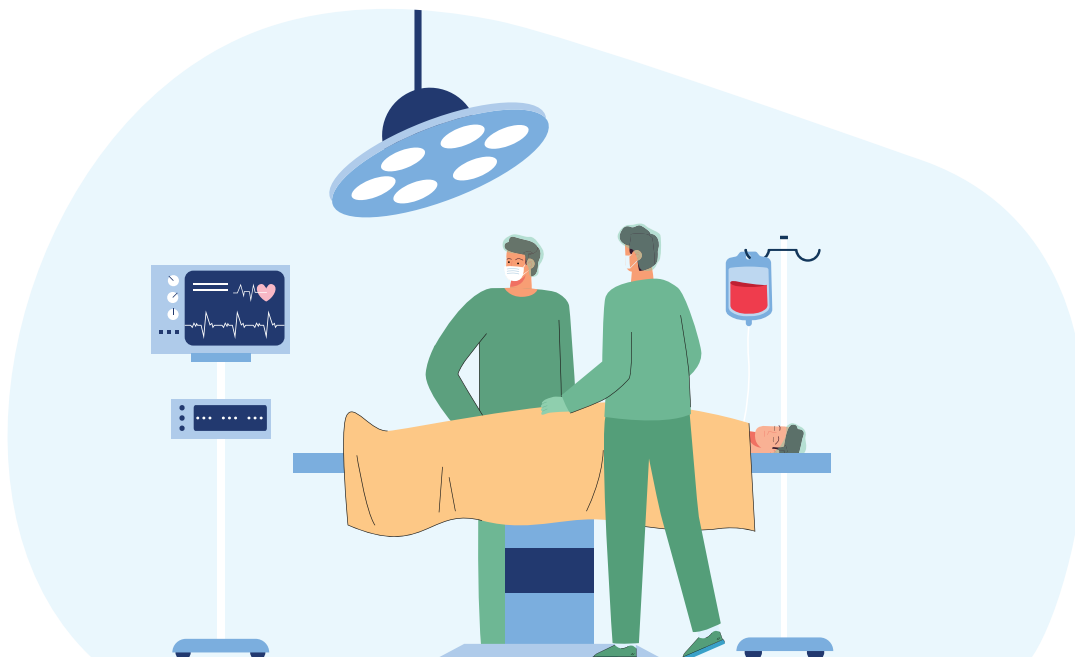
Another major milestone in the current year was the launch of Sri Lanka's first specialised center for bariatric surgery,

designed to meet global healthcare standards. The center primarily focused on weight-loss surgeries, completing 250 procedures within just eight months. To support this initiative, we invested in a dedicated channeling center tailored to obese patients, along with specialised laparoscopic systems and customised surgical beds, ensuring superior safety and comfort in line with JCI-accredited standards.

Looking Ahead

The main focus will be on building capacity in newer areas, such as liver transplants, which are performed only within the state sector and as such have a long waiting list.

Additionally, LHC will also exploring investing in emerging areas, such as treatments for Parkinson's disease, epilepsy, and robotic surgeries, with the goal of becoming a leader in these advanced medical fields.



DIAGNOSTICS



Overview of Operations for FY 2024

The Lanka Hospitals Diagnostics segment, operated by Lanka Hospitals' Laboratory Operations (LHD), made steady progress in 2024, to further solidify its market leadership. The current year saw LHD's island-wide lab footprint expanding by approximately 30%, enabling the Company to enhance its accessibility and convenience for customers across the country. In parallel, the diagnostics suite was also further enhanced with the introduction of several new diagnostic tests in key areas that were previously unavailable

in Sri Lanka. These new offerings primarily focused on the disciplines of Immunology, Haematology, Molecular Diagnostics, and Cytogenetics, underscore the commitment to advancing cutting-edge diagnostic services within the County and positions LHD as a leading provider of specialised diagnostic services in the region.

LHD's network continues to operate in strict compliance with the ISO 15189 accreditation. In 2024, the ISO 15189 accreditation was renewed and upgraded to the latest version - ISO 15189:2022 issued by the Sri Lanka Accreditation Board. To further enhance the credentials of the lab network, work also commenced on obtaining the College of American Pathologists (CAP) accreditation, a globally recognised standard for laboratory excellence. With a major portion of the groundwork completed in 2024, the final approval is expected in early 2025.

Looking Ahead

Looking ahead, LHD will aim to further strengthen its market presence. Further infrastructure expansion in the lab network is planned for 2025 coupled with ongoing investments in state-of-the-art equipment, automation, and IT infrastructure.

Additionally it is hoped that securing the CAP accreditation in 2025 will elevate LHD's status on par with global standards to enable patients in Sri Lanka and in the region to access world class diagnostics facilities.

SEGMENT REVIEWS CONTD.

PHARMACY

Overview of Operations for FY 2024

The Lanka Hospitals Corporation PLC's (LHC's) retail pharmacy chain - RBD operates in a highly competitive and dynamic space which consists of approximately 25 retail locations nationwide that provide essential access to a wide range of critical pharmacy needs, reinforcing their significance in the healthcare ecosystem.

In 2024, the prolonged effects of the 2022 economic crisis continued to challenge the Retail Pharmacy sector, with resource constraints leading to unprecedented disruptions in service delivery. Difficulties in procuring essential medicines placed immense pressure on pharmacy service providers, further exacerbating concerns about the shortage of pharmacists and assistant pharmacists in the country.

Against this backdrop, RBD, maintained a strong focus on operational efficiencies and cost reduction while prioritising revenue growth. To enhance its product portfolio, the Company introduced new wellness and over-the-counter (OTC) products and expanded its corporate presence through strategic partnerships, including the integration of the HNB Medical Centre and Pharmacy Services. Additionally, the implementation of the Hospital Information System (HIS) in 2024 enabled a direct link with the Central Stores, further streamlining operations.

A culmination of these strategies were reflected in the Company's performance, with sales volumes and value both increasing by 11%, driven by a robust 8% expansion in the customer base. However, despite ongoing efficiency improvements, operational costs increases by 20%, bringing pressure on the bottom line.

Looking Ahead

In 2025, LHC plans to expand its pharmacy footprint by increasing the number of country-wide locations, in partnership with supermarkets and corporates, coupled with investments in establishing standalone pharmacies in key locations. This strategic expansion aims to enhance accessibility, improve service delivery, and strengthen the Company's market presence in the evolving healthcare landscape.



LEARNING ACADEMY

Overview of Operations for FY 2024

Overall, FY 2024 was a year of growth and adaptation for the Lanka Hospitals Academy. The Academy's new facility was declared open in 2nd of May 2024 enabling the relocation of all academy operations from its previous location within the hospital. The new facility with its upgraded classrooms, demonstration rooms, and skill labs along with modern amenities serves as a comprehensive and state-of-the-art educational space for students. The move to a new building and the expansion of infrastructure presented a series of logistical challenges which required careful planning, resource allocation, and coordination to ensure minimal disruption to ongoing programmes.

Meanwhile the significantly expanded capacity at the new building provided opportunities to grow the Academy's course offerings against the backdrop of the growing demand for specialised healthcare education. In response, several new programmes were introduced, among them the Higher National Diploma in General Nursing (NVQ Level 6), a three-year programme accredited by the Tertiary and Vocational Education Commission (TVEC). This internationally recognised qualification equips students with the necessary skills and clinical experience to join private hospitals as qualified general nurses. The programme's structure includes fundamental nursing principles in the first year, followed by advanced procedures and clinical training at Lanka Hospitals in the subsequent years. To encourage enrollment, scholarships were offered, providing students with financial support and guaranteed job opportunities.

Another notable addition to the course structure was the introduction of the Operation Theatre (OT) Technician Training program (NVQ Level 4) designed to meet the growing demand for skilled OT technicians in hospitals and surgical centers. Similar to the nursing programme, scholarships were made available to ensure accessibility and job placement for students enrolled in the OT Technician Training programme as well.

In addition to expanding academic programmes, Lanka Hospitals Academy rolled out a digital learning platform, reflecting the global trend towards technology-driven education in healthcare. The integration of a new Learning Management System (LMS) for online certification programmes providing students with greater flexibility and accessibility in their education through virtual simulations, e-learning modules, and interactive case studies for an enhanced learning experience.

The Academy also strengthened its academic and professional network by actively inviting guest speakers from international educational institutions and healthcare organisations. These experts provided valuable insights into global healthcare trends, emerging technologies, and best practices, enriching students' learning experiences and broadening their professional perspectives.

Furthermore, Lanka Hospitals Academy developed strategic partnerships with over 15 local and international educational institutions to enable students to gain hands-on clinical experience at Lanka Hospitals. These partnerships provided students with invaluable real-world exposure, bridging the gap between theoretical knowledge and practical application.

Looking Ahead

The newly established state-of-the-art facility of Lanka Hospitals Academy stands as a testament to the commitment to advancing healthcare education in Sri Lanka. Building on this strong foundation, the immediate focus for the Academy going forward, will be to expand its portfolio of specialised training programmes to address the growing need for expertise in niche areas of healthcare.

In the medium term, the Academy will aim to introduce undergraduate courses in select healthcare disciplines. These courses, designed on par with global standards, seek to equip students with the latest medical knowledge, technical competencies, and critical thinking skills required to meet the evolving needs of the healthcare sector.





NEXT GEN CARE

We put people at the center of our care, combining empathy with precision to create healing experiences that are deeply personal. Every touchpoint is designed to be responsive, respectful, and reassuring, delivering comfort alongside clinical excellence.



Annual Report Awards - 2023



Annual Report Awards - 2024

Lanka Hospitals has once again clinched the Gold Award at the prestigious TAGS Annual Report Awards, marking its second consecutive win. Organized by the Institute of Chartered Accountants of Sri Lanka, the TAGS Awards recognize excellence in Transparency, Accountability, Governance, and Sustainability. This achievement reaffirms Lanka Hospitals' leadership in both financial and non-financial reporting, setting a benchmark for corporate governance and ESG compliance in the healthcare sector.

Commenting on the win, Group CEO Mr. Deepath Lokuarachchi emphasized the hospital's unwavering dedication to transparency and integrity, while Group CFO Mr. M B G Wickramasiri credited the team's commitment to credible, comprehensive disclosures.

With this continued recognition, Lanka Hospitals solidifies its reputation as a trailblazer in responsible corporate reporting both locally and regionally.

FINANCIAL CAPITAL



Lanka Hospitals adopts sound financial practices to generate a steady stream of revenue by capitalising on opportunities while managing costs in order to support long term stakeholder value creation regardless of economic uncertainties.

Material Matters Addressed

- Balanced Earnings
- Cashflow Resilience
- Industry Leadership
- Infrastructure Development
- Technology Integration
- Operational Excellence





Key Highlights for 2024

Rs. 13.7 Bn
Revenue

Rs. 1.9 Bn
PBT

13.4%
Asset Growth

UN SDG Linkages



Stakeholder Outcomes

- ▶ 12.5% year on year increase in equity
- ▶ 9% - ROE
- ▶ 63.37% - NAVPS



Interlinkages with Other Capitals

Intellectual Capital

Investment in the latest technologies and diagnostics technology enhances strengthens LHC's position as an industry leader

Manufactured Capital

Enables the development of strong physical infrastructure through investment in modern and state-of-the-art medical technology

Human Capital

Ability to recruit, retain and develop top talent

Social and Relationship Capital

Investments enhancing patient experience and in community outreach programmes strengthens stakeholder trust

Natural Capital

Enables investment in energy efficient equipment and renewable energy to minimise the impact on the environment

FINANCIAL CAPITAL CONTD.

Revenue

In 2024, The Lanka Hospitals Corporation PLC (LHC's) recorded revenue of Rs. 13.7 Bn, up 10% from Rs. 12.4 Bn reported in the previous year. Revenue growth was driven by strong performances across its core business segments. Hospital Operations dominated the revenue mix generating revenue of Rs. 10.5 Bn, driven by higher occupancy rates and a notable increase in surgical volumes. Diagnostic Services also delivered solid results, posting Rs. 3.2 Bn in revenue on the back of sustained demand and expanded service offerings. Meanwhile, the Pharmacy operation recorded robust revenue growth of 11%, supported by prudent pricing strategies and uninterrupted supply chains. Backed by a 8% year-on-year increase as patient volumes, outpatient services also contributed positively to the top-line performance.

Cost Management

Direct costs (cost of services) rose by 6.8% year-on-year, representing an organic increase under the generally stable operating conditions during the year. Thanks to the combined effect of prudent cost management and solid revenue growth, gross profit expanded robustly to Rs. 5.9 Bn in FY 2024, up from Rs. 5.2 Bn the previous year, reflecting an impressive 14.2% year-on-year improvement.

Meanwhile, administrative expenses grew by 9% compared to the previous year, largely due to an organic increase driven by higher personnel costs, which rose from Rs. 2.8 Bn in 2023 to Rs. 3.1 Bn in the current year. Other expenses remained broadly in line with the prior year, reflecting cost containment strategies deployed throughout the year.

Profitability

Driven by robust gross profit performance and effective cost management, LHC experienced a significant increase in operational profits, rising from Rs. 1.2 Bn in 2023 to Rs. 1.7 Bn in FY 2024.

On the other hand, finance income saw a decline of 67% year on year, dropping from Rs. 740 Mn in 2023 to Rs. 244 Mn in the current year, primarily due to losses incurred from the translation of foreign currency-denominated deposits.

Despite the decrease in finance income, the strength of the operational results effectively mitigated the impact, allowing LHC to maintain a Profit Before Tax (PBT) of Rs. 1.9 Bn, consistent with the previous year.

Financial Position

The Group's total assets experienced a notable growth of 13.4%, primarily driven by strategic investments in advanced medical technology and systems aimed at enhancing patient care, resulting in substantial additions to plant and equipment. Additionally, fixed deposits, categorised under other financial assets, saw an increase from Rs. 6.9 Bn in 2023 to Rs. 7.9 Bn in the current year, further strengthening LHC's asset base and financial stability.

Inventory levels also grew by 6.9%, rising from Rs. 861 Mn in 2023 to Rs. 921 Mn in the current year, aligning with the business expansion and supporting continued growth.

Reflecting the positive impact of higher profitability, total equity surged by 12.5%, rising from Rs. 12.6 Bn in the previous year to Rs. 14.1 Bn at the close of the current year, underscoring the Company's solid financial foundation and robust growth trajectory.

Cashflow

LHC's cash flow and liquidity position saw marked improvement during the year, underpinned by robust operational performance throughout 2024.

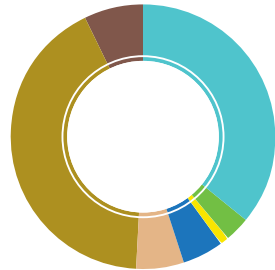
Operating cash flows surged, recording a solid 35% year-on-year increase, reflecting the Group's ability to convert strong top-line growth into healthy cash generation. Net cash outflows from investing activities totalled Rs. 1.9 Bn, underpinned by Rs. 1.4 Bn in strategic investments aimed at enhancing operational infrastructure to support long-term growth. Meanwhile, the Group secured Rs. 808 Mn in interest income, reflecting positive financial inflows from prudent investments and cash holdings. As at 31st December 2024, cash and cash equivalents stood at a resilient Rs. 695 Mn, underscoring the Group's strengthened liquidity position and readiness to seize future growth opportunities.



Short to Medium Term
 LHC will aim to optimise its current asset base to full business expansion to focus on strengthening existing streams, with a particular focus on driving the diagnostics segment.

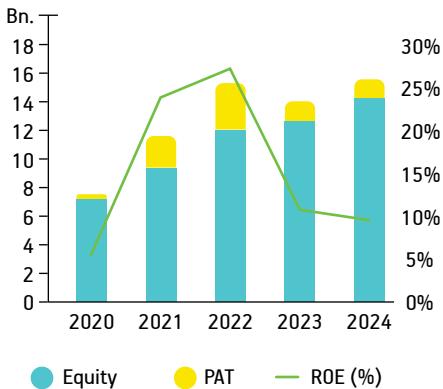
Long Term
 The Company will maintain prudent financial management strategies to derive sustained, long-term growth, while safeguarding its low gearing profile as a key priority with a view to strengthening financial stability and resilience.

Assets Composition

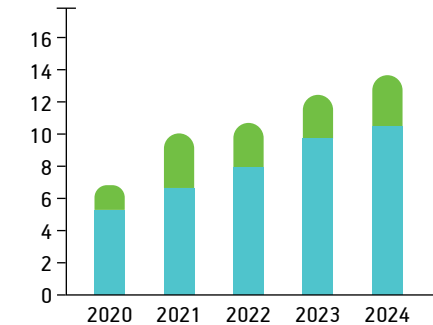


Property Plant and Equipment	-	36
Right of Use Assets	-	3
Intangible Assets	-	1
Inventories	-	5
Cash and Cash Equivalents	-	6
Financial Assets	-	42
Other Assets	-	7

Return on Equity

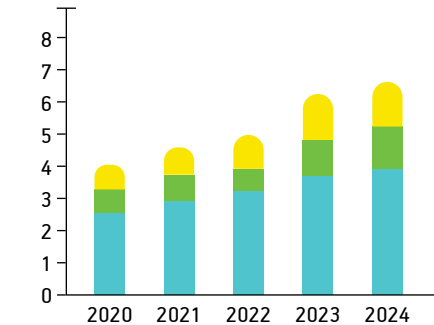


Revenue (Rs. Bn)



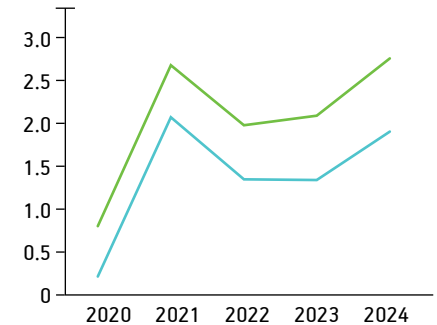
- Hospital Revenue
- Laboratory Revenue

Cost and Expenses (Rs. Bn)



- Staff Cost Expenses
- Other Administrative Expenses
- Other Operating Expenses

Profitability



- EBIT
- EBITDA

HUMAN CAPITAL



At Lanka Hospitals, we are dedicated to cultivating a safe, inclusive, and dynamic workplace that fosters continuous professional growth, innovation, and excellence. Our commitment to leadership development and strategic workforce planning ensures that our employees are equipped to meet evolving industry demands and drive the Company's growth. To that end we prioritise skill development along with diversity and inclusion, while investing in employee safety and well-being. Furthermore through regular feedback, recognition, and active participation in decision-making, we aim to enhance job satisfaction and retention.

Material Matters Addressed

- Occupational Health and Safety
- Diversity, Equity, and Inclusion
- Human Capital Development
- Human Rights and Labour Management





Key Highlights for 2024

598

New Recruits

1.1:1.9

Gender Ratio
(Male to Female)

UN SDG Linkages



Stakeholder Outcomes

- ▶ Higher quality of care and patient safety due to well-trained healthcare professionals
- ▶ Access to innovative treatments and advanced medical expertise



Interlinkages with Other Capitals

Financial Capital

Increase in earnings driven by both employee efficiency

Manufactured Capital

Skilled and trained workforce ensuring optimal of the medical equipment

Intellectual Capital

Retaining talent supports breakthroughs in healthcare advancement

CAPITAL MANAGEMENT REVIEW CONTD.

Human Capital Contd.

GRI 2-7, 2-8, 405-1

Team Profile - FY 2024				
Employees by Type	Status	Male	Female	Total
	Permanent	800	1,327	2,127
	Contract	15	4	19

Age Group	Executive		Non-Executive	
	Male	Female	Male	Female
18 - 30 Years	20	39	241	661
31 - 55 years	144	142	362	467
56 and above	21	11	27	11
Total	185	192	630	1139

Category by full time and part time	Full-Time Employees	Part-time LOCUM doctors	3rd Party Manpower providers *
No. of	2146	283	7

*3rd Party Manpower provides manpower for Security, house keeping, wheel chair operation and garden maintenance.

GRI 405-2

Compliance and Best Practices

LHC's human capital management processes are designed in full compliance with the Shop and Office Employees Act No. 19 of 1954 and the Wages Boards Ordinance No. 27 of 1941. As a responsible employer, we go beyond compliance by aligning with global best practices in human rights and labor, as outlined in the UN Global Compact.

Principle 4: Forced or Compulsory Labour, we uphold the fundamental right of employees to work voluntarily, ensuring that employment at LHC is based on free will. No individual is compelled to remain in service against their wishes.

Principle 5: Child Labour, LHC strictly prohibits child labor in all its operations. Only individuals of full legal working age are eligible for employment within the organisation, maintaining a safe and ethical work environment.

Principle 6: Non-Discriminatory Employment, LHC fosters an inclusive and equitable workplace by promoting equal opportunities throughout the employment life cycle. This includes fair and unbiased recruitment, selection, evaluation, promotion, training, and development for all employees. We are committed to gender pay parity, ensuring a 1:1 pay ratio for men and women in comparable roles, and providing all employees with equal opportunities for growth and professional advancement, irrespective of age, gender, or any other demographic factor.

GRI 406-1, 408-1, 409-1

Our Track Record	
Risk for incidents of forced or compulsory labour at any LHC operations	None
Risk for incidents of child labor at any of the LHC operations	None
Incidents of discrimination in the reporting period	None

HR Governance

All HR activities are managed centrally by LHC's HR department, which is headed by the Group Chief Human Resource Officer, who is responsible for overseeing the hospital's human resource strategy and ensuring compliance with labour laws as well as for the development and implementation of internal policies for all HR practices. A comprehensive framework of HR policies covering all aspects of the employment lifecycle from recruitment, benefits, performance management, training and development and grievance handling, serve as the foundation for the management of human capital activities at LHC.

GRI 401-1

Strategic Recruitment

Recruitment at LHC is a well-structured and strategic process that begins with the cadre planning exercise. As the first step, the staffing requirements of each department are consolidated into the annual manpower plan, which is developed alongside the hospital's annual budgeting process. The primary objective of this plan is to ensure that all departments are adequately staffed to support operational efficiency and the hospital's long-term growth objectives.

The annual manpower plan is approved by the Board of Directors and serves as the foundation for all recruitment activities within a given financial year. For executive-level positions, all vacancies are first advertised internally, allowing existing

employees the opportunity to advance in their careers. For non-executive roles, job postings are published on job platforms and the newspapers, depending on the position requirements, while certain minor roles are filled through the hospital's HR network.

LHC strictly adheres to all laws and regulations governing recruitment, including compliance with minimum age requirements. Comprehensive background checks are conducted to verify candidates' eligibility, ensuring alignment with legal and ethical standards. The hospital follows a fair and merit-based selection process, assessing candidates based on their competencies and cultural fit. Selection involves a rigorous interview process, after which successful candidates are selected and on-boarded.

All new recruits are placed on a mandatory probationary period before their employment is confirmed. For those appointed as Assistant Managers and above, the probation period is six months, while for Senior Executives and below, the probationary period is set at nine months. During this period, employees are assessed on their performance, adaptability, and alignment with the hospital's values and operational requirements. Upon successful completion of the probationary period, their employment is confirmed, granting them full access to the benefits and entitlements of permanent employees. Meanwhile, employees whose probation has been extended due to performance evaluations or other considerations remain under probationary status until they meet the necessary requirements for confirmation.

For those reaching the retirement age of 60, their employment with the hospital officially concludes. However, depending on the hospital's operational requirements and business needs, retired employees may be offered contractual employment opportunities. This approach ensures that LHC retains experienced professionals where necessary while maintaining workforce efficiency and adaptability.



CAPITAL MANAGEMENT REVIEW CONTD.

Human Capital Contd.

Employee Movement in FY 2024				
New Hires by Gender		Male	Female	Total
		225	373	598
New Hires by Age and Gender	Age Group	Employees		
		Male	Female	
	18 - 30 Years		114	276
	31 - 55 years		91	89
	56 and above		20	8
Employee Turnover by Gender		Male	Female	Total
		236	375	611
Employee Turnover by Age and Gender	Age Group	Employees		
		Male	Female	
	18 - 30 Years		105	235
	31 - 55 years		98	122
	56 and above		33	18

GRI 401-2

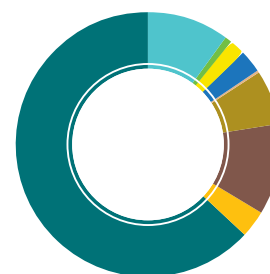
Competitive Remuneration and Benefits

Our remuneration and benefits structure is designed to attract, motivate, and retain talented employees who contribute to achieving the hospital's strategic and operational goals. We offer competitive compensation packages that align with industry standards while fully complying with the country's statutory labour laws. Accordingly, in addition to a competitive base salary, all LHC employees are entitled to a range of benefits that enhance their overall job satisfaction and well-being. Such as Accident & Death claims, Medical Insurance, Critical illness cover and subsidies meals.

GRI 401-3

Parental Leave	FY 2024	FY 2023
In compliance with the Shop and Office Employees Act of 1954, female employees are entitled to 84 days paid maternity leave, post-delivery as well as two hours nursing time for a period of one year after returning to work.		
Total number of employees that were entitled to parental leave	49	50
Total number of employees that took parental leave	49	50
Total number of employees that returned to work in the reporting period after parental leave ended	40	27

Employee Regional Breakdown



		Permanent	Contract
Central		215	1
Eastern		19	-
North Central		41	-
North Western		63	-
Northern		2	-
Sabaragamuwa		146	-
Southern		239	-
Uva		67	-
Western		1,335	18

GRI 404-3

Effective Performance Management

Performance management is a key component of our strategy to keep employees engaged and motivated. Through our comprehensive Performance Management program, we adopt a holistic approach that fosters alignment between individual goals and the hospital's broader strategic growth objectives, both in the short and long term.

In the year under review, LHC's performance management process was subject to a significant transformation following the introduction of HRIS (Human Resource Information Systems). The fully automated HRIS has greatly enhanced the efficiency, enabling better transparency, inclusivity, and data-driven decision-making to better understand and manage LHC's workforce .

This highly streamlined performance management process begins with goal setting, where employees and their managers collaborate to define SMART goals that are directly aligned with the hospital's organisational objectives. This collaborative approach ensures that both individual and organisational targets are clearly defined, creating a shared sense of purpose. Following goal setting, employee performance is tracked through the system on an ongoing basis, followed by the formal evaluation process which includes both mid-year and year-end assessments.

The mid-year evaluations focus on reviewing progress, identifying areas where improvement or additional support may be needed. The annual evaluations at year-end provide a comprehensive assessment of performance, evaluating

both goal achievement as well as technical and behavioural competency. As part of the annual evaluation process, employees are allowed to rate their own performance through a self-rating mechanism, a process that aims to encourage greater accountability and self-awareness. Supervisors then have the opportunity to review and compare self-ratings with their own assessments, facilitating an open and constructive dialogue between them and their teams.

The performance management system also facilitates feedback and development discussions, allowing employees to discuss their growth, career aspirations, and development plans with their supervisors. These discussions are a key part of the process, ensuring that employees are supported in their professional journey while contributing to the continued success of Lanka Hospitals.

Employees Receiving the Annual Performance Evaluation - FY 2024	
Permanent Employees	
M	F
38%	62%

GRI 404 - 1, 404 - 2

Ongoing Training and Development

We recognise that investing in training and development of employees is essential not only for individual career development but also for maintaining high standards of patient care and operational excellence. Through effective training and development initiatives, LHC aims to ensure that its employees are equipped with the knowledge and expertise required to excel in their roles and adapt to the evolving healthcare landscape.

We adopt a blended learning approach to training, combining both traditional face-to-face methods with modern digital learning tools to create a comprehensive and flexible learning experience. This approach is designed to cater to the diverse needs of employees, offering a mix of in-person workshops, online courses, and on-the-job training. By leveraging both digital platforms and classroom interactions, we give our employees access to a wide range of materials and resources to enable them to learn at their own pace and convenience, while also benefiting from the personal interaction and mentorship provided in face-to-face sessions.

Training hours per employee (Average)	Male	Female
Executive	8.6	14.3
Non-Executive	12.3	11.8

Career Progression Opportunities

Career progression is a fundamental aspect of our employee development strategy. We understand that fostering the growth of our employees is essential to both their individual success and the continued success of the organisation. As such, we are deeply committed to providing clear career development opportunities for growth at every level of the organisation.

High performers identified through the annual performance evaluation process have access to clear promotion pathways and internal mobility options allow them to progress within the organisation.

CAPITAL MANAGEMENT REVIEW CONTD.

Human Capital Contd.

Additionally, LHC supports career progression by offering a range of professional development initiatives that are designed to enhance both technical and leadership capabilities. A Key initiative conducted in 2024 was the Residential Training Programme for the Executive Committee (EXCO), Senior Managers, and managerial staff. Part of our broader leadership development strategy aimed at strengthening the leadership skills of our senior management team, the programme provided an immersive experience for participants, combining theoretical learning with practical leadership exercises to enhance their strategic thinking, decision-making capabilities, and ability to lead cross-functional teams.

GRI 2-25, 2-26, 2-30, 402 -1

Building Strong Employee Relations

At LHC, we place great importance on ensuring that our employees have ample opportunities to engage with their superiors. Our managers are required to regularly connect with their teams, while our open-door policy ensures all employees have direct access to top management at any time.

As a policy, operational changes are communicated formally to employees via email, at least three weeks prior to implementation, allowing employees to stay informed and adjust to any new developments in a timely manner.

Moreover, we have established a grievance process for employees to formally address any concerns that were not satisfactorily resolved through informal discussions. This process provides employees with a structured way to raise issues and seek resolution. The fact that no grievances

have been reported in the current year reflects the effectiveness of our communication practices and the strong relationships we have cultivated within the organisation.

Further in testament to the strong and lasting relationships with our employees, based on trust, transparency, and mutual respect, there has been no need for a collective agreement.

GRI 403-1, 403-2, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9

Prioritising Occupational Health and Safety

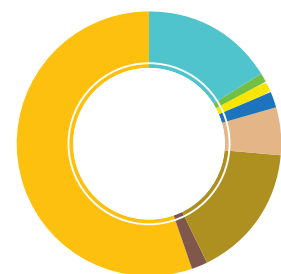
As a hospital, we place the highest priority on adhering to all safety regulations relevant to our diverse operations. In addition to compliance with local and industry-specific safety standards, our safety systems are designed to align with global best practices, particularly the ISO 45001 Occupational Health and Safety (OHS) Standard. This internationally recognised standard sets comprehensive and stringent guidelines to ensure the health, safety, and well-being of all our employees, patients, contractors, and visitors across all our facilities and operations.

Our safety management system is maintained under the stewardship of the Patient Safety Committee, a dedicated body responsible for overseeing the implementation of safety protocols across the organisation. This Committee is also tasked with monitoring and identifying safety risks, ensuring that any potential hazards are swiftly addressed. To ensure continuous improvement, the Committee collaborates closely with department-level quality circles, to identify and mitigate

safety risks within their specific areas as part of a comprehensive approach to improving safety systems at every operational level, resulting in enhanced safety performance and reduced risk exposure.

The Patient Safety Committee's responsibilities also extend to incident investigations. In the event of any safety-related incidents or near misses, the Committee conducts thorough investigations to determine the root causes of the issue. Each investigation is followed by a detailed incident report, which includes corrective actions to prevent recurrence and improve overall safety protocols. These reports are compiled and presented to the GCEO on a monthly basis, ensuring that the highest levels of leadership are kept informed of safety performance, challenges, and improvements.

Region wise new hires during the 2024



Central Province	- 97
Eastern Province	- 7
North Central Province	- 8
North Western Province	- 12
Sabaragamuwa Province	- 35
Southern Province	- 97
Uva Province	- 12
Western Province	- 330

Identified Safety Hazards at LHC	
Hazard	Preventive measures
Equipment Related Mechanical Injuries	<ol style="list-style-type: none"> 1. Equipment operation procedures and work instructions are available. 2. Operators are being trained. 3. Equipment preventive maintenance schedule is available.
Environmental Physical Injuries , Physical Disability, Death	<ol style="list-style-type: none"> 1. Path ways are cleared and proper lighting is available. Signages for entries and exits are displayed. 2. Electrical power points are periodically checked and well maintained. 3. Tolerance limit of noise and vibrations are monitored. 4. Appropriate temperature and humidity is controlled and monitored.
Fire Hazards, Fire occurred in any activity	<ol style="list-style-type: none"> 1. Fire evacuation plan is implemented and displayed (All fire exits and pathways are visible with or without light). 2. Firefighting equipment's and ancillaries are available, and maintained. 3. All staff members are trained with firefighting. 4. Fire wardens are appointed and a fire safety officer is available 24h in the hospital
Bio Safety hazards due to infectious disease	<ol style="list-style-type: none"> 1. Safety instructions are documented and communicated to the employees with the safety manual. 2. Appropriate personnel protective equipment's are made available. 3. Use of personnel protective equipment's are trained. 4. Defining biosafety levels/displaying appropriate signages in laboratory area and Provision of bio safety hoods/cabinets appropriate to the risk level 5. Confinement and access control to high risk lab areas 6. Vaccination of staff as needed 7. Implementation of Blood/body fluid exposer control plan
Blood borne Pathogen Exposure Chronic and life-threatening disease	<ol style="list-style-type: none"> 1. Phlebotomist, Technical staff, Sample handlers are vaccinated with Hep B vaccine. 2. Needle prick injuries are monitored
Infectious Waste Injuries due to diseases, Chronic and life-threatening diseases	<ol style="list-style-type: none"> 1. Waste categorization is implemented and waste disposing methods are made available. 2. Biohazard waste is handling is trained for all technical employees and housekeeping staff
Chemical Storing, Usage, Disposal	<ol style="list-style-type: none"> 1. Chemical Hygiene plan is implemented. 2. Appropriate personnel protective equipment's are made available. 3. During a chemical spill emergency eye wash, body wash is available and use of these equipment are trained. 4. Chemical safety officer is appointed and trained handling of chemicals, MSDS are available

CAPITAL MANAGEMENT REVIEW CONTD.

Human Capital Contd.

Safety Training for FY 2024	
Permanent Employees	
No. of programmes	Training Hours
21	903.5

Injury Track Record			
	FY 2024	FY 2023	FY 2022
Fatalities	0	0	0
Serious injuries	0	0	0
Minor Injuries	0	2	2



Short to Medium Term

LHC is currently benchmarking its operations against the ISO 45001 standard and is working towards achieving certification by 2025. In addition, we are in the process of developing a comprehensive onboarding programme, incorporating digital integration to streamline the process, improve efficiency, and reduce paper usage.



Long Term

In the long term we will focus on development and implementation of a structured methodology for identifying potential successors within the organisation. This will be complemented by the creation of tailored Individual Development Plans (IDPs) to ensure the continuous growth and readiness of future leaders within the Company.



INTELLECTUAL CAPITAL



Led by a clear purpose to enable all Sri Lankans to access the best in-class healthcare at the time, Lanka Hospitals (LHC) is committed to expanding specialised services, strengthening its clinical expertise, and building partnerships with global healthcare institutions to further enhancing its ability to serve the diverse needs of the Sri Lankan population while maintaining its reputation as a leading healthcare provider.

Material Matters Addressed

- ▶ Industry Leadership
- ▶ Medical Specialisation
- ▶ Patient Experience





Key Highlights for 2024

Commenced bariatric surgery - an industry-first initiative

Established a comprehensive Clinical Risk Management Framework

UN SDG Linkages



Stakeholder Outcomes

- ▶ Enhanced trust and loyalty towards the hospital.
- ▶ A culture of excellence and innovation within the workplace.
- ▶ Consistent growth and a solid return on investment
- ▶ Contribution to the advancement of the healthcare sector at a national level



Interlinkages with Other Capitals

Financial Capital

- ▶ Increase in revenue streams, efficient operations, and cost savings

Human Capital

- ▶ Enhances skills and competencies of workforce, boosts innovation and complex problem solving abilities

Manufactured Capital

- ▶ Optimised capacity utilisation

Social and Relationship Capital

- ▶ Strategic partnerships resulting in improved community health

Natural Capital

- ▶ Mitigate climate risks by adapting to environmental regulations and compliance requirements

CAPITAL MANAGEMENT REVIEW CONTD.

Intellectual Capital Contd.



Brand Positioning

Lanka Hospitals (LHC) has evolved into a trusted name in the industry, known for its high-quality medical services, cutting-edge technology, and patient-centred approach. Originally launched as part of the renowned Apollo Hospitals network, the hospital was rebranded as Lanka Hospitals in 2009, marking the beginning of a new chapter in its journey toward healthcare excellence.

Today, as one of the leading private hospitals in Sri Lanka, LHC holds a strong position in the Country's healthcare landscape, competing with other major private healthcare providers. What sets Lanka Hospitals apart is its commitment to superior medical expertise, continuous technological advancements, and an unwavering focus on patient well-being. Over the years, LHC has expanded its infrastructure, introduced specialised treatments, and strengthened its reputation for clinical expertise in areas such as cardiology, neurology, oncology, nephrology, and minimally invasive surgeries. LHC has also invested heavily in state-of-the-art medical equipment and integrated digital healthcare solutions supported by a network of highly skilled specialists across various disciplines.

LHC's superior diagnostics capabilities are built on advanced technology, precision, and expert medical analysis, ensuring accurate and timely diagnosis. With a network of 9 state-of-the-art laboratory facilities, LHC offers a comprehensive range of diagnostic services, including advanced pathology, radiology, and specialised testing

Clinical Expertise

Through a strong emphasis on building world class clinical expertise, Lanka Hospitals continues to set new benchmarks

in Sri Lanka's healthcare industry, ensuring that every patient receives world-class treatment.

Our Centres of Excellence provide world-class healthcare services, combining advanced medical technology with highly skilled professionals to deliver superior patient outcomes.

Our surgical expertise spans multiple specialties, including neurosurgery, orthopaedics, cardio-thoracic surgery, general surgery, and minimally invasive procedures. The surgical department is equipped with eleven operating theatres, including two modular theatres. We have invested in cutting-edge equipment such as the latest neuro microscope and neuro navigation system, ensuring precision in brain surgeries. In the field of cardiology and cardiac surgery, our expertise is unparalleled, with highly skilled cardio-thoracic surgeons performing complex procedures such as bypass surgeries, valve replacements, and minimally invasive cardiac interventions. Our 3D laparoscopy system enhances the accuracy of keyhole surgeries, particularly for bowel and thoracic procedures, improving recovery times and clinical outcomes.

Our commitment to surgical excellence extends to orthopaedic care, where we have invested in high-precision surgical drills and a 2D C-arm for real-time X-ray imaging during surgeries, ensuring precision and accuracy in complex orthopaedic procedures, including joint replacements and spine surgeries.

In the current financial year, LHC commenced offering bariatric surgery, having established Sri Lanka's first specialised bariatric surgical center, focusing on weight-loss procedures and other age-related surgical needs.

Critical care at Lanka Hospitals is one of the most advanced in the private healthcare sector, with a total of 49 ICU beds spanning Neonatal ICU, Transplant ICU, Surgical ICU, Cardiac ICU, Cardio-thoracic ICU, and Medical ICU. Our ICUs operate on a cubicle system, ensuring personalised care and minimising cross-contamination risks. The critical care team comprises highly experienced senior doctors, supported by in-house anaesthetists available 24/7 to provide immediate and specialised care. A dedicated High Dependency Unit (HDU) is available for patients recovering from



CAPITAL MANAGEMENT REVIEW CONTD.

Intellectual Capital Contd.



major surgeries, offering an intermediate level of care before they are moved to a general ward. Patients from peripheral hospitals are frequently transferred to Lanka Hospitals for critical care, reinforcing our reputation as a trusted provider of advanced medical treatment.

Our organ transplant programme is another area of focus, particularly liver transplants, where there is a high demand due to limited availability in the private sector. Lanka Hospitals is also home to an in-house blood bank, enabling the immediate availability of blood for emergency procedures and surgeries. Our emergency and trauma center operates 24/7, equipped to handle acute medical conditions and life-threatening injuries. This facility plays a vital role in providing immediate and expert care to patients in critical condition.

Clinical Risk Management Framework

Building on our commitment to clinical excellence, Lanka Hospitals established a robust Clinical Risk Management Framework to ensure the highest standards of patient safety and care. As part of this framework, we formally implemented Business Continuity Plans (BCP) to manage potential risks and ensure the uninterrupted delivery of healthcare services. We are currently in the process of identifying and assessing risks through the creation of risk heat maps, which help us prioritise areas for improvement and mitigate potential threats to patient care.

As part of the overall approach to clinical risk management, also we began working to streamline the credentialing process for medical professionals in alignment with the regulations set forth by the Medical

Council. This initiative extends beyond our medical team to cover nursing, pharmacy, and paramedic staff, reinforcing our commitment to providing a well-rounded, highly qualified healthcare team.

Standards and Certifications

LHC is a Joint Commission International (JCI) accredited hospital. JCI is widely recognised as a global leader in healthcare accreditation, and obtaining this prestigious certification demonstrates LHC's unwavering commitment to delivering world-class healthcare services.

Through JCI accreditation, Lanka Hospitals has implemented comprehensive quality management systems that encompass all aspects of patient care, from clinical processes to administrative functions.

Additionally, JCI accreditation fosters continuous improvement within the hospital, as the process involves regular assessments and audits. This ensures that we consistently meet or exceed the standards set by JCI, allowing us to identify areas for enhancement and implement corrective actions where necessary. Incorporating JCI standards into our operations also strengthens the trust and collaboration between Lanka Hospitals and our medical professionals.

To demonstrate its commitment to strengthen every aspect of its operation in line with global standards, LHC has also obtained the following certifications

- ▶ ISO 14001: 2015 – Environment Management System – 2024 to 2027
- ▶ ISO 22000 : 2018 – Food Safety Management System – 2021 – 2024
- ▶ Crowns for food hygiene – 2024 – 2025

GRI 2-28

Memberships and Affiliations

Lanka Hospitals derives significant benefits from its memberships and affiliations with renowned national and international medical organisations. These memberships provide access to a wealth of knowledge, best practices, and cutting-edge medical research, which help enhance the hospital’s clinical capabilities and patient care standards. Being affiliated with prestigious medical bodies allows Lanka Hospitals to stay updated on the latest advancements in healthcare, ensuring that its services remain at the forefront of the industry.

Additionally, these affiliations facilitate networking opportunities with experts and thought leaders in healthcare, promoting knowledge sharing and collaboration.

Memberships and Affiliations

List of Memberships and Affiliations	Remarks
The Employers’ Federation of Ceylon	HR Related Annual membership review
Joint Commission International Accreditation	Accreditation continued
ISO 14001:2015 Environmental Management Systems	Re-certification obtained for the next 3 years
ISO 22000:2018 Food Safety Management Systems	Certification continued with annual surveillance
Collage of American Pathologists Accreditation	For LHD Accreditation continued
ISO 15189:2022 Medical laboratories - Requirements for Quality and Competence	Awarded by the Sri Lanka Accreditation Board Accreditation Continued

Future Plans



Short to Medium Term

Focus on becoming a leading center for organ transplants in Sri Lanka. Plans are currently underway to expand its capabilities in this critical area of healthcare, positioning the hospital as a premier destination for transplant services.

Long Term

Aim to position as the premier provider of medical tourism in the region. This vision includes expanding specialised services, enhancing patient experience, and building global recognition to make Lanka Hospitals as a hub for patients seeking world-class medical treatments from abroad.

MANUFACTURED CAPITAL



LHC adopts a strategic and future-focused approach to developing its manufactured capital by prioritising investments in cutting-edge medical technology together with infrastructure and capacity expansion alongside continuous and ongoing efforts to strengthen the IT backend, collectively aimed at elevating Sri Lanka's private sector healthcare on par with global standards.

Material Matters Addressed

- Infrastructure Development
- Technology Integration
- Industry Leadership
- Patient Experience
- Operational Excellence





Key Highlights for 2024

Rs. 1.4 Bn

Invested in infrastructure upgrades

Rs. 964 Mn

Invested in new medical technology

Rs. 157.5 Mn

Invested in strengthening IT infrastructure

UN SDG Linkages



Stakeholder Outcomes

- ▶ Better clinical outcomes for patients
- ▶ Healthier population supported by improved healthcare accessibility



Interlinkages with Other Capitals

Financial Capital

- ▶ Higher revenue and profitability

Intellectual Capital

- ▶ Enhanced reputation and market positioning to attract medical specialist

Human Capital

- ▶ More opportunity for skill development and learning

Social and Relationship Capital

- ▶ Build stakeholder trust

Natural Capital

- ▶ Increased resource efficiency

CAPITAL MANAGEMENT REVIEW CONTD.

Manufactured Capital Contd.

Hospital Complex

The Lanka Hospitals flagship hospital complex located in Colombo serves as one of the Country's leading healthcare facilities. The iconic 260 room facility features state-of-the-art medical infrastructure and facilities, including specialised wards, diagnostic units, 11 operating theatres, and 49 intensive care units. LHC is also the only private sector hospital in Sri Lanka with an on-site blood bank.

Strategic investments over the years to maintain and further strengthen hospitals' capabilities has led to significant expansion in the hospitals' physical infrastructure. In the year under review.

Medical Technology

As a Joint Commission International (JCI)-accredited institution, LHC is required to adhere to rigorous global standards, necessitating regular upgrades to medical equipment and operational infrastructure. To that end, LHC has consistently proven its leadership in the adoption of the latest global medical advancements, often raising the bar for Sri Lanka's entire healthcare sector. By investing in globally recognised medical innovations, LHC has successfully built a solid in-house medical infrastructure base that serves as a benchmark for other healthcare providers in the Country.

In the year under review, LHC invested close to Rs. 964 Mn on medical technology.

LHC invested close to Rs. 914 Mn on medical technology in FY 2024

1 Endoscopy System: The 4K Endoscopy System, a first in Sri Lanka across both the private and state sectors, offers superior image quality, enabling the identification of blood leakage, which was not possible with the previous system. The advanced imaging benefits greatly enhance diagnostic accuracy and patient outcomes.

2 Laparoscopy System: The 4K Laparoscopy Machine - the first in Sri Lanka's private sector healthcare system greatly enhances visualisation and precision in minimally invasive surgeries, particularly for bowel surgeries, thoracic procedures, and other complex surgeries.

3 Neuro Surgical Microscope: The Kenova 900 Microscope is a cutting-edge tool designed for neurosurgery. Paired with a Neuro Navigation System, it enables precise identification of brain tumours ensuring greater surgical accuracy, thereby reducing the risk of damage to surrounding tissue and providing better clinical outcomes.

4 ICU and Ventilators: Upgraded ICU facilities new with European-standard ventilators and monitors to support critically ill patients.

5 Gama Camera Machine: The new Gama Camera Machine which facilitates additional tests, further enhancing diagnostic capabilities.

6 Neuro Navigation System: The Siemens Neuro Microscope, offering enhanced clarity and precision, with 3D capabilities that significantly improve patient care quality and safety during neurosurgeries.

7 Heart-Lung Machines: State-of-the art equipment, including heart-lung machines and specialised tables, designed for the hospital's modular theatres, which enable more efficient and safe procedures.

8 Orthopaedic Equipment: Purchase of sophisticated drills and a 2D C-arm to perform real-time X-rays in the operating theatre to enhance the precision of surgeries for orthopaedic surgeries.

Lanka Hospitals enhances neurosurgical capabilities with DIMO Healthcare's ZEISS KINEVO 900 installation

Lanka Hospitals announce the installation of the state-of-the-art ZEISS KINEVO 900 at Lanka Hospitals, in collaboration with DIMO Healthcare, the healthcare arm of DIMO and the authorized partner for ZEISS in Sri Lanka. This groundbreaking technology reaffirms Lanka Hospitals commitment to delivering world-class healthcare innovations. This sophisticated visualization system elevates the hospital's neurosurgical capabilities, ushering in a new era of precision and efficiency.

The ZEISS KINEVO 900 empowers surgical teams with exceptional real-time visualization. Surgeons, co-surgeons, assistants, and residents can all benefit from high-resolution images displayed on dedicated screens, fostering seamless collaboration within the operating room. Additionally, 3D glasses provide unparalleled depth perception, allowing for a more effective understanding of neuroanatomy.

A key feature of the ZEISS KINEVO 900 is the specialised robotic control system called PointLock. This innovative technology enables surgeons to maintain focus on a specific area within the surgical field, even while manoeuvring the microscope through a wide spherical arch. This ensures unwavering clarity throughout the procedure, minimizing the risk of errors during intricate manoeuvres.

The ZEISS KINEVO 900 goes beyond traditional surgical microscopes by offering a high-resolution 4K camera integrated with digital hybrid visualization. This innovative technology facilitates heads-up surgery, freeing surgeons from the constraints of a traditional eyepiece and enabling a more natural posture and greater freedom of movement during the procedure. This wealth of continuously available visual information is crucial for informed decision-making during surgery. As a result, surgeries can be performed successfully, leading to faster recovery times, and a quicker return to a normal life for patients.

State-of-the-Art 'Siemens Healthineers Symbia Evo Excel Gamma' Camera Installed at Lanka Hospitals

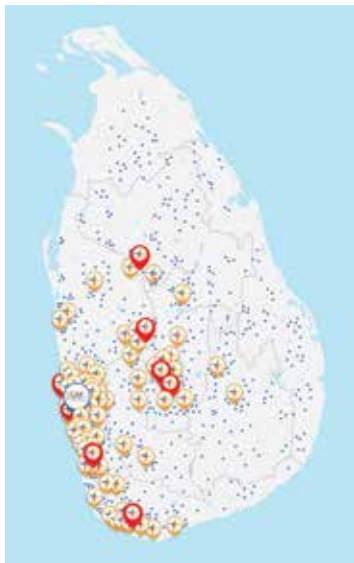
Lanka Hospitals is proud to announce the installation of the cutting-edge Siemens Healthineers Symbia Evo Excel Gamma Camera, made possible through collaboration with DIMO Healthcare, the exclusive partner for Siemens Healthineers in Sri Lanka. This advanced technology marks a significant step forward in Lanka Hospitals' commitment to early and accurate diagnosis, elevating the standard of care we provide as one of the nation's leading private hospitals.

The Siemens Healthineers Symbia Evo Excel Gamma camera installed at Lanka Hospitals is an advanced system that plays a crucial role in nuclear medicine with staging tumour localisation, therapy follow-up and treatment of various tumours. The comprehensive new Siemens Healthineers Symbia Evo Excel Gamma camera assists medical practitioners diagnosing tumours like thyroid carcinoma, metastatic bone carcinoma, breast carcinoma, lymphoma (lymphoscintigraphy), melanoma, brain tumour and more, transforming the oncology field. The Gamma camera also plays a very important role in diagnosing various non-oncology indications like renal, pulmonary, endocrine and CNS.

Equipped with advanced Symbia Evo Excel technology, the Gamma camera enables faster and superior image quality. This significantly aids clinicians in early disease detection and informed treatment decisions even with facilitating the identification of small lesions. Faster scanning times and best-in-class image quality, facilitate initial staging and timely treatment planning for patients. Additionally, the Gamma camera features a wider bore to minimise claustrophobia during scans and allows for easy positioning of obese or bedridden patients. An exclusive 76-degree cardiac angle is also available for cardiac studies.

CAPITAL MANAGEMENT REVIEW CONTD.

Manufactured Capital Contd.



LHC's Lab footprint was further expanded with 23 new collection centres opened in 2024

GRI 2-6

Laboratory Network

LHC's Lab Network, consisting of 9 testing centres and 83 Company Own Collection Centres (COCOs) and over 1,000 third party collection centres across Sri Lanka is among the most expensive and technologically advanced diagnostic networks in the Country.

Operating in compliance with the ISO 15189 accreditation, LHC's lab network is equipped with state-of-the-art testing facilities, real-time sample tracking, and a dedicated logistics framework.

In 2024, the ISO 15189 accreditation was renewed and upgrading to the latest version - ISO 15189:2022 issued by the Sri Lanka Accreditation Board. To further enhance the credentials of the lab network, work commenced on obtaining the College of American Pathologists (CAP) accreditation, a globally recognised standard for laboratory excellence. With a major portion of the groundwork completed in 2024, the final approval is expected in early 2025.

IT Infrastructure

A robust IT backend serves as a key pillar in LHC operational model. Day to day operations at the hospital depend on advanced IT infrastructure to ensure seamless integration across clinical, administrative, and operational functions and facilitate smooth coordination between departments for improved efficiency, accuracy, and patient safety. As LHC continues to expand its service offerings, a continuously evolving IT ecosystem is critical in maintaining operational excellence, driving medical advancements, and enhancing the overall patient experience. In the current financial year, LHC made major strides in strengthening backend IT infrastructure with the roll out of the SAP ERP and the implementation of the Cloud-based HRIS. A total of Rs. 157.5 Mn was invested in FY2024 towards these IT infrastructure upgrades.

In 2024, LHC successfully implemented the SAP Business One 10.0 version for the SAP ERP system, replacing Tally ERP 9, which had been in use since the hospital's inception. We officially went live on Year 2024.

SAP, an advanced in-memory database, leverages random access memory (RAM) to deliver real-time data processing, enabling efficient organisation and analysis of large datasets. This new ERP system significantly enhances financial management by enabling more efficient budgeting, accounting, and forecasting. For the procurement department, it ensures effective management of goods flow, real-time supply chain visibility, and predictive analytics for demand planning.

Additionally, SAP's "Intelligent Robotic Process Automation" streamlines invoice processing, reducing manual effort while increasing speed and accuracy. The system also enhances integration across both SAP and non-SAP platforms, improving overall operational efficiency and decision-making

Future Plans



Short to Medium Term

In the near term, LHC has allocated funds for the acquisition of advanced medical equipment for cardiac care, including a second catheterisation lab (cath lab) machine, which will be installed once the thoracic cardiac theatre becomes operational. Additionally, the proposed implementation of a PET system is set to streamline medical diagnostics to enable greater accuracy in patient treatments.

Long Term

LHC's long-term vision includes the expansion of advanced medical technology and infrastructure to further strengthen its specialised healthcare services. Continued investments in cutting-edge diagnostic and treatment facilities, particularly in cardiology and oncology, will enable LHC to align with global best practices and reinforce its position as a leading healthcare provider.

SOCIAL AND RELATIONSHIP CAPITAL



As a hospital, LHC is dedicated to safeguarding the wellbeing of people. At the core of our mission is an unwavering commitment to our patients' health and well-being, driving us to deliver high-quality healthcare services with compassion, integrity, and professionalism. As part of our overall commitment to patient care, we collaborate with suppliers who share our values, prioritising ethically sourced materials, minimising environmental impact across the supply chain, and fostering strong, long-term partnerships. Our efforts also extend to supporting local communities through various initiatives that address pressing social needs, reinforcing our commitment to a healthier, more sustainable future for all Sri Lankans

Material Matters Addressed

- ▶ Infrastructure Development
- ▶ Technology Integration
- ▶ Medical Specialisation
- ▶ Patient Experience
- ▶ Operational Excellence





Key Highlights for 2024

Strengthened infection control measures with investments in culture testing and HEPA filtration.

Maintained infection rates below international benchmarks.

Introduced the Surgical Hub with a dedicated focus point to enable patients to clarify both clinical and non-clinical matters

Updated the Procurement Manual to further streamline the procurement process

UN SDG Linkages



Stakeholder Outcomes

- ▶ Access to the customised healthcare solutions for diverse patient needs
- ▶ Improved clinical outcomes for patients
- ▶ Increased trust and patient satisfaction due to clear communication and streamlined healthcare processes
- ▶ Business opportunities for new suppliers
- ▶ Improved wellbeing for the wider community



Interlinkages with Other Capitals

Financial Capital

Long term sustained financial growth, increased investor confidence, joint ventures and shared resources

Manufactured Capital

Access to the latest medical technology through strategic partnership with reliable suppliers

Intellectual Capital

Access to knowledge and best practices through strategic partnership with reliable suppliers

CAPITAL MANAGEMENT REVIEW CONTD.

Social and Relationship Capital Contd.

Patients

Effective segmentation is the foundation of LHC's approach to delivering best-in-class care to improve patient experiences and overall well-being. Our patient segmentation approach is designed to provide personalised treatment plans tailored to the unique needs of each patient in order to optimise patient outcomes. Segmentation also plays a crucial role in preventive care, enabling early identification of at-risk individuals and customised health management strategies.

1. Demographics

- ▶ Age Group: People at different life stages have different healthcare needs. Children, young adults, middle-aged individuals, and seniors all require distinct approaches to care.
- ▶ Gender: gender-specific services, such as women's health or men's health programmes

2. Healthcare Needs

- ▶ Routine Care: Some people come in for regular check-ups, vaccinations, and screenings. These patients often prioritise preventive care.
- ▶ Chronic Conditions: Many patients require ongoing care for conditions like diabetes, hypertension, or asthma, which require regular monitoring and long-term management.
- ▶ Emergency Care: Patients who need immediate attention for unexpected illnesses or accidents.
- ▶ Specialised Care: Some individuals require consultations or treatments from specialists, such as cardiologists or oncologists, for complex health issues.
- ▶ Wellness-focused Clients: Many patients actively seek health services to maintain or improve their well-being, including nutrition advice, or preventive screenings.

3. Payment or Insurance Status

- ▶ Self-paying Patients: Some people pay for their healthcare services out of pocket.
- ▶ Insurance-covered Patients: Many patients are covered by private insurance, and the provider will need to work with these insurance companies for billing.
- ▶ Government-insured Patients: In certain cases, patients might be covered by government insurance plans.
- ▶ Corporate or Employer-sponsored Insurance: These patients receive healthcare benefits through their employer or Company health plans.

4. Frequency of Visits

- ▶ Occasional Patients: Some people visit only when they need urgent care or a specific service. They may not visit regularly.
- ▶ Regular Patients: These individuals might come in often for follow-up care or routine visits.
- ▶ High-utilisation Patients: Some patients require frequent visits, either for chronic conditions or complex medical needs, making them high-priority clients for the provider.

5. Patient Journey

- ▶ New Patients: These individuals are just starting their healthcare journey with the provider and may need more attention as they establish care.
- ▶ Returning Patients: People who have visited before and are coming back for follow-up appointments or ongoing care.
- ▶ Inactive Patients: Some patients might not have visited in a while, and the provider may need to re-engage them with reminders or offers.
- ▶ High-risk Patients: These individuals may have serious health concerns, so they require more attention and follow-up care to manage their conditions effectively.

6. Type of Care

- ▶ Outpatient Care: These are patients who typically need services like consultations, diagnostic tests, or minor treatments that don't require overnight stays.
- ▶ Inpatient Care: Some patients need more intensive treatment and monitoring, including extended stays in the hospital for surgery or recovery.
- ▶ Surgical Care: This category includes patients who need surgery, whether for planned procedures or emergencies.
- ▶ Therapeutic Care: Patients may need specialised care like physical therapy, speech therapy, or mental health counselling.

7. Behavioural Habits

- ▶ Tech-savvy Patients: Many patients prefer the convenience of booking appointments online, accessing telemedicine, or using health apps to monitor their well-being.
- ▶ Traditional Patients: Some patients prefer more traditional methods of communication and may book appointments by phone or visit the clinic in person for consultations.

8. Corporate and Group Clients

- ▶ Corporate Wellness Programmes: Some employers offer healthcare benefits to employees, which may include regular check-ups, health screenings, and wellness initiatives.
- ▶ Health Plan Members: These are individuals covered under a specific group health plan, such as those offered by an employer or a large organisation.

Lanka Hospitals Celebrates Successful Inauguration of New Bariatric Centre which Surpasses 350th Successful Surgery Milestone

Lanka Hospitals inaugurated its new Bariatric Centre, on April 06th 2024, marking a major milestone in the advancement of private sector healthcare in Sri Lanka. The new Bariatric Centre is equipped with state-of-the-art facilities, including a dedicated waiting area where these special patients are completely separated from other areas of the hospital and from prying eyes. This waiting area is designed to be both comfortable and private, providing personalised care that respects their privacy. Since its launch a total of 350 successful surgeries were completed at the new Bariatric Centre.

GRI 416 -1, 416 -2

Safety and Quality of Service

As a Joint Commission International (JCI)-accredited hospital, LHC is dedicated to upholding the highest global standards for safety and high quality in healthcare. To ensure the quality and safety of our services, we have implemented rigorous protocols in line with JCI accreditation. These include strict infection control measures, post-operative care protocols, and comprehensive pain management strategies, among many others.

Our clinical teams undergo continuous training to stay abreast of the latest advancements in healthcare. Additionally,

robust quality assurance mechanisms are in place to ensure that every stage of the patient journey, from diagnosis to treatment and recovery, meets JCI's stringent benchmarks.

To facilitate continuous improvement, a dedicated monthly forum is held for Quality Circle leaders to share progress updates and best practices. Based on the findings from the latest quality circle meetings throughout 2024, we focused on further strengthening infection control measures, making significant investments in infection prevention, including culture testing and HEPA filtration. As a result, LHC successfully maintained infection rates below international benchmarks.

Furthermore, we enhanced patient safety documentation by standardising records and refining early warning score protocols in accordance with national regulations. In line with the new procedures, staff members are now required to read and sign Standard Operating Procedures (SOPs), confirming their understanding and commitment to these updated safety measures.

To drive clinical quality improvements, the Medical Services Committee oversees various initiatives. A key ongoing quality improvement initiative is the "Quality Circles" initiative, which is present in every unit. Each Quality Circle comprises a multidisciplinary team that collaborates to brainstorm process improvements, develop solutions, and implement them as structured projects. These projects are then submitted to the Sri Lanka Association for the Advancement of Quality and Productivity national platform. LHC's most recent submission included ten quality improvement projects, of which nine secured gold awards and one received a silver award. The gold award winners were further recognised at the annual international convention on 'Quality Control Circles' held in 2024.

Safety Improvement Highlights for FY 2024

- ▶ Strengthened infection control measures with investments in culture testing and HEPA filtration.
- ▶ Maintained infection rates below international benchmarks.
- ▶ Enhanced patient safety documentation by standardising records.
- ▶ Refined early warning score protocols in line with national regulations.
- ▶ Implemented a mandatory process for staff to read and sign Standard Operating Procedures (SOPs) to ensure adherence to updated safety measures

CAPITAL MANAGEMENT REVIEW CONTD.

Social and Relationship Capital Contd.

LHC's incident response plan plays a vital role in ensuring the safety and security of our patients. In the event of an unexpected occurrence or potential security threat, our well-structured incident response strategy is immediately activated. This strategy is designed to swiftly contain the situation, minimise its impact, and conduct a thorough investigation to determine the root cause and extent of the incident. The insights gained from this process enable us to take corrective action and prevent future occurrences.

Our robust Incident Management System encourages staff to proactively report any incidents they observe or anticipate. Staff are empowered to report patient safety concerns, staff safety issues, system deviations, or the need for new system enhancements through a formal reporting mechanism. This system operates on a no-blame principle, fostering a culture of learning and continuous improvement. All reported incidents are analysed by the Quality Assurance Department to identify root causes and develop effective solutions. Additionally, incidents are reviewed during monthly Patient Safety Committee meetings and are presented

to the Board to ensure transparency and continuous improvement.

Meanwhile all healthcare processes at LHC are continuously assessed to support ongoing improvement. Compliance audits are conducted by our internal audit team with a minimum target of 99.99% compliance across all statutory processes. In cases where non-compliance poses a potential risk, we have established a formalised process to report such instances. This ensures that both statutory and non-statutory risks are documented and monitored under the risk management plan.

The audit team first identifies and reports any findings to the GCEO through a pre-audit meeting. The Compliance Department is then engaged to oversee and ensure the implementation of audit recommendations as part of our continuous improvement efforts. Additionally, a mandatory process audit is conducted every monthly and quarterly as part of the JCI accreditation process.

We also leverage technology for data-driven decision making and seek patient

feedback, all with the aim of driving continuous improvement in line with JCI's 360 degree approach to quality and safety.

There were no incidents of non-compliance of safety regulations reported in FY 2024.

GRI 417-1, 417-2, 417-3

Communication and Awareness

We abide by the principles of accountability and integrity, in our efforts to provide clear and comprehensive information about the services we offer.

During personalised consultations, medical professionals take the time to address concerns, answer questions, and engage patients in shared decision-making. To further enhance patient awareness, we provide easy-to-understand medical literature and digital resources. Our call hotline also offers multilingual support to ensure accessibility for all.

Further reinforcing our responsibility to provide patients with accurate and responsible information, we introduced the Surgical Hub with a dedicated focus point appointed to enable patients to clarify both clinical and non-clinical matters.

Building Patient Trust through Transparent and Sensitive Communication & Awareness



Assessment of Customers' Needs

We conduct thorough assessments to understand each person's health needs and challenges, including initial and follow up evaluations of physical conditions and risk identification for issues like falls or pain



Tailored Education Plans

The organisation has robust and advanced informed consent procedures for educating the patients on the risks, benefits, alternatives and complications associated with treatment and procedure to ensure shared decision making



Cultural Sensitivity

Our nurses receive training to honour patient beliefs and are instructed on the safe use of our products and services



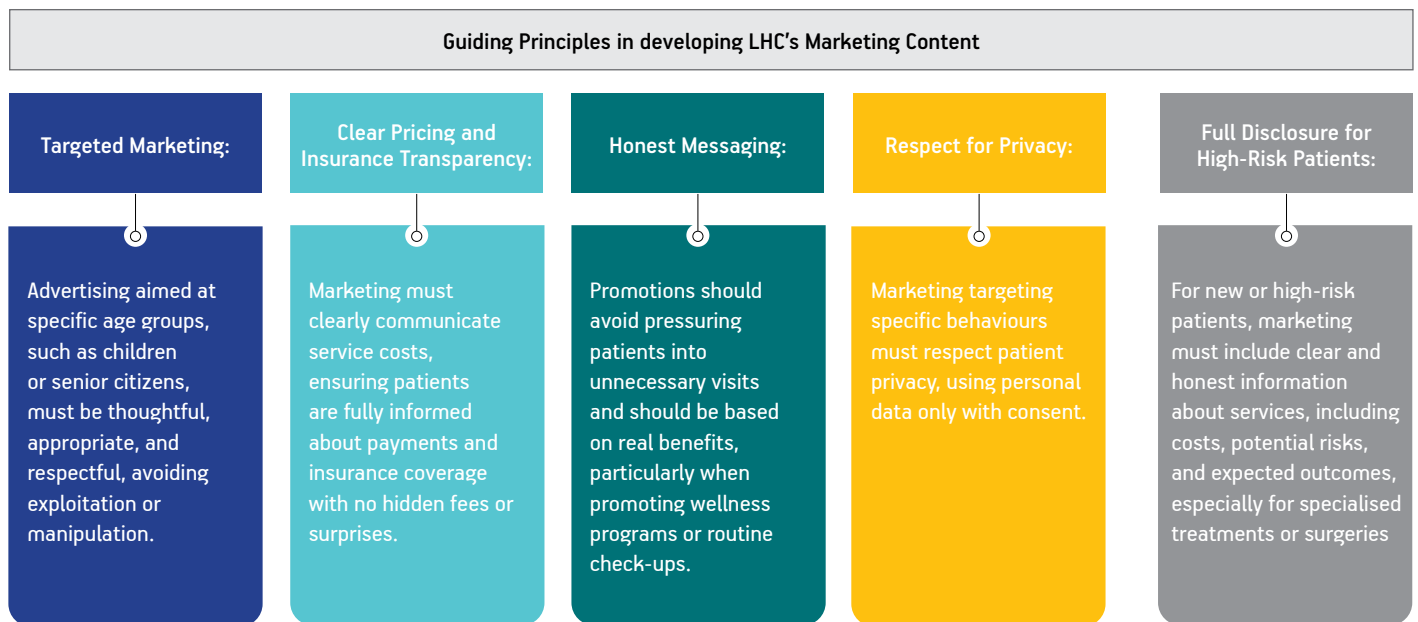
Advocacy

Our nurses are key advocates for patients safety and well being trained to spot and mitigate risks in products or services, particularly for vulnerable groups. They can give product feedback based on hand-on experience and educate patients about their rights and how to get help with any product or service issues

We follow strict guidelines in line with global best practices when designing marketing material designed to raise public awareness regarding LHC's services. As a policy all marketing material requires formal approval by the GCEO prior to publication.

As a hospital, we are also conscious of the importance of accurate labelling. We ensure our medical products carry detailed labelling with every item ,subject to a stringent label checking process that highlights critical information in line with manufacturers recommendations and in compliance with all applicable regulatory requirements.

There were no incidents of non-compliance regarding product, service information and labeling or marketing communications, reported in FY 2024.



Complaints and Feedback

At LHC, we are committed to creating an environment where patients feel heard, valued, and confident in the care they receive. Our transparent and accessible digital system allows patients to easily voice their concerns, suggestions, and experiences.

Accordingly all complaints and feedback directed to Quality Assurance Department team. The team is entrusted with the responsibility to investigate the issue and provide a timely resolution. Our goal is to address each concern with empathy, respect, and transparency, keeping the patient informed throughout the process.

Routine feedback is analysed to identify recurring issues and implement necessary changes in our practices, policies, or procedures, to prevent future recurrence.

In 2024, we launched a patient follow-up project, where all patients are called within three days after discharge to inquire about their clinical condition and satisfaction regarding their hospital experience. Any complaints reported are discussed with the relevant consultants to resolve the issues. If no issues are reported, we provide contact details and encourage patients to reach out if needed.

GRI 418-1

Confidentiality and Data Privacy

At LHC, safeguarding the confidentiality and privacy of patient data is a top priority. We are committed to maintaining the highest standards of data security, ensuring that patient information remains confidential and is only used in accordance with applicable laws and patient consent. To that end, strict data protection policies and procedures have been established to comply with the Personal Data Protection Act (PDPA).

CAPITAL MANAGEMENT REVIEW CONTD.

Social and Relationship Capital Contd.

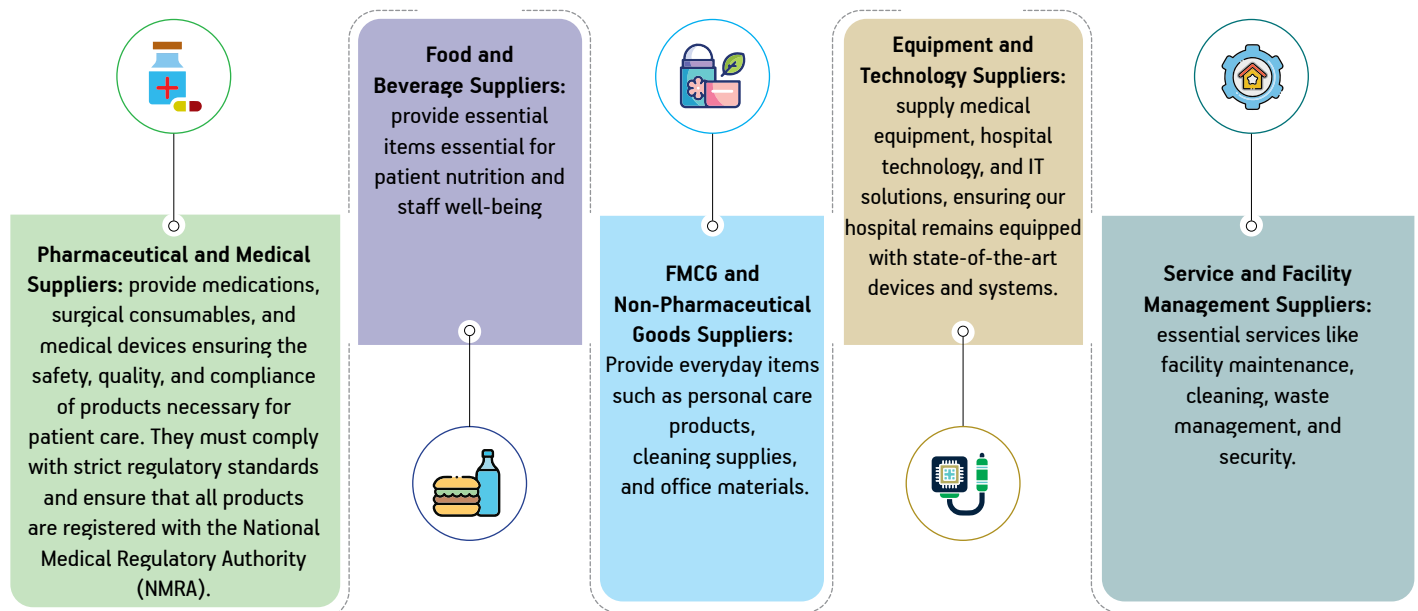
Standard Operating Procedures (SOP's) are in place to ensure patient data is only accessible to authorised personnel who require it for medical or administrative purposes. These are complemented by advanced encryption technologies and secure systems to protect against unauthorized access, loss, or breaches. Additionally, all staff are subject to regular training on privacy and confidentiality practices to ensure ongoing compliance.

There were no incidents of data privacy breaches and losses of customer data reported in FY 2024.

GRI 2-6, 308-1, 308-2, 414-1, 414-2

Suppliers

LHC relies on a diverse range of suppliers, each playing a crucial role in ensuring the smooth operation of our hospital services. Local suppliers dominate our supply chain, accounting for approximately 98% of our average annual procurement



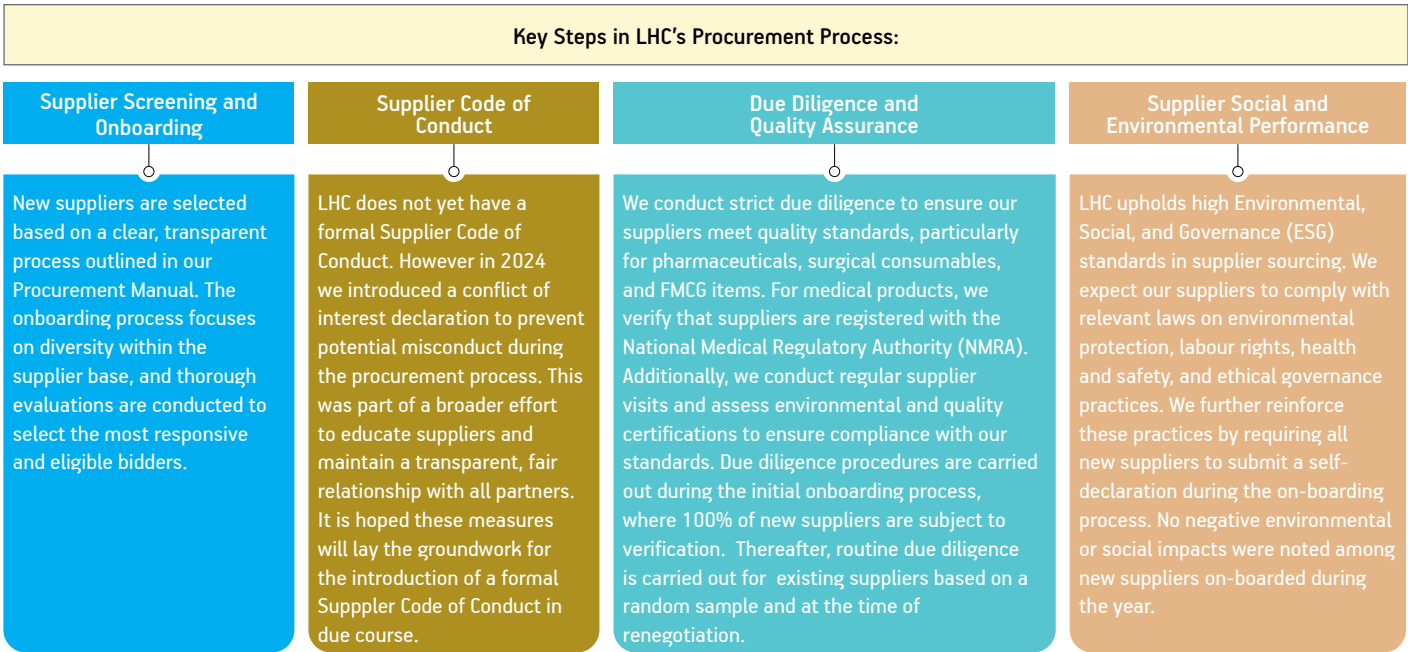
Supply Chain Management

Our supply chain management process is built around our procurement and store functions, both of which are governed by our Procurement Manual and framework of Standard Operating Procedures (SOPs) collectively facilitating the selection of the most suitable suppliers based on quality, reliability, and price competitiveness.

In 2024, we enhanced our supply chain management procedure by introducing two new chapters to the Procurement Manual - the Best and Final Offer (BAFO) to secure the most competitive prices through transparent negotiation, and Framework Agreements to assist in building a reliable supplier database for all organisational requirements.

Procurement Best Practices

Our procurement practices are in line with global best practices, underscoring our commitment to transparency, fairness, and quality. As per the latest updates to the Procurement Manual our on-boarding process focuses on promoting a diverse supplier base to support all organisational needs.



Community

As a hospital we believe our duty to use our expertise and resources to create positive social change and contribute to the well-being of the communities we serve. We regularly engage in community outreach programmes to promote healthcare education, and overall well-being.

Future Plans



Short to Medium Term
 Focus on digitising key internal processes. The first phase would involve the roll out of an Electronic Health Record (EHR) system to strengthen clinical governance. The proposed new system is set to improve clarity and accuracy of patient prescriptions and eliminate errors caused by manual transcription. This process also aims to systematically phase out manual prescriptions over the next two years.

Additionally, in the procurement domain, we are automating the Purchase Requisition and Purchase Order process to reduce reliance on paperwork, initiating the move towards a paperless procurement environment.

Long Term
 Further expand the scope of its digital transformation across all aspects of clinical governance to create a fully automated and paperless environment for patient records, prescriptions, and healthcare workflows.

Furthermore, we are also targeting a 360 degree automation of our procurement system, covering supplier registration, bidding, and evaluation processes. This will result in a streamlined, efficient, and transparent procurement system, significantly reducing paperwork and increasing overall organisational efficiency.

NATURAL CAPITAL



At LHC, we believe that sustainable business practices are essential for the well-being of our planet, our communities, and our future and hence remain committed to conduct our operations in an environmentally responsible manner.

Material Matters Addressed

- ▶ Environmental Action
- ▶ Operational Excellence





Key Highlights for 2024

Annual Energy Audit

Energy Intensity

Carbon footprint

UN SDG Linkages



Stakeholder Outcomes

- ▶ Cleaner, safer healthcare environment for patients and employees with reduced exposure to hazardous waste and improved air and water quality within hospital premises
- ▶ Compliance with environmental laws and waste management regulations, contributing to national sustainability targets and reducing the burden on public waste infrastructure



Interlinkages with Other Capitals

Financial Capital

Cost savings owing efficient use of resources such as water and electricity

Social and Relationship Capital

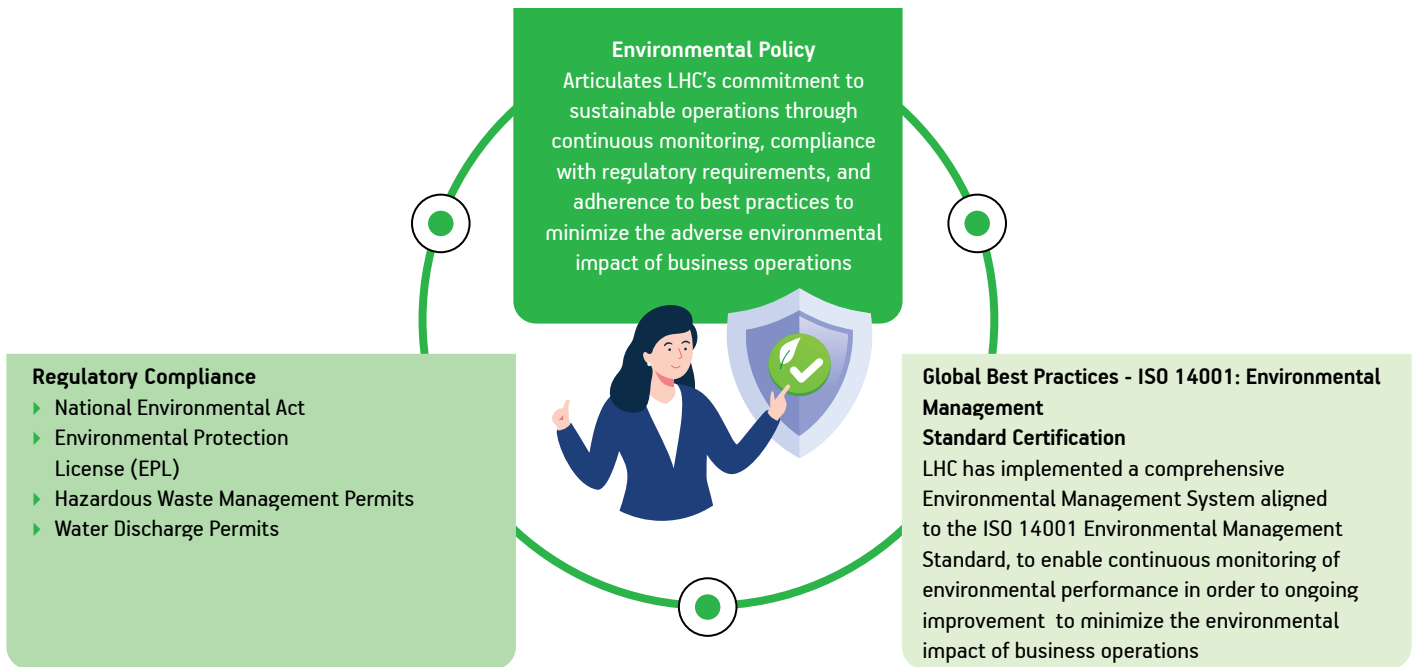
Reduced environmental pollution improves the community ties

Intellectual Capital

Reputation as a responsible environmental steward

CAPITAL MANAGEMENT REVIEW CONTD.

Natural Capital Contd.



GRI 302-1, 302-4

Energy Efficiency

LHC has adopted a structured Energy Management Plan to ensure a systematic approach to energy conservation in line with global best practices.

The Engineering and Facilities Department plays a central role in implementing this plan. It is responsible for data collection and analysis. The department gathers energy usage data against set benchmarks and energy reduction targets across all operational areas to identify key trends and determine potential areas for improvement.

Findings and recommendations are reported to senior management on a quarterly basis, enabling informed decision-making and strategic interventions.

LHC's principle approach to achieving Energy Efficiency

- ▶ Annual energy audit to identify opportunities for energy conservation and efficiency improvements.
- ▶ Investment in energy-efficient equipment
- ▶ Kaizen Projects – Implementation of continuous improvement (Kaizen) projects
- ▶ Energy-efficient building designs
- ▶ Training and awareness on energy conservation

Energy Source		Consumption	
		FY 2024	FY 2023
Grid Electricity	kWh	8,343,179	7,921,670
Diesel	Liter	187,090	275,332

GRI 305-1, 305-2

Carbon Footprint Calculation

LHC measures its carbon footprint, focusing on Scope 1 & 2 emissions from fuel, LPG, and electricity used in the day to day operations. A structured tracking and reporting process ensures monthly monitoring via utility meters and internal systems, enabling early detection of inefficiencies. Annually, LHC consolidates energy data into a carbon footprint report, quantifying total emissions and identifying improvement areas.

GRI 303-1, 303-2, 303-3, 303-5

Managing Water and Effluents

LHC relies on water for critical operations, including patient care, sanitation, cooling systems, and landscaping. All water requirements are met through municipal sources.

Given the high volume of water consumed on a daily basis, LHC follows a structured Water Management Plan built around two key pillars: regular monitoring of water consumption and effluent treatment in compliance with regulatory requirements.

hospital use, and chemical effluents from cleaning processes. All effluents undergo treatment at the on-site Waste Water Treatment Plant (WWTP), maintained in strict accordance with the Environmental Protection License (EPL) requirements.

and biological treatment methods are carefully controlled to enhance purification efficiency. This is supported by regular monitoring and testing to confirm that treated water meets permissible discharge limits. Moreover, effluent samples are independently analysed by accredited laboratories to verify compliance, ensuring that all discharges are environmentally safe.

As a hospital, LHC generates different types of effluents, including from healthcare activities, sanitation owing to general

The Engineering Department ensures that wastewater treatment processes meet regulatory standards with chemical dosing

Water and Effluents		FY 2024	FY 2023
Volume of water withdrawn and consumed	m ³	135,973	118,800

No significant spills were reported in the current financial year.

GRI 306-1, 306-2, 306-3, 306-4, 306-5

Waste Management

As a hospital LHC generates large volumes of waste in the day to day operations. Our approach to responsible waste management is driven by global best practices, where waste is segregated into medical and non-medical categories, supported by detailed Standard Operating Procedures (SOP's) outlining specific processes for each waste stream. For medical waste, the initial steps involve waste segregation, collection, storage, and transportation, ensuring safe handling at every stage. Handling of medical waste is supported by comprehensive health and safety protocols, along with ongoing staff training and education, ensuring that responsible waste management practices are consistently followed.

Medical waste is then subjected to high-temperature incineration, which effectively destroys pathogens and reduces the waste to ash and non-hazardous residues. Incineration is facilitated through a partnership between LHC and an independent third party service provider. The resulting ash, which contains non-combustible residues, is repurposed for brick production at the incineration service provider's site.

Meanwhile non-medical waste is managed primarily through recycling with a view to diverting recyclable materials such as plastic, glass, food waste, and electronic waste from being sent to landfills. Waste that cannot be recycled is handed over to the municipal waste collection system for off-site disposal in compliance with national waste disposal regulations.

Segregation and Disposal of Medical Waste					
Waste Category	Designated Bin Colour	Disposal Method		Volume Generated and Disposed	
				FY 2024	FY 2023
Infectious, Sharp and Pathological waste	Yellow/Yellow with red stripes	Incineration	kg	108,000	110,000
Pharmaceutical waste	Yellow	Incineration	kg	3,200	2,700
Radioactive waste	Yellow with red stripes	Return to supplier	kg	800	600

CAPITAL MANAGEMENT REVIEW CONTD.

Natural Capital Contd.

GRI 302-3, 302-4, 305-1, 305-2, 305-4, 305-5

Segregation and Disposal of Non-Medical Waste					
Waste Category	Designated Bin Colour	Disposal Mechanism		Volume Generated and Disposed	
				FY 2024	FY 2023
Food waste	Green	Animal feed	kg	34,000	36,000
Glass	White	Recycle	kg	2,400	2,700
Plastic	Red	Recycle	kg	14,500	16,000
Cardboards	Blue	Recycle	kg	24,000	22,000
Electronic waste	Unassigned	Reuse & recycle	kg	2,300	1,900

Health and Safety Protocols for Disposal of Medical Waste

- ▶ Personal Protective Equipment (PPE), including gloves, chemical-resistant suits, safety goggles, and respiratory protection, as necessary based on the type of waste being handled.
- ▶ Label and mark hazardous waste containers with relevant hazard information, such as hazard symbols, chemical names, and associated risks.
- ▶ Emergency response procedures for spill containment, fire control, and evacuation in case of accidents or leaks.
- ▶ Spill control kits are readily available and train employees on proper spill response procedures to prevent contamination of the surrounding environment.
- ▶ Handwashing and hygiene practices to prevent contamination from hazardous substances.

Contingency plans for unexpected events, such as natural disasters to ensure the safe management of hazardous waste.

Natural Capital		2024	2023	Y-O-Y%
Energy consumption	MJ	37,144,864	38,980,628	-5%
Energy intensity	MJ/Inpatients	1,480	1,487	-0.5%
Carbon footprint (Scope-1)	tCO2e	504	741	-32%
Carbon footprint (Scope-2)	tCO2e	4,221	4,822	-12%
Emission intensity	KgCO2e/Inpatients	188	222	-15%

Future Plans



Short to Medium Term

The immediate focus will be to invest in energy-efficient equipment aimed at reducing energy consumption in key processes. Additionally LHC is aiming to achieve a 10% reduction in water consumption by 2026 with plans underway to invest in strengthening rainwater harvesting infrastructure to reduce the dependence on municipal water sources.

Long Term

The long-term strategy will focus on the installation of advanced filtration systems to improve the quality of wastewater and enhance recycling capabilities.

SUSTAINABLE OPERATIONS AND ALIGNMENTS WITH SDG'S

At The Lanka Hospitals Corporation PLC (LHC), our commitment to building a healthier future extends beyond the communities we serve to the wellbeing of the planet itself. In line with this vision, we are focused on transitioning to sustainable operations by integrating Environmental, Social, and Governance (ESG) principles across all facets of our business. Through this approach, we aim to create long-term value while actively supporting the global sustainability agenda set out in the United Nations Sustainable Development Goals (SDGs), which form the foundation of the UN's 2030 Agenda for Sustainable Development.

SLFRS S1 & S2 Road Map

As a leading player in Sri Lanka's healthcare sector, LHC fully endorses the SLFRS S1 and S2 standards introduced by the Institute of Chartered Accountants of Sri Lanka. These standards represent a significant advancement in promoting transparency and accountability in corporate sustainability reporting, aligning with global best practices and evolving investor expectations.

In preparation for the adoption of the standards from its effective date on or after 1st January 2025, LHC has initiated measures to integrate the core principles of these standards. During the current financial year, the Board formally approved and adopted LHC's Policy on Environmental, Social, and Governance (ESG) Sustainability. Concurrently, we engaged an external consultant to support the development of a structured roadmap, enabling a smooth and timely transition to SLFRS S1 and S2 compliance.

In 2025 the following initiatives will be taken to comply with the core elements of the standards

Core elements of the SLFRS S1 & S2 Standards	LHC's Commitment	Timeline
Governance	Establish a Board level Sustainability Committee to provide oversight on Sustainability and Climate Risks and Opportunities	1Q 2025
	Appoint a management-level sustainability committee tasked with the implementation of the Board-established policies and procedures in regard to sustainability and climate matters	2Q 2025
Strategy	Identify the material sustainability related risks and opportunities and climate related risks and opportunities applicable for LHC and the broader healthcare ecosystem	2Q 2025
	Define a strategy in regard to LHC's material sustainability and climate risks	2Q 2025
Risk Management	Implement a structured risk management framework for managing sustainability and climate risks applicable to LHC	3Q 2025
Targets and Metrics	Define the methodology for setting targets and define Short-, Medium- and long-term targets for LHC	3Q 2025
	Enhance transparency by publishing reports aligned with global frameworks such as the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB).	1Q 2026 (in relation to FY 2025)
	Integrate sustainability KPIs into executive performance evaluations.	1Q 2027

BOARD OF DIRECTORS

GRI 2-9



Dr. Nilupul Perera
Chairman

Sirimal Senaratne
Director

Chaaminda Kumarasiri
Director



Sajith Wickramaarachchi
Director

Shamalie Jayatunge
Director

S. M. D. Suriyakumara
Director

BOARD OF DIRECTORS CONTD.



Nusith Kumaratunga
Director

Ms. Richa Singh Debgupta
Director

Mr. Ashish Bhatia
Director

Dr. M Nilupul Perera

Chairman of Lanka Hospitals Group.
(Appointed w.e.f. 5th December 2024)

Dr. M Nilupul Perera Consultant Neuro Physician with over 18 years of clinical experience has been appointed as the Group Chairman of The Lanka Hospitals Corporation PLC with effect from 05th December 2024.

Over the years, Dr. Nilupul has served in various prominent hospitals across Sri Lanka, including the Base Hospital Gampola, Teaching Hospital Peradeniya, Sri Jayawardenapura Hospital, Institute of Neurology at the National Hospital of Sri Lanka, Teaching Hospital Kurunegala, and General Hospital Anuradhapura. His commitment to the advancement of neurology also led him to Australia, where he worked as a Clinical Research Fellow at the National Stroke Research Institute, Victoria. While in Australia, he provided clinical services at Austin Health Hospital and contributed as a Clinical Tutor and Examiner at the University of Melbourne. Dr. Nilupul has also published research papers in Australia, further cementing his reputation as a scholar and practitioner.

In addition to his clinical expertise, Dr. Nilupul Perera has been instrumental in initiating community-based projects in Sri Lanka. He has shared his knowledge as a Visiting Lecturer at the Nurses Training School in Kandy and at the University of Moratuwa.

Dr. Perera holds an MBBS degree from the Faculty of Medicine at the University of Colombo and a Doctor of Medicine qualification from the Postgraduate Institute of Medicine, Sri Lanka. Dr. Perera is a proud product of Ananda College, Colombo.

Sirimal Senaratne

MBA (Finance), FCA, PGDFA, Dip (Mkt),
ISSCA, HNDIT
(Appointed w.e.f. 9th December 2024)

Mr. Sirimal Senaratne is a highly accomplished Fellow Member of the Institute of Chartered Accountants of Sri Lanka, with over 25 years of exceptional professional experience spanning Corporate Finance, Investment Banking, Business Advisory, Commercial Banking, Project Finance, Strategic and Corporate Planning, International Business, and Healthcare. His illustrious career is characterized by a steadfast commitment to excellence, innovation, and leadership.

Mr. Senaratne possesses expertise in an extensive array of disciplines, including Business and Finance Advisory, Corporate Communication and Diplomacy, Business Analysis, Capital Markets, Transaction Advisory, Portfolio Management, Strategic Management, Government Projects, Investor Relations, Healthcare Finance, Project Management, Accounting, and Auditing. His broad knowledge base and strategic insights have been instrumental in driving the success of numerous organizations across Sri Lanka and international markets.

Over the years, Mr. Senaratne has held a variety of prestigious leadership roles, underscoring his ability to excel in diverse environments. Mr. Senaratne headed the Finance, IT, and Engineering teams during his tenor at Durdans Healthcare Group (Ceylon Hospitals PLC), CFO at Millennium Capital Management (Pvt) Ltd in the Maldives, Manager of Assurance and Advisory at Ernst & Young, and Relationship Manager at National Development Bank, specializing in Project Finance. He has also worked as a Consultant for Corporate Finance and Planning at SIGMA Group of Companies in Saudi Arabia and John Keells Stock Brokers (Pvt) Ltd. Also, he has been giving his leadership to leading group of companies in Sri Lanka and overseas as a capacity of the board member and board advisor.

In addition to his corporate achievements, Mr. Senaratne has significantly contributed to academia and governance. He served as a Council Member and Chairman of the Audit Committee at Gampaha Wicramarachchi University of Indigenous Medicine. And is serving as a member of Corporate Governance Committee, Annual Report Committee and Annual Conference Committee of the Institute of Chartered Accountants of Sri Lanka.

Currently, he is the Chairman of Sioera Capital Partners (Pvt) Ltd which provides investment Banking and corporate advisory services to leading companies locally and internationally.

BOARD OF DIRECTORS CONTD.

Mr. Chaaminda Kumarasiri

Mr. Chaaminda Kumarasiri | FCA, FCCA, FCMA, FMAAT, MBA, B.Sc. Accountancy (Sp.) 1st Class Hons.
(Appointed w.e.f. 9th December 2024)

Award Winning Professional | Mgt. Consultant | Corporate Trainer | Business Advisor | Financial Wellness Coach

Mr. Kumarasiri is an Award Winning Professional, Senior Chartered Accountant, Management Consultant, Business Advisor and a Corporate Trainer with a proven track record, holding senior leadership positions in leading local entities and multinationals.

He holds multiple leadership roles across various influential organizations. He is the Founder and President of the Asia Pacific Institute of Money and Entrepreneurship Development, the CEO of Human Capital Partner and the Chairman/Principal Consultant of H C P Consulting (Pvt.) Ltd. His contributions extend to serving as a Director, Advisor, and Consultant to several leading organizations in both the private and public sectors. He served on the International Panel on Accounting Education (IPAE) of the International Federation of Accountants (IFAC) as the sole representative from the entire South Asia region. In addition, he has served on the Governing Council of CA Sri Lanka for two consecutive terms and currently serves as the Chairman of ACCA Sri Lanka Member Network Panel.

Mr. Kumarasiri possesses an array of professional and academic qualifications with numerous awards and medallions. He is a Fellow member of The Institute

of Chartered Accountants of Sri Lanka, The Association of Chartered Certified Accountants – UK, The Association of Accounting Technicians of Sri Lanka and The Institute of Certified Management Accountants of Sri Lanka. He has obtained a B.Sc. Accountancy (Special) degree with a First Class honours from the University of Sri Jayewardenepura and holds an MBA in Finance from the University of Colombo. He has been bestowed with ACCA National Advocate of the Year Award - 2022 for his exceptional commitment and dedication to promote the accountancy profession and its values.

As a leading Corporate Trainer he has inspired over One Million individuals both in Sri Lanka and overseas. He is a key player in the entrepreneurial ecosystem of Sri Lanka, where he actively contributes to promoting entrepreneurship and empowering SMEs.

Sajith Govinda Wickramaarachchi

MHRM (Colombo)
(Appointed w.e.f. 9th December 2024)

Mr. Sajith Govinda Wickramaarachchi is a distinguished professional with an illustrious career spanning over four decades, celebrated for his expertise in strategic HR leadership and operations. His remarkable journey includes pivotal roles at multinational conglomerates and leading local enterprises such as Ceylon Tobacco Company, Virtusa, MAS Holdings, Loadstar, Bank of Ceylon, Brandix, Ceylon Biscuits, and LAUGFS Holdings.

Sajith's career is defined by his exceptional ability to revolutionize human capital and implement groundbreaking HR transformations. During his tenure at Ceylon Tobacco Company, a global leader in best practices, Sajith honed his expertise and laid the foundation for his trailblazing career. Building on this, he has driven transformational initiatives for some of the most respected corporate entities, setting benchmarks in HR strategies and industrial relations.

Among his key achievements, Sajith played a critical role in Ceylon Tobacco Company's victory at the National Productivity Award. He led Textured Jersey and LAUGFS Holdings to secure Great Place to Work awards and guided Ceylon Biscuits Limited to earn the prestigious Social Dialogue Award. These accolades highlight his ability to inspire cultural shifts and foster operational excellence. In addition to these achievements, Sajith is widely respected for his hands-on approach to solving complex challenges, empowering employees, and fostering collaborative work environments. His strategic insights have consistently driven growth, operational efficiency, and sustained success for the organizations under his leadership.

Sajith holds a Master's in Human Resource Management from the University of Colombo and has enriched his expertise through global institutions, including the National University of Singapore, Productivity Standards Board (Singapore), Oliver Wight (UK), Tactics

Training Technology Institute (Australia), and JASTICA (Japan). Recognized as a visionary architect of performance-driven cultures, Sajith is celebrated for his ability to deliver transformative results. His leadership philosophy, aligning human potential with business objectives, has left a profound and lasting impact on the corporate world.

Ms. Shamalie Madhu Jayatunge

(Appointed w.e.f. 9th December 2024)

Shamalie Madhu Jayatunge is an accomplished legal professional with extensive expertise in international business law, dispute resolution, and corporate advisory services. She has a proven track record of advising clients on corporate restructuring, public-private partnerships, and high-value transactions across industries.

Shamalie holds a Master of Laws in International Business and Economic Law from Georgetown University, where she graduated with distinction and was recognized with multiple academic honors, including the Thomas Bradbury Chetwood S.J. plaque for the highest academic average in her specialization. She also holds a Bachelor of Laws with Honours from the University of Colombo.

Professionally, Shamalie has served as a legal practitioner since 2011. She has represented clients in complex litigation and arbitration cases, including intellectual property disputes, shareholder issues, and contract breaches. She has also held roles as a law lecturer, where she taught corporate and contract law to aspiring professionals.

Shamalie's achievements include the Fulbright Master's Student Award, the AIJA Scholar Award, recognition as a Young Lawyers Developing Bar Scholar of the International Bar Association and a Scholar Award by the Inter-Pacific Bar Association. A certified SIMI Level I Mediator, Member of the Chartered Institute of Arbitrators, Associate Member of the Chartered Institute of Management Accountants (UK) and a Chartered Global Management Accountant, she brings a unique blend of legal acumen and strategic business insight to the Board.

Mr. S M D Suriyakumara

(Appointed w.e.f. 3rd January 2025)

Mr. S M D Suriyakumara is an experienced CEO with over 25 years of executive management expertise across multiple industries including FMCG, automotive, medical care, nutraceuticals and pharmaceuticals. He is a proven leader in driving business growth and innovation. Mr. Suriyakumara currently heads the Maliban Bioventures, a diversified venture of Maliban Group. He is skilled in managing key divisions such as manufacturing, sales and marketing with a strong track record of delivering results. He holds an advanced certificate in Hotel Management and Advanced certificate in Marketing along with a National Diploma in Marketing. He is known for strategic thinking, excellent leadership and the ability to navigate complex challenges whilst fostering growth and operational efficiency. Mr. Suriyakumara is an enthusiastic, optimistic and future oriented person with a passion for steering organizations towards sustainable success.

Mr. Nusith Kumaratunga

(Appointed w.e.f. 10th January 2025)

Mr. Nusith Kumaratunga is a distinguished finance professional with over two decades of experience. A Fellow of the Institute of Chartered Accountants of Sri Lanka and a member of the Institute of Certified Management Accountants, he also holds a B.Sc. in Estate Management and Valuation from the University of Sri Jayewardenepura. After starting his career at Price Waterhouse Coopers, he founded Nusith Kumaratunga & Co. in 2000, a well-recognized firm offering audit, tax planning, and business consultancy services, particularly focused on small and medium enterprises (SMEs). He is currently the Chairman of Sri Lanka Insurance Corporation Limited.

Nusith has been a key figure in the development of the SME sector in Sri Lanka, conducting numerous training programs funded by the World Bank and the Ministry of Finance to help entrepreneurs enhance their financial management skills. He is also involved in national economic discussions, serving on advisory panels to improve taxation and economic policies.

Ms. Richa Debgupta

Skills and experience: Ms. Richa is Chief of Strategy & Operations at Fortis Healthcare, India's second largest healthcare provider with a network of 28 hospitals across the country. She is also a member of the Executive Committee responsible for guiding various initiatives for Fortis Group. She played a crucial role in enabling two of the largest acquisitions in healthcare sector.

BOARD OF DIRECTORS CONTD.

Ms. Richa has completed her master's Program in Hospital Management from the prestigious Indian Institute of Healthcare Management Research, Jaipur and advance management program from Indian Schools of Business (ISB), Hyderabad. She has twenty-four years of experience as a Healthcare Management Professional. Over the years she has worked in setting up different healthcare format ranging from mother & child, single super specialty to multi-speciality and quaternary care hospitals.

Ms. Richa is an active member on various healthcare industry forums in India such as CII, FICCI, AHPI & ICC. She is recipient of award from President of India for running most energy efficient hospital across the country in 2013. She has also been conferred as Best Women Healthcare Leader by ABP news, one of the leading news channel in India. She has been conferred as "Women of Impact" 2023 by FICCI (Federation of Indian Chambers of Commerce & Industries) ladies wing.

Mr. Ashish Bhatia

Skills and Experience: He has over 40 years of multi-disciplinary experience in healthcare management and marketing among others. Associated with the Fortis Group since 2002, he has held many leadership positions within the organisation, creating many successful businesses and powerful teams across the Fortis network.

He is an alumnus of the Lawrence School, Sanawar.

Current Appointments:

- ▶ Executive Vice President, Fortis Healthcare Ltd.

Previous Appointments:

- ▶ Vice President-Marketing at Hero Motors
- ▶ Many leadership positions in the Fortis Healthcare Group.

Vidya Jyothi Dr. Bandula Chandranath Wijesiriwardena

MBBS Colombo, MD Colombo, MRCP UK, FACP, FRACP (Hon), FCMSA (Hon) (Resigned w.e.f. 5th December 2024)

Skills and Experience: Dr. Bandula Chandranath Wijesiriwardena has had a distinguished career as a consultant physician in internal medicine in the government and private sectors. In his illustrious career of 33 years in the government service (29 of which was as a consultant), he has served many parts of Sri Lanka, balancing his obligations as a consultant physician - both in the state and private sector - with an active academic career.

He has served as the Chief Examiner for MD (Medicine) at the Postgraduate Institute of Medicine (PGIM). He has contributed to the development of the country's medical sector through his Presidency of the Ceylon College of Physicians in 2005. Through the College, Dr. Wijesiriwardena pioneered the introduction of Clinical Practice Guidelines, which were subsequently used island wide with the approval of the Ministry of Health. He has taught and mentored numerous undergraduates from the Faculties of Medicine Kelaniya, Sri Jayewardenepura and Colombo and trained postgraduates from the PGIM, Colombo, thereby nurturing the next generation of Sri Lankan medical professionals. He has

many publications in both national and international peer reviewed journals. Dr. Wijesiriwardena received a Presidential Award in the year 2000 for his clinical research.

After retirement from government service, Dr. Wijesiriwardena served in the private sector and is currently engaged as a consultant physician at Durdans Medical and Surgical Hospital, Colombo and served on the Board from 2017 to 2019. He was a Director, Board of Directors, The Lanka Hospitals Corporation PLC from February 2012 to February 2015.

In recognition of his contribution to the field of medicine, Dr. Wijesiriwardena was awarded honorary fellowships by the Royal Australasian College of Physicians and the Colleges of Medicine of South Africa. He is also a Fellow of the Ceylon College of Physicians and the American College of Physicians. Dr. Wijesiriwardena was awarded the National Title Vidya Jyothi in 2019 for his pioneering work in introducing Clinical Practice guidelines.

Mr. Mayura Fernando

(Resigned w.e.f. 9th December 2024)

Skills and Experience: A finance professional, Mr. Fernando has held numerous Board and executive leadership positions in a range of financial and non-financial institutions. He is a Fellow Member of CA Sri Lanka, a Fellow Member of the Chartered Institute of Management Accountants UK and holds a Bachelor of Science (Applied Science) Degree from the University of Sri Jayewardenepura.

Current Appointments:

Independent Non-Executive Director of Laugfs Gas PLC, Laugfs Power PLC, Laugfs ECO Sri Ltd, Laugfs Leisure Ltd, Reach Asia Leisure Ltd, Evoke International Ltd, K Seeds Investments (Pvt) Ltd, and Renuka Hotels PLC.

Previous Appointments:

- ▶ CEO of Orient Finance PLC
- ▶ Director/CEO of Laugfs Capital Ltd
- ▶ Director/CEO of Softlogic Finance PLC
- ▶ Managing Director of Capital Reach Holdings Ltd
- ▶ Director Finance- Asian Region of Virtusa
- ▶ Group Finance Director of Confifi Group
- ▶ Senior Vice President of Vanik and Forbes Ceylon Group
- ▶ Partner at Ford Rhodes Thornton & Company

Mr. Ronald C Perera, PC

(Resigned w.e.f. 24th October 2024)

Chairman, Sri Lanka Insurance Corporation Ltd

Mr. Perera is an LLB graduate from the University of Colombo and holds an LLM in International Trade Law from Northumbria University. He is an alumnus of St. Joseph's College, Colombo where he completed his primary and secondary education.

Skills and Experience:

- ▶ Mr. Perera is an experienced lawyer with a broad practice in the original courts as well as in the Court of Appeal and Supreme Court.
- ▶ He has experience in Civil and Criminal litigation, negotiation and drafting of commercial contracts.

- ▶ He has specialized in Commercial Law, Banking Law, Industrial Law, Injunctions, Defamation, Election petitions, Civil Appeals, Revision Applications, Writ Applications, and Fundamental Rights Cases.
- ▶ Additionally, he has appeared in several Commercial Arbitrations as well. He has also challenged the validity of several bills before the Supreme Court.

Current Appointments:

Mr. Ronald Perera assumed duties on 3rd of August 2022 as the Chairman of Sri Lanka Insurance, the largest and strongest insurer in Sri Lanka.

Previous Appointments:

- ▶ Appointed as the President's council in 2012
- ▶ Chairman of the Bank of Ceylon from January 2015 till November 2019 and was instrumental in shaping BOC as a major player in the financial sector.

Dr. Ravindra Ruberu

(Resigned w.e.f. 6th December 2024)

Skills and experience: A Board-Certified, Consultant ENT surgeon, Dr. Ruberu has held numerous medical and medical administration positions in both the government and private health sectors. He obtained his MBBS Degree from the Faculty of Medicine, University of Colombo and his Master of Surgery MS Degree from the Postgraduate Institute of Medicine, University of Colombo, and the FRCS from the Royal College of Surgeons of England. He also holds a MBA in Health Care from Sikkim Manipal University, Manipal, India. He is also a Fellow of the College of Surgeons of Sri Lanka and a Fellow of the College of Otorhinolaryngologists and Head & Neck Surgeons of Sri Lanka.

Previous Appointments:

- ▶ Secretary - Ministry of Health
- ▶ Secretary - Ministry of Civil Aviation
- ▶ Consultant ENT Surgeon at Teaching Hospital Ragama, Teaching Hospital Karapitiya and The National Hospital of Sri Lanka, Colombo
- ▶ Chairman - Board of study in Otorhinolaryngology, Postgraduate Institute of Medicine, University of Colombo
- ▶ President - Association of Otolaryngologists of Sri Lanka
- ▶ President - College of Otorhinolaryngologists and Head & Neck Surgeons of Sri Lanka
- ▶ Vice president - SAARC Association of Otolaryngologists
- ▶ Member - Faculty Board, Faculty of Medicine, University of Ruhuna

Dr. Kanishka Karunaratne

MBBS, MS (Obs & Gynae), MRCOG, FRCS (Ed.),

FRCOG (UK).

(Resigned w.e.f. 6th December 2024)

Skills and Experience: Dr. Karunaratne is a Consultant Gynecological Oncological Surgeon and served as the former Director at National Cancer Institute, Maharagama, Sri Lanka. He is a member of the South Asian Federation of Obstetrics and Gynecology (SAFOG), a Member of the Asia Oceanic Federation of Obstetricians and Gynecologists (AOFCOG), a member of the International Gynecological Cancer Society (IGCS) USA, a Member of Asia-Oceania Research Organisation in Genital Infection and Neoplasia (AOGIN). He is also a Hon. Fellow of Sri Lanka College of Surgeons, Hon. Fellow of Sri Lanka College of Obstetricians and Gynecologists, President of the Sri Lanka College of Obstetricians and Gynecologists. He

BOARD OF DIRECTORS CONTD.

is also a Fellow of Sri Lanka College of Oncologists, Member of the Sri Lanka Medical Association, a Member of Menopause Society of Sri Lanka, Member of the National Cancer Control Programme in Sri Lanka, a Member of the Task force in National Pap smear programme and Colonoscopy, United Nations Family Planning Association, a Member of the British Society of Oncologists and a Member of the American Society of Gynecological Cancer. Dr. Karunaratne currently works as a Senior Lecturer in Obstetrics and Gynecology in the Medical Faculty of University of Colombo.

Previous Appointment:

Director of The Lanka Hospitals Corporation PLC from November 2013 to 2014.

Mr. Kushan D' Alwis, President's Counsel

(Resigned w.e.f. 9th December 2024)
Mr. Kushan D'Alwis took oaths as an Attorney-at-Law in the year 1985 and is in active practice for over a period of 37 years. He was conferred Silk and took oaths as President's Counsel in November 2012.

The areas of specialization of Mr. D'Alwis are civil, corporate, commercial and administrative law in both the Original and Appellate Courts. Further, he has been actively involved in alternate dispute resolution mechanisms such as arbitrations, advising on corporate legal matters, regulatory frameworks, compliance requirements and legal due diligence.

Mr. D' Alwis was a Member of the Law Commission of Sri Lanka from 2011 to 2015. He was also a Member of the Panel of Legal Advisers to the Tax Appeals Commission. He has served as a Member of the Public Representations Committee on Constitutional Reform appointed by the Cabinet of Ministers. He has also served as the Vice Chairman of the Civil Aviation Authority of Sri Lanka.

Mr. D'Alwis served as the Chairman of the Office of the National Unity and Reconciliation (ONUR) of Sri Lanka and was also a Director of the Colombo Lotus Tower Management Company (Pvt) Ltd and a Member of the Financial System Stability Consultative Committee of the Central Bank of Sri Lanka.

He also served as a Member of the Board of Investment of Sri Lanka.

Mr. D' Alwis served as a Member of the Committee appointed by His Excellency the President to reformulate the guidelines with regard to the appointment of President's Counsel. He was also a Member of the Committee appointed by the Ministry of Defence to review the Issuance of Frequency Permits for Television & Radio Broadcasting and related procedures.

Mr. D' Alwis is currently a Member of the Board of Directors of The Lanka Hospitals Corporation PLC and National Development Bank PLC, which are listed companies in Colombo Stock Exchange.

Ms. Lakshmi Sangakkara

(Resigned w.e.f. 6th December 2024)

Skills and experience: Ms.Sangakkara has multi-faceted experience as a Director in the banking, apparels, and airline sectors. She is an Attorney-at-law by profession and an entrepreneur.

Previous Appointments:

- ▶ Director of People's Bank including Actg. Chairperson for 2 weeks
- ▶ Director of Sri Lankan Airlines
- ▶ Director of People's Leasing Fleet Management
- ▶ Director of People's Merchant and Finance
- ▶ Director and Working Partner of Sellers Sportwear (Pvt) Ltd and Ronbro Garmets (Pvt) Ltd

Mr. Nadun Fernando

(Resigned w.e.f. 6th December 2024)

Skills and experience: A finance professional with over 29years' experience, including 19 years at senior management and strategic level positions. He is a member of the Brandix Apparel Board responsible for Operations and Engineering across Sri Lanka, India, Bangladesh and Haiti. He is a Fellow Member of CA Sri Lanka and holds a Bachelor of Science in Business Administration from the University of Sri Jayawardenapura.

Mr. Kasun Rajapaksa

(Resigned w.e.f. 6th December 2024)

Skills and Experience: He has diverse and multi-faceted corporate experience, counting over 20 years in the family business- DSI Samson Group (Pvt) Ltd, Sri Lanka's leading manufacturer of footwear and bicycle tyres. He holds

an undergraduate degree in Finance and Management Information Systems from the Deakin University, Melbourne and has successfully completed the Certification program of the Sri Lanka Institute of Directors (SLID).

Current Appointments:

- ▶ Group Managing Director of DSI Samson Group (Pvt) Ltd
- ▶ Managing Director of D. Samson Industries (Pvt) Ltd , Samson Compounds (Pvt) Ltd and Primo (Pvt) Ltd
- ▶ Member of the Export Development Board (EDB) Footwear Sector and Executive Committee Member of Sri Lanka Footwear Association (SLFA)
- ▶ Vice Chairman of Ceylon National Chamber of Industries (CNCI)
- ▶ Member of the General Assembly of South Asian Association for Regional Cooperation in Chamber of Commerce and Industry (SAARC CCI).
- ▶ Member of the Multi Stakeholder Technical Committee of the National Eco Labeling Framework (NELF)

Previous Appointments:

- ▶ Chairman of Chamber of Young Lankan Entrepreneurs (COYLE)
- ▶ Member of the Board of Management of the National Apprentice and Industrial Training Authority Sri Lanka (NAITA)

Dr. Abinaya Alagarasan

(Resigned w.e.f. 6th December 2024)

Dr. Abinaya Alagarasan holds a Bachelor of Medicine and Bachelor of surgery (M.B.B.S) from Sri Ramachandra University, India. She is also a Doctor of Internal Medicine (M.D) from Pondicherry University, India.

Skills and Experience:

Dr. Alagarasan initially trained under Professor Dr. Alagarasan who was the Head of the Cardiology Department in Tanjore Medical College as well as the Consultant Physician at the Vinodhagan Memorial Hospital. (P) Ltd, India and Heart care Centre, India .

She has also trained at the critical care at the Apollo Hospital in Chennai.

She was later attached to The Lanka Hospitals Corporation PLC as the Registrar at ICU and currently a Consultant Resident Physician at the ICU of The Lanka Hospitals Corporation PLC.

EXCO MEMBERS





5.

7.

6.

8.

5. Nimal Ratnayake
Chief Marketing Officer

6. Dhanushka Adikari
Group Chief Human Resources Officer

7. Tharaka Dayabandara
Group Chief Operations Officer

8. Wickramasiri
Group Chief Financial Officer

CORPORATE GOVERNANCE REPORT

Lanka Hospitals Approach to Good Governance

At Lanka Hospitals (LHC), we believe that strong corporate governance is essential to ensuring sustainable success, and strive to uphold the highest standards of corporate behaviour in line with laws, regulations, and best practices.

The LHC Board and senior management accept the responsibility for informed decision-making and oversight, together with proactive risk management, to serve the Company’s stakeholders with fairness, responsibility, and a long-term view that prioritises trust, performance, and value creation. Continuous review and improvement of our governance practices is central to our approach to ensuring our corporate governance practices are in line with the latest regulatory developments and governance best practices.

Simply put, our approach to good governance embodies the firm commitment to the principles of transparency, accountability, integrity, and ethical conduct across all aspects of our operations.

GRI 2-9

Governance Structure and Framework

LHC’s governance structure is led by a competent Board, and supported by a set of Board Sub Committees and executive management. The clear separation of roles and responsibilities between the Board and management within the governance structure reinforces corporate discipline, strengthens stakeholder confidence and safeguards our reputation as a trusted and responsible healthcare provider.

The Board

The Board of Directors at The Lanka Hospitals Corporation PLC (LHC) serves as the apex governing body, bearing ultimate responsibility for ensuring that the Company is effectively managed in line with its strategic objectives.

This includes ensuring compliance with regulatory requirements, maintaining strong internal control systems, and implementing a sound risk management framework to support financial stability and resilience.

Beyond financial stewardship and timely, accurate reporting, the Board is also committed to upholding high ethical standards and integrating Environmental, Social, and Governance (ESG) principles into strategic decision-making. The Board further oversees IT and HR governance, recognising their importance in driving organisational efficiency and resilience.

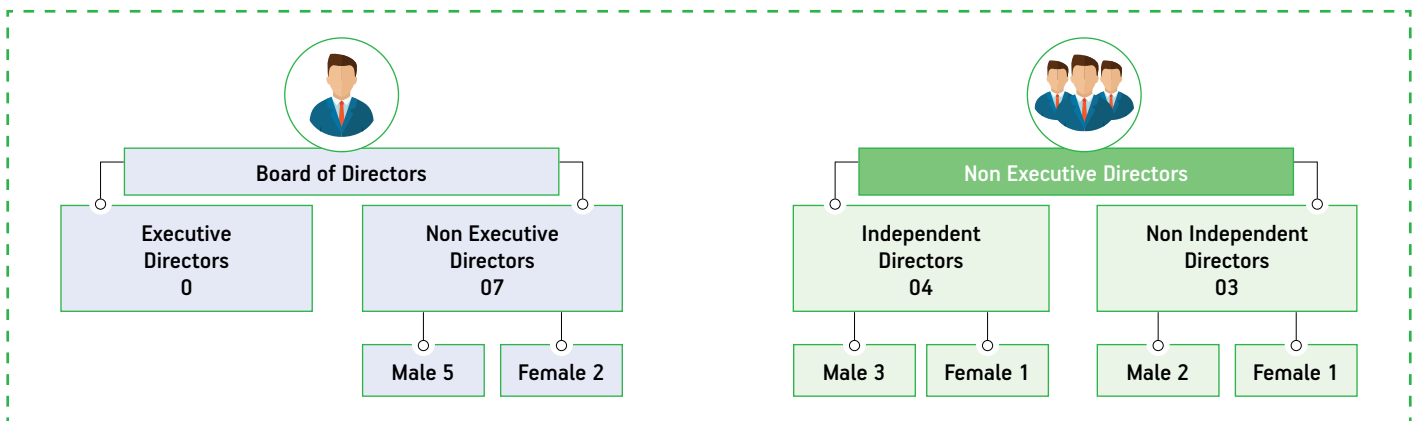
Given their role as the main custodian of the Company, a schedule matters are reserved expressly for Board approval.

To formally institutionalise these practices, the Policy on Matters related to the Board of Directors was approved by the Board and implemented with effect from 1st October 2024, in compliance with the provisions of the CSE’s new listing rules on Corporate Governance issued in 2024.

GRI 405-1

Board Composition

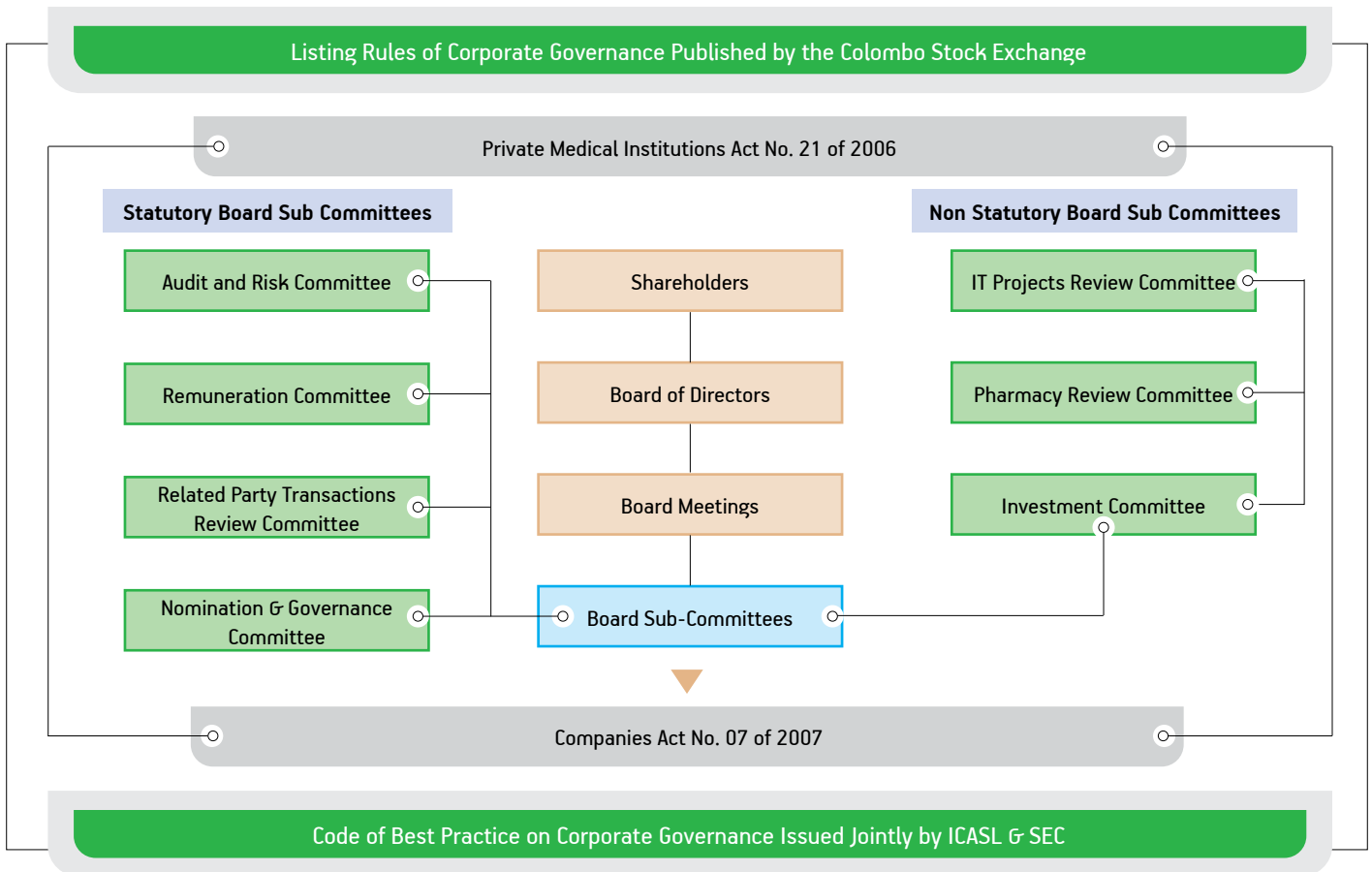
Board composition is guided by the Articles of Association of LHC and the Listing Rules of the Colombo Stock Exchange. LHC Board consists of Non-Executive Directors (NEDs), of which 04, are Independent Non-Executive Directors (INEDs).



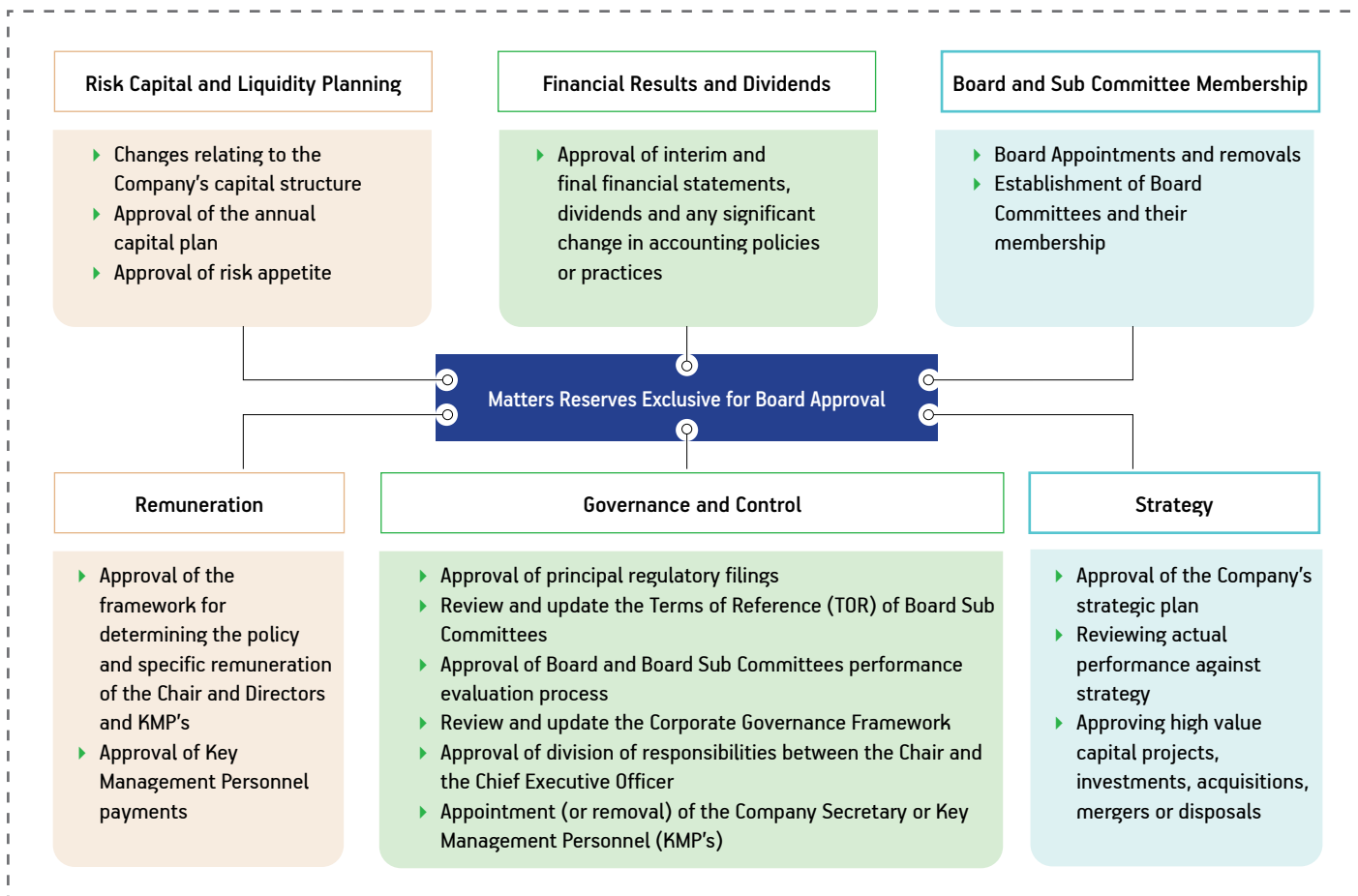
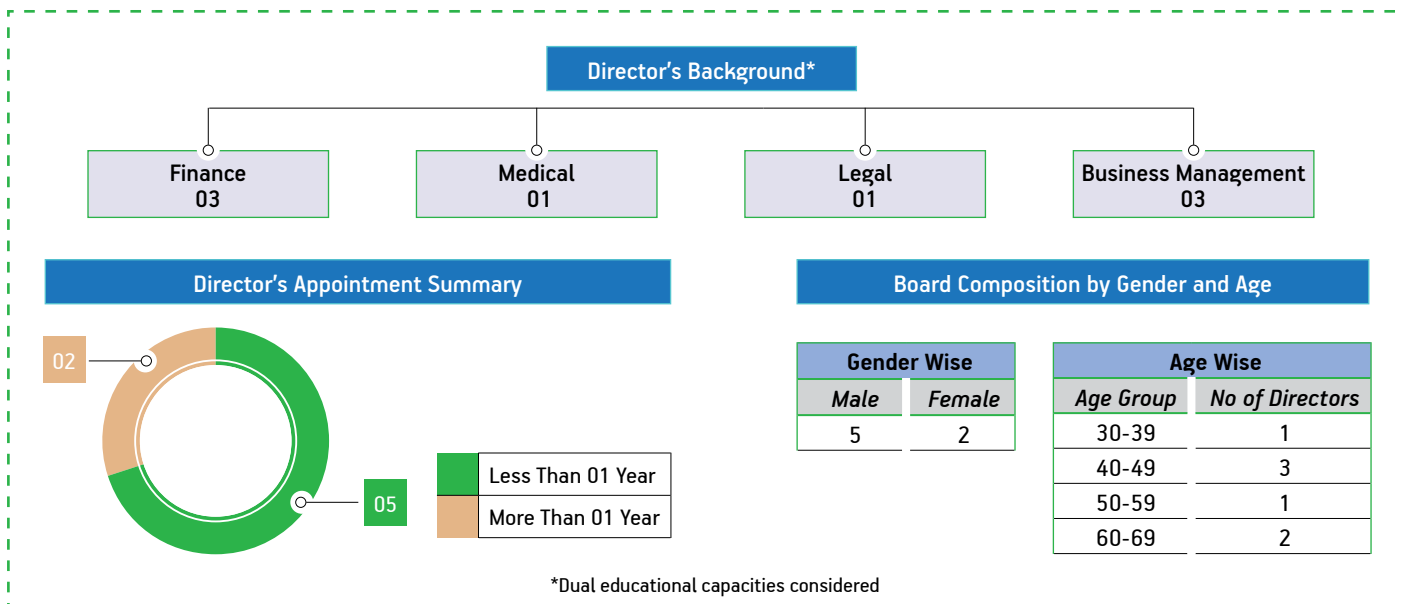
GRI 2-17

Board Diversity

We recognise that a diverse Board enhances governance effectiveness, fosters balanced perspectives and supports objective, well-informed decision-making aligned with the Company's long-term vision. As such, we consider a range of factors in Board composition, including gender, age, educational qualifications, professional experience, and domain expertise.



CORPORATE GOVERNANCE REPORT CONTD.



GRI 2-10

Appointment/ retirement/ re-election of Directors

The appointment of new Directors is based on their ability to enhance the quality of the LHC Board. As such only professionals with the skills and experience, integrity and industry reputation are appointed to the Company's Board.

All new Board appointments are communicated to the Colombo Stock Exchange (CSE) along with a brief resume of the appointed Director, outlining their qualifications, experience, directorships in other companies, and shareholdings. The same disclosure procedure applies to Director resignations.

As per the Company's Articles of Association, one third of the Non-Executive Directors are required to retire by rotation at each Annual General Meeting, but remain eligible to offer themselves for re-election by the shareholders subject to the eligibility criteria set out under the CSE listing rules as well as the Company's internal criteria on Directors' eligibility for re-election. Directors who retire by rotation are those who have served for the longest period after their appointment/re-appointment.

Responsibilities of Individual Directors

As a member of the LHC Board, each Director is expected to understand the importance of dedicating ample time to the Company's affairs. This includes engaging actively in Board meetings and utilising their expertise, insights, and independent judgement to inform decision-making. Directors are also obligated to disclose any potential conflicts of interest and abstain from relevant discussions. Furthermore, all Board members are required to participate in the annual self-assessment to evaluate their contributions.

To formally institutionalise these practices, the Policy on Directors' Internal Code of Business Conduct and Ethics was approved by the Board and implemented with effect from 1st October 2024, in compliance with the provisions of the CSE's new listing rules on Corporate Governance issued in 2024.

GRI 2-15

Conflicts of Interest

In fulfilment of their fiduciary responsibility, all Directors are obliged to disclose actual or potential conflicts to the Board. Directors must submit a formal annual declaration to the Related Party Transactions Review Committee, disclosing their interests in other entities and any external Directorships. Using these declarations and other relevant information, the Board assesses the independence of each Director annually, based on the criteria set out in the Colombo Stock Exchange Listing Rules and of the Code of Best Practice by CA Sri Lanka. In line with these best practices, any Director with a vested interest is required to recuse themselves from discussions and decisions on related matters.

CORPORATE GOVERNANCE REPORT CONTD.

	Name of Director	Shareholding	Management / Director ¹	Material Business Relationship ²	Employee of Company	Family Member a Director or CEO	Nine Years of Continuous Service
Non - Executive Independent Directors							
1.	Mr. T. Chaaminda Dencil Kumarasiri (Appointed w.e.f. 09th December 2024)	None	Director	None	None	None	None
2.	Ms. Shamalie Madhu Jayatunge (Appointed w.e.f. 09th December 2024)	None	Director	None	None	None	None
3.	Mr. N.P. Sirimal Kalyana Senaratne (Appointed w.e.f. 09th December 2024)	None	Director	None	None	None	None
4.	Mr. S. Govinda Wickramaarachchi (Appointed w.e.f. 09th December 2024)	None	Director	None	None	None	None
5.	Mr. S.M.D. Suriyakumara (Appointed w.e.f. 03rd January 2025)	None	Director	None	None	None	None
6.	Dr. Bandula Wijesiriwardena (Resigned w.e.f. 05th December 2024.)	None	Director	None	None	None	None
7.	Mr. Mayura Fernando (Resigned w.e.f. 09th December 2024.)	Note 01	Director	None	None	None	None
8.	Dr. Ravindra Ruberu (Resigned w.e.f. 06th December 2024.)	None	Director	None	None	None	None
9.	Mr. Nadun Fernando (Resigned w.e.f. 06th December 2024.)	None	Director	None	None	None	None
10.	Dr. Kanishka Karunaratne (Resigned w.e.f. 06th December 2024.)	None	Director	None	None	None	None
11.	Mrs. Lakshmi Sangakkara (Resigned w.e.f. 06th December 2024.)	None	Director	None	None	None	None
12.	Mr. Kushan De Alwis PC (Resigned w.e.f. 09th December 2024.)	None	Director	None	None	None	None

	Name of Director	Shareholding	Management / Director ¹	Material Business Relationship ²	Employee of Company	Family Member a Director or CEO	Nine Years of Continuous Service
13.	Mr. Kasun Rajapaksa (Resigned w.e.f. 06th December 2024.)	None	Director	None	None	None	None
Non - Executive Non-Independent Directors							
1.	Dr. M. Nilupul Perera (Appointed w.e.f. 05th December 2024)	None	Director	Note 05	None	None	None
2.	Mr. Nusith Kumaratunga (Appointed w.e.f. 10th January 2025)	None	Director	Note 02	None	None	None
3.	Mr. Ronald C Perera PC (Resigned w.e.f. 24th October 2024)	None	Director	Note 02	None	None	None
4.	Dr. Abinaya Alagarasan (Resigned w.e.f. 06th December 2024.)	None	Director	Note 03	None	None	None
5.	Mr. Ashish Bhatia	None	Director	Note 04	None	None	None
6.	Mrs. Richa Debgupta	None	Director	Note 04	None	None	None

Note 01 - Holds 500 shares of LHC

Note 02 - Chairman of Sri Lanka Insurance Corporation Limited, which is the parent Company.

Note 03 - Employed by the Company during the period of three years immediately preceding appointment as a Director.

Note 04 - Appointed by Fortis Global Healthcare Holdings Pte Ltd, which has shareholding of 28.66%.

Note 05 - Practicing Medical Consultant at The Lanka Hospitals Corporation PLC

GRI 2-19, 2-20

Directors' Remuneration

Since the LHC Board comprises entirely of NED's, each Director is paid a standard sitting fee to compensate for their attendance at Board meetings and where applicable participation in Board Sub Committees.

Meanwhile, remuneration of the GCEO and Corporate Management is determined by the Board upon receiving the recommendations from Remuneration Committee. Remuneration of the GCEO and Corporate Management, typically consist of both fixed and variable components designed to attract and retain high-calibre professionals, with the variable component is performance-based, linked to targets set by the Board. The Remuneration Committee regularly reviews industry benchmarks to assess the validity of current salary scales of the GCEO and Corporate Management, and recommends to the Board appropriate revisions.

To formally institutionalise these practices, the Policy on Remuneration was approved by the Board and implemented with effect from 1st October 2024, in compliance with the provisions of the CSE's new listing rules on Corporate Governance issued in 2024.

CORPORATE GOVERNANCE REPORT CONTD.

GRI 2-12, 2-23, 2-24, 2-25, 2-26

Board Accountability

Board Oversight for Compliance

The Board is responsible for ensuring full compliance with all applicable laws, regulations, codes, and industry standards. Based on a strict zero-tolerance policy towards non-compliance, the Board prioritises accountability and regulatory discipline, thereby safeguarding the integrity, credibility, and reputation of the organisation. To support this, our internal audit function provides continuous and independent assurance on the Company's compliance status.

Board Oversight for Risk

As the highest governing body, the Board of Directors oversees the Company's risk management framework. The Board is responsible for ensuring that a robust and proactive approach is adopted to identify, assess, and mitigate risks that could impact the achievement of strategic and operational objectives. Operating under the delegated authority of the Board, various committees undertake more focused risk oversight to monitor key risk exposures across clinical, operational, financial, technological, and regulatory domains.

To formally institutionalise these practices, the Policy on Risk Management and Internal Controls was approved by the Board and implemented with effect from 1st October 2024, in compliance with the provisions of the CSE's new listing rules on Corporate Governance issued in 2024.

For more details, please refer to the Risk Management Report on Page 109.

Board Responsibility for Internal Control and Financial Reporting

As the key custodian of the Company's financial performance and stability, the LHC is charged with the responsibility of implementing a robust internal control system to ensure the effective and efficient management of daily operations in alignment with the Company's strategic objectives. To promote transparency and stakeholder confidence, the Board also upholds a comprehensive reporting framework that communicates the Company's financial performance and overall standing.

For more details, please refer to the Directors' Responsibility Statement on Internal Control over Financial Reporting on page 121.

GRI 2-16

Board Role in Promoting Ethics and Values

The Board sets a strong ethical foundation, promoting a culture of integrity, fairness, and accountability across the organisation. Employees are guided by well-defined conduct frameworks. Key policies include:

- ▶ **Code of Conduct:** The Policy on Employees Internal Code of Conduct and Business Ethics was reviewed and approved by the Board and implemented with effect from 1st October 2024, in compliance with the provisions of the CSE's new listing rules on Corporate Governance issued in 2024. The policy outlines the ethical principles, values, and behaviours expected from all employees of LHC, including such matters as integrity, confidentiality, conflicts of interest, discrimination, and responsible use of resources, supporting a professional and respectful work environment being an equal opportunity employer.

▶ Anti-Bribery and Corruption Policy:

The Policy on Anti Bribery and Corruption was approved by the Board and implemented with effect from 1st October 2024, in compliance with the provisions of the CSE's new listing rules on Corporate Governance issued in 2024. The policy establishes zero tolerance for bribery and corruption, providing clear guidelines for ethical conduct in all business dealings. During the year under review there were no reported cases of bribery or corruption.

- ▶ **Whistleblower Policy:** The Policy Whistleblowing was reviewed and approved by the Board and implemented with effect from 1st October 2024, in compliance with the provisions of the CSE's new listing rules on Corporate Governance issued in 2024. The policy enables employees and stakeholders to anonymously report unethical conduct or violations, with assurances of protection from retaliation. This promotes openness, early issue detection, and swift corrective action.

Board Role in IT Governance

The Board plays a critical role in overseeing IT governance. The Board is responsible for setting the strategic direction for IT investments, ensuring they are aligned with the organisation's goals. The Board continually reviews the IT infrastructure and investments to ensure they contribute to enhancing operational performance, improving patient care, and driving digital transformation within the healthcare sector.

Further, the Board works closely with the IT governance team to monitor risks associated with IT, such as cybersecurity threats, data privacy concerns, and regulatory compliance issues in order to sustain LHC's competitive edge in the evolving healthcare landscape.

For more details, please refer to the Manufactured Capital section on page 52.

Board Role in HR Governance

The Board is responsible for ensuring that the Company attracts, develops, and retains top talent, while also promoting a diverse, inclusive, and ethical work environment. In addition to providing strategic oversight, the Board has established a robust framework of HR policies and practices to address key areas such as recruitment, remuneration, performance management, career development and employee well-being, and manage compliance with labor laws and industry standards.

Additionally, the Board monitors key HR metrics, such as employee turnover, retention rates, and overall employee satisfaction, to assess the effectiveness of HR initiatives and their alignment with organisational goals.

For more details, please refer to the Human Capital section on page 36.

GRI 2-9, 2-13, 2-14

Board Oversight for ESG Integration and Reporting

Environmental, Social, and Governance (ESG) considerations are a key focus area for the LHC Board. The Board is responsible for embedding ESG principles into the daily operations of the organisation.

To facilitate this, the Board engages with key committees, including those focused on governance, risk management, and sustainability, to ensure that LHC remains committed to long-term value creation and sustainability across its operations.

The Board provides high-level oversight through regular meetings, during which key areas such as financial performance, operational effectiveness, and stakeholder interests are discussed.

To formally institutionalise these practices, the Policy on Environment Social Governance Sustainability was approved by the Board and implemented with effect from 1st October 2024, in compliance with the provisions of the CSE's new listing rules on Corporate Governance issued in 2024.

Board Responsibility to Shareholders and other Stakeholders

As the highest governing body of LHC, the Board of Directors holds the ultimate responsibility to act in the best interest of shareholders and other key stakeholders. The Board is committed to protecting shareholder value through sound governance practices, prudent oversight, and effective risk management. Board responsibility also extends to ensuring transparent, timely, and accurate communication on the Company's performance, strategic direction, and risks.

Beyond shareholders, the Board also recognises its duty to a broader group of stakeholders, including employees, patients, regulatory bodies, suppliers, and the wider community. By maintaining open channels of engagement and being responsive to stakeholder needs and expectations, the Board plays a critical role in fostering long-term, sustainable relationships that underpin LHC's reputation and success.

To formally institutionalise these practices, the Policy on Relations with Shareholders and Investors was approved by the Board and implemented with effect from 1st

October 2024, in compliance with the provisions of the CSE's new listing rules on Corporate Governance issued in 2024.

Annual General Meeting

The Annual General Meeting (AGM) serves as the main forum for shareholders to connect directly with the Board to raise any concerns and make suggestions.

The Annual Report, notice of the AGM and any other resolution that require shareholder approval along with voting instructions are circulated to shareholders a minimum 15 working days prior to the AGM allowing for sufficient time for shareholders to review the documentation prior to attending the AGM.

The Lanka Hospitals Corporation PLC's next AGM is scheduled to be held on 25th June 2025.

Board Meetings

The LHC Board meets every -month, or more frequently if required, to ensure timely and effective oversight of the Company's affairs, with each member of the Board expected to be thoroughly prepared and actively contribute to discussions. Members of the executive leadership team also attend Board meetings by invitation.

The Group Chief Executive Officer (GCEO) is invited to provide a comprehensive overview of the Company's current business activities, operational developments, and strategic achievements, while the Group Chief Financial Officer (GCFO) presents the Company's financial performance and key highlights. In addition, select business heads may be invited to present updates relevant to their areas of responsibility.

CORPORATE GOVERNANCE REPORT CONTD.

PLANNING OF BOARD MEETINGS

Meeting Calendar is prepared by the Company Secretary annually in advance and communicated to all Board members.

The Chairman sets the Board agenda, in consultation with the Directors, the GCEO, and the Company Secretary. The agenda is prioritised and timed to ensure all items are discussed. Directors are allowed to make a written request to the chairman detailing any additional matters to be included in the agenda.

The finalised agenda along with a comprehensive Board pack containing relevant Board papers are circulated at least seven (07) working days prior to the meeting date, allowing Board members sufficient time to review the same. All information and Board Papers are also uploaded to a secure portal to give Directors remote access.

The Company Secretary is responsible for maintaining accurate minutes of each Board meeting.

LHC Directors' Attendance for Meetings -2024

A total of 12 scheduled Board meetings were held in FY 2024:

	Name Of the Director	Designation	Board Meetings	Audit and Risk Committee	Remuneration Committees	Related Party Transaction	AGM	Nomination & Governance	IT Project Review
1.	Dr. Bandula Wijesiriwardena	Chairman	11/11				1/1	2/2	
2.	Dr. Abinaya Alagarasan	Director	11/11	10/10			1/1		
3.	Dr. Ravindra Ruberu	Director	10/11		3/3				
4.	Ms. L. K. Sangakkara	Director	11/11	6/6		4/4			
5.	Mr. M Fernando	Director	10/11	10/10		4/4	1/1	3/3	3/3
6.	Mr. K De Alwis PC	Director	11/11			4/4	1/1	3/3	
7.	Mr. M. N. K. Fernando	Director	10/11		3/3		1/1		
8.	Ms. R. S. Debgupta	Director	7/12						
9.	Mr. A. Bhatia	Director	7/12						
10.	Dr. Kanishka Karunaratne	Director	9/11	7/10					
11.	Mr. Kasun Rajapaksha	Director	10/11		3/3		1/1		1/1
12.	Mr. Ronald C Perera	Director	8/9				1/1		
13.	Dr. Nilupul Perera	Director	1/1						
14.	Mr. Chaaminda Kumarasiri	Director	1/1						

	Name Of the Director	Designation	Board Meetings	Audit and Risk Committee	Remuneration Committees	Related Party Transaction	AGM	Nomination & Governance	IT Project Review
15.	Mr. Sajith Wickramaarachchi	Director	1/1						
16.	Ms. Shamalie Jayatunge	Director	1/1						
17.	Mr. Sirmal Senaratne	Director	1/1						

Access to Information

In preparing for Board Meetings, Directors are allowed to reach out to Corporate Management to obtain necessary information or clarifications. Directors are also allowed to seek independent professional advice at the Company's expense, as needed.

GRI 2-11

Differentiating the role of the Chairman and the GCEO

The roles of the LHC's Chairman and that of GCEO are distinctly different. While the Chairman leads the Board and focuses on Board effectiveness, the GCEO is entrusted with the responsibility of managing day to day business operations in line with the overall objectives set by the Board.

This clear differentiation between key roles aims to ensure no one individual has unfettered powers of authority to enable effective decision-making, accountability, and balanced corporate leadership.

Role of the Chairman	Duties and Responsibilities of the GCEO
<ul style="list-style-type: none"> ▶ Provide strategic leadership to the Board and guide overall governance practices. ▶ Preside over Board meetings and ensure they are conducted effectively and regularly. ▶ Maintain balance of power between Executive and Non-Executive Directors to support objective decision-making. ▶ Encourage active and effective participation of all Directors in Board deliberations. ▶ Oversee regulatory compliance by ensuring timely implementation of directives from regulators. ▶ Set or delegate the agenda for Board meetings in consultation with the Company Secretary. ▶ Ensure proper documentation of Board proceedings and decisions through well-maintained minutes. ▶ Foster effective communication with shareholders and ensure their views are considered by the Board. 	<ul style="list-style-type: none"> ▶ Lead day-to-day operations of the Company in alignment with the Board's strategic direction ▶ Execute Board-approved strategies and ensure the achievement of corporate objectives ▶ Provide leadership to the senior management team to drive performance and operational efficiency. ▶ Safeguard the Company's financial health and ensure prudent risk management across all operations ▶ Report to the Board on operational progress, business performance, risks, and opportunities. ▶ Ensure compliance with legal, regulatory, and governance requirements across the organisation. ▶ Build relationships with stakeholders, including investors, regulators, partners, and the wider community. ▶ Support the development and implementation of ESG initiatives in alignment with the Company's sustainability goals. ▶ Drive innovation, digital transformation, and continuous improvement to maintain competitiveness.

CORPORATE GOVERNANCE REPORT CONTD.

GRI 2-13, 2-24

Board Sub Committees

Board Sub Committees play a vital role in the efficient functioning and oversight of corporate governance. Sub Committees are appointed by the Board to address specific areas of responsibility, such as audit, remuneration, nomination and governance, and related party transactions. Each Sub Committee operates in line with standard terms of reference outline its objectives, authority, and decision-making processes.

To formally institutionalise these practices, the Policy on Board Sub Committees, Policy on Remuneration, Policy on Corporate Governance Nominations and Re-elections were approved by the Board and implemented with effect from 1st October 2024, in compliance with the provisions of the CSE's new listing rules on Corporate Governance issued in 2024.

Moreover, membership of the Audit and Risk Committee and the Remuneration Committee were reconstituted in compliance with the CSE's new listing rules on Corporate Governance requiring majority representation of Independent Non-Executive Directors, including the Committee Chairman.

GRI 2-18

Board and Board Sub Committee Evaluation

It is mandatory for all Board Directors of LHC to participate in an annual self-assessment. Completed self-assessment forms are submitted to the Nomination Committee. The Committee, in collaboration with the Chairman of the Board, evaluates these assessments to identify any gaps in skills among Board members and to determine the necessary training and development required to strengthen the Board's overall effectiveness.

Evaluating the Performance of the GCEO

The Board conducts an annual assessment of the GCEO's performance, referencing the goals and objectives for the respective financial year set at its outset. Based on the outcomes, the Board makes recommendations to the Remuneration Committee regarding suitable adjustments to the GCEO's compensation package.

Induction and Training for Directors

All Directors benefit from regular training interventions throughout their tenure to support ongoing knowledge enhancement and to keep them informed of economic, regulatory, and industry trends. Meanwhile, every new Director undergoes a formal induction process designed to familiarise them with LHC's operations, governance framework, key policies, and to help them understand their role and responsibilities as Board members.

Role of the Company Secretary

The Company Secretary plays a vital role in supporting the Board by ensuring compliance with legal and regulatory requirements

- ▶ Advise the Board and individual Directors on their duties and regulatory compliance.
- ▶ Coordinate and facilitate Board and Committee meetings, including agenda setting and circulation of papers.
- ▶ Maintain minutes of Board, Committee, and general meetings.
- ▶ Maintain the shareholder register with current and historical details.
- ▶ Ensure compliance with CSE listing rules, including related party disclosures.
- ▶ Notify regulators of any changes in the governance structure (e.g., appointments/resignations of Directors).
- ▶ Facilitate the Annual General Meeting (AGM), including notice circulation and annual report distribution.

- ▶ Assist in the induction and continuous professional development of Directors.

GRI 2-24

Management Committees

Management Committees play a vital role in enabling effective decision-making and operational oversight. Appointed by the GCEO, these committees comprise key executives and departmental heads across functions such as operations, clinical care, quality, compliance, safety, finance, IT, human resources and marketing. All Management Committees meet regularly to review key performance indicators and identify areas for improvement to enhance organisational efficiency and service excellence.

Cybersecurity

The Company has made considerable investments in strengthening its IT infrastructure and has deployed technical controls to mitigate cyber risks such as firewalls, virus guards and anti-malware solutions.

Corporate Governance disclosures

The Board of Directors has taken all reasonable steps to ensure that all financial statements are prepared in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS) issued by the ICASL and other relevant requirements. The Company and its subsidiaries are fully compliant with all the mandatory rules and revised regulations stipulated by the Corporate Governance Listing Rules published by the CSE and also by the Companies Act No. 07 of 2007. The Group has also given due consideration to the Best Practice on Corporate Governance Reporting guidelines jointly set out by the ICASL and the SEC and has voluntarily adopted the relevant provisions as far as is practicable.

Compliance to the Code of Best Practices on Corporate Governance 2023 (Voluntary provisions)

A. Directors
A.1. The Board
The Board The Lanka Hospitals Corporation PLC comprises seven (7) eminent professionals as at 31st December 2024 drawn from multiple fields and four out of them are Independent Non-Executive Directors (INEDs). They bring diverse perspectives and independent judgement to deliberate on matters set before the Board. Directors are elected by shareholders at the AGMs. The Executive Management of the Company is vested with the Executive Committee (EXCO) headed by Group Chief Executive Officer (GCEO) who is appointed by the Board. Casual vacancies of the Board are filled by the Board based on the recommendations of the Board Nominations and Governance Committee (BNGC) as provided for in the Articles of Association. The Board is assisted by the Company Secretary.
A.1.1 Regular Meetings
The Board meets on a monthly basis and each Board Committee also has its own schedule of meetings as set out in the respective Committee reports. The regularity of Board meetings and the structure and process of submitting information have been agreed to and documented by the Board. Attendance at meetings is summarised in 92 & 93 pages.
A.1.2 Role and responsibilities of the Board
The roles and responsibilities of the Board are set out in the Board Charter.
A.1.3 Act in accordance with laws
The Board has an approved working procedure in place to facilitate compliance with the relevant laws, and guidelines and international best practice with regard to the operations of the Company. This includes provision to obtain independent professional advice as and when necessary by any Director coordinated through the Company Secretary.
A.1.4 Access to advice and services of Company Secretary
All Directors are able to obtain the advice and services of the Company Secretary. The appointment and removal of the Company Secretary is a matter involving the whole Board under the advisement of the BNGC.
A.1.5 Independent judgement
The Board comprises of senior professionals who are experts in their respective fields and use their independent judgement in discharging their duties and responsibilities on matters of strategy, performance, resource allocation, risk management, compliance, and standards of business conduct. The composition of the Board ensures that there is a sufficient balance of power and contribution by all Directors which minimises the tendency for one or a few members of the Board to dominate the Board processes or decision-making.
A.1.6 Dedicate adequate time and effort to matters of the Board and the Company
Board meetings and Board Committee meetings are scheduled well in advance and the relevant papers are circulated a week prior to the meeting using electronic means to ensure that Directors have sufficient time to review the same and call for additional information or clarifications, if required. Members of the Corporate Management Team and external experts make presentations to the Board on the business environment, regulatory changes, operations, and other developments on a regular basis to enhance the knowledge of the Board on matters relevant to the Company's operations. The NEDs dedicate time and effort to provide guidance and advice for the affairs of the Company and those Directors who are also on Board sub committees dedicate extra hours to fulfil their duties in the respective committees.
A.1.7 Quorum to propose Board Resolutions
If necessary in the best interest of the Company, the Directors can call for a resolution to be presented to the Board.
A.1.8 Board induction and training
During the latter part of the financial year, with the changes to the Board of the Company, the induction session was conducted for all new Directors. Subsequently a directors training programme was conducted for the benefit of newly appointed directors with participation from subject experts in key areas.
A.2 Separating the business of the Board from the executive responsibilities for management of the Company
The positions of the Chairman and the GCEO have been separated in line with best practice in order to maintain a balance of power and authority. The Chairman is a Non Independent Non-Executive Director whilst the GCEO holds an Executive position in the management. The roles of the Chairman and the GCEO are clearly segregated.

CORPORATE GOVERNANCE REPORT CONTD.

A.3 Chairman's role in preserving good corporate governance

The Chairman provides leadership to the Board, preserving order and facilitating the effective discharge of duties of the Board and is responsible for ensuring the effective participation of all Directors and maintaining open lines of communication with KMP, acting as a sound Board on strategic and operational matters. The agenda for Board meetings is developed by the Chairman in consultation with the Directors, the GCEO, and the Company Secretary, taking into consideration matters relating to strategy, performance, resource allocation, risk management, and compliance. Sufficiently detailed information on matters included in the agenda is provided to the Directors on time. All Directors have been made aware of their duties and responsibilities and the Board and Committee structures. All Directors are encouraged to seek information necessary to discuss matters on the agenda. Views expressed by Directors on issues under consideration are recorded in the minutes.

A.4 Availability of financial acumen and knowledge to offer guidance on matters of finance

The Chairman of the Board Audit Committee (BAC) who is a NED is a Fellow Member of the CA Sri Lanka ensuring a sufficiency of financial acumen within the Board on matters of finance. Additionally, another NED in the BAC is also a Fellow Member of CA and a professional with vast experience on matters of finance.

A.5 Board balance

The Chairman is a non Independent Non-Executive Director. All the Board Members are NEDs and out of which four (4) of them are independent directors. NEDs are independent of management and free of business dealings that may interfere with the exercise of their unfettered and independent judgement. They submit annual declarations to this effect which are evaluated to ensure compliance with the criteria for determining independence in line with the requirements of the applicable regulations and this Code. There are no Alternate Directors appointed to represent the Directors of the Company.

A.6 Provision of appropriate and timely information

Board Members receive information regarding matters set before the Board a week prior to the meetings. The Chairman ensures that all Directors are properly briefed on same by requiring the presence of members of the Corporate Management when deemed necessary. Management also makes presentations on regular agenda items to the Board and its Committees. Additionally, the Directors have access to members of the Corporate Management to seek clarifications or additional information on matters presented to the Board. Directors who are unable to attend a meeting in person, are encouraged to attend the meeting via an online meeting platform. Such Directors are also updated on proceedings through formally documented minutes, which are also discussed at the next meeting to ensure follow-up and proper recording.

A.7 Appointments to the Board and re-election

Refer Section on "Appointments and retirements/resignations of Directors" given on page 87.

A.8 All Directors should submit themselves for re-election at regular intervals

Refer Section on "Re-election/election of Directors" on page 87.

A.9 Appraisal of Board and Board Committee performance

Board and Board Sub Committees self evaluation were conducted during the financial year. All the Directors were encouraged to complete their self evaluation checklist through a dedicated link shared with each Director.

A.10 Annual Report to disclose specified information regarding Directors

Information specified in the Code with regard to Directors is disclosed within this Annual Report as follows: Refer pages 75-81 the Profiles including qualifications, expertise, material business interests and key appointments. Refer pages 89 for details on Directors' Interest in contracts with the Company. Refer Note 8 to the Financial Statements on page 172 for the details on Remuneration paid to Directors. Refer Note 27.1 to the Financial Statements on Related Party Disclosures on pages 191 Refer page 92-93 Membership of committees and attendance at Board meetings and Committee meetings.

A.11 Appraisal of the CEO

Performance of the GCEO was reviewed during the Financial year against the pre-agreed KPIs,.

B. Directors' remuneration

B.1 Remuneration Procedure

Remuneration procedure Refer section on "Directors' remuneration" on page 89.

B.2 Remuneration Committee

Remuneration Committee and Level and make-up of remuneration Refer section on "Components of remuneration" on page 125.

B.3 Disclosures related to remuneration in Annual Report

Refer section on "Directors' remuneration" on page 125 Refer Note 8 to the Financial Statements on page 172 for the details on Remuneration paid to Directors. Refer pages 125-126 for the Report of the BRC. Refer Note 27 to the Financial Statements on page 191 for the details on Compensation to KMP.

C. Relations with shareholders

C.1 Constructive use of the AGM and conduct of other General Meetings

The AGM provides a forum for all shareholders to participate in decision-making matters reserved for the shareholders which typically include proposals to adopt the Annual Report and Accounts, election and re-election of Directors and Auditors and other matters requiring special resolutions as defined in the Articles of Association or the Companies Act No. 07 of 2007. Separate resolutions are proposed for each material issue.

The Chairman ensures the presence of the Chairmen of the BAC, BRC, BNGC and Board Related Party Transaction Review Committee (BRPTRC) to respond to any questions that may be directed to them. Notice of the AGM is circulated together with the Annual Report and Accounts which includes information relating to any other resolutions that may be set before the shareholders at the AGM fifteen working days in advance. The Company ensures that all valid proxy appointments received for the AGM are counted and properly recorded.

C.2 Communication with shareholders

The Policy on Relations with Shareholders and Investors sets out multiple channels of communication for engaging with shareholders. Channels include investor section of the website at <https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=LHCL.N0000>. The required disclosures to the CSE are published on the CSE website. The Company's website provides information on healthcare services offered by the hospital in addition to the financial information. Every effort is made to ensure that the Annual Report provides a balanced review of the Company's performance. The principal forum for shareholders is the AGM, while matters can also be raised through the Company Secretary. The Company Secretary keeps the Board apprised of issues raised by the shareholders to ensure that they are addressed in an appropriate manner in keeping with the corporate values of the Company.

C.3 Disclosure of major and material transactions

The Policy on Relations with Shareholders and Investors addresses the need to disclose major and material transactions to shareholders as required by the rules and regulations of the SEC and the CSE and the Company has in place a defined process to comply with the requirements. There were no transactions which would materially alter the Company's or Group's net assets nor any major related party transactions apart from those disclosed as follows: Refer Note 2.1 for details on "Shareholder engagement and voting". Refer pages 18-22 for the "Statement of Compliance". Refer Note 27 to the Financial Statements on Related Party Disclosures on pages 191-192.

CORPORATE GOVERNANCE REPORT CONTD.

D. Accountability and audit
D.1 Financial and Business Reporting
<p>Present a balanced and understandable assessment of the Company's financial position, performance, business model, governance, structure, risk management, internal controls, and challenges, opportunities and prospects</p> <p>All possible efforts are taken to ensure that the Annual Report presents a balanced review of the Company's financial position, performance, Business Model, Governance, Structure, Risk Management, Internal Controls, and future Prospects. Due care has been exercised to ensure that all statutory requirements are compiled within the Annual Report and the issue of interim communications on financial performance which are reviewed by the BAC and recommended prior to publication. The following disclosures as required by the Code are included in this Report:</p> <ul style="list-style-type: none">▶ Overview of Operations and Capital Management – Refer pages 32 to 70▶ Risk Management and Governance – Refer pages 109 to 113▶ Annual Report of the Board of Directors – Refer pages 114-120▶ Statement of Directors' Responsibility for Financial Reporting - Refer page 121▶ Independent Auditor's Report on page 140
<p>Related Party Transactions disclosed in Note 27 to the Financial Statements on pages 191 to 192 and the process in place is described in the Report of the BRPTRC on pages 127-128 In the unlikely event of the net assets of the Company falling below 50% of Shareholders' Funds, the Board will summon an Extraordinary General Meeting (EGM) to notify the shareholders of the position and to explain the remedial action being taken.</p>
D.2 Process of risk management and a sound system of internal control to safeguard shareholders' investments and the Company's assets
<p>The Board is responsible for determining the risk appetite for achieving the strategic objectives and formulates and implements appropriate processes for risk management and internal control systems to safeguard shareholder investments and assets of the Company. Board Audit and Risk Committee assist the Board to fulfil these obligations.</p>
D.3 Board Audit Committee (BAC)
<p>The BAC comprises of 3 independent INEDs and a one Non Independent NED. The GCEO and GCFO also attend the meetings by invitation. The summary of its responsibilities and activities are given in the Report of the BAC as appearing on pages 123-124. It is supported by the Internal Audit function of the Company, Risk Officer and the Senior Manager Legal and Compliance reporting directly to the BAC. The Board also obtains assurance from its External Auditors on the effectiveness of internal controls on financial reporting which is given on page 142.</p>
D.4 Risk Committee/Scope
<p>The Board Audit and Risk Committee assist the Board in overseeing the risk management framework of the Company. It particularly assists the Board oversight of determining risk appetite, identification and classification of risks, reviewing risk management outcomes and mitigation actions, process to manage ESG risks etc. A summary of role, responsibilities and activities of the Committee are given on pages 123-124.</p>
D.5 Board Related Party Transactions Review Committee (BRPTRC)
<p>The BRPTRC comprises of 3 Independent NEDs. The GCEO and GCFO also attend the meetings by invitation. A summary of responsibilities and activities are given in the report of the BRPTRC on pages 127-128. The Company has a Board-approved Related Party Transactions Policy in place which addresses requirements under this section.</p>

D.6 Code of Ethics

The Company has an internally-developed Code of Business Conduct and Ethics which is applicable to all Non Executive Directors, and a separate Code of Business Conduct and Ethics for all other KMP, and employees. The Company also has Board approved policy applicable to dealing in shares of the Company which are fully compliant with the Listing Rules of the CSE. These Codes of Conduct encompass conflict of interest, bribery and corruption, entertainment and gifts, accurate accounting and record-keeping, fair and transparent procurement practices, corporate opportunities, confidentiality, fair dealing, protection and proper use of Company assets including information assets, sexual harassment, discrimination and abuse, compliance with laws, rules and regulations (including insider trading laws) and encouraging the reporting of any illegal, fraudulent, or unethical behaviour. Further, the Company has a well-established whistle-blower process in order to deal with complaints received from various stakeholders in relation to non-compliance with the Company's code of business conduct and ethics.

D.7 Corporate governance disclosures

The Annual Corporate Governance Report from pages 84-108 comply with the disclosure requirements of the Code.

E. & F. Institutional Investors and Other Investors Shareholder Voting

The Company has 7,585 ordinary voting shareholders as at end 2024, of which 142 are institutional shareholders. The Company has regular dialogue with the large institutional shareholders and any concerns of these institutional shareholders expressed at the meetings is communicated to the Board as a whole. All shareholders are encouraged to exercise their voting powers at the AGM. The Company facilitates the analysis of its securities by encouraging both foreign and local analysts covering the Company with structured meetings where they are able to obtain information and explanations required for evaluating the current and future performance of the Company. Additionally, the investor relations section on the Company's website has key information required by shareholders and analysts.

G. Sustainability: ESG Risks and Opportunities Sustainability: ESG related risks and opportunities

The Board considers Sustainability/ESG-related risks and opportunities in the Company's business model, short and medium term planning and in its long-term strategy that could reasonably be expected to affect the Company's prospects. The Board and the KMP engage with and consider the views of its stakeholders to better understand and manage the Company's Sustainability/ESG-related risks and opportunities and have integrated sustainability/ESG related policies and practices into Company's strategy, business model, governance and risk management. The Integrated Annual Report contains information, which enables investors and other stakeholders to assess how ESG risks and opportunities are recognised, managed, measured and reported. This Annual Report has been prepared in accordance with International Framework, Integrated Reporting <IR> and GRI Guidelines, "A Preparer's Guide to Integrated Corporate Reporting", "Handbook on Integrated Corporate Reporting" and "Guideline on Non-financial Reporting" published by CA Sri Lanka.

H. Establishment and Maintenance of Policies

H.1 & H.2 Sustainability: ESG, Risk and Opportunities

Policies relating to governance are maintained by the Company and details relating to implementation of such policies are hosted in the Company website. A list of such policies and the web reference is given below;

- ▶ Matters relating to the Board of Directors
- ▶ Board Committees
- ▶ Corporate Governance, Nominations and Re-election Remuneration
- ▶ Internal Codes of Business Conduct and Ethics for all Directors and Employees, including policies on trading in the Bank's Listed Securities
- ▶ Risk Management and Internal Controls
- ▶ Relations with Shareholders and Investors
- ▶ Environmental, Social and Governance Sustainability
- ▶ Control and Management of Company Assets and Shareholder Investments
- ▶ Corporate Disclosures
- ▶ Whistleblowing
- ▶ Anti-Bribery and Corruption

The Company has established and maintain a formal policy governing matters relating to the Board of Directors. The policy *inter alia* addressed Board balance, diversity, frequency of meetings, maximum number of directors, number of meetings a Director should attend etc.

CORPORATE GOVERNANCE REPORT CONTD.

Compliance with the Provisions of the Companies Act No 07 of 2007

(Mandatory provisions-fully compliant)

	Companies Act No. 7 of 2007	Compliance Status	Details
168(1)(a)	The nature of the business together with any change thereof	Complied with	Please refer pages 114 to 151 of this report.
168(1)(b)	Signed financial statements of the Group and the Company	Complied with	Please refer pages 144 to 201 of this report.
168(1)(c)	Auditors' Report on financial statements	Complied with	Please refer pages 140 to 143 of this report.
168(1)(d)	Accounting policies and any changes therein	Complied with	Please refer pages 152 to 170 of this report.
168(1)(e)	Particulars of the entries made in the interests register	Complied with	<p>All Directors have made declarations as required by the Section 192(1) and (2) of the Companies Act aforesaid and all related entries were made in the Interest register during the year under review.</p> <p>The Interest Register is available for inspection by shareholders or their authorised representatives as required by Section 119(1) (d) of the Companies Act No.07 of 2007.</p>
168(1)(f)	Remuneration and other benefits paid to Directors of the Company	Complied with	Refer note 8 to the Financial Statements on page 172.
168(1)(g)	Corporate donations made by the Company	Complied with	Refer page 116 of this report.
168(1)(h)	Information on Directorate of the Company at the end of accounting period	Complied with	Please refer pages 72 to 81 of this report.
168(1)(i)	Amounts paid/payable to the External auditor as audit fees and fees for other services rendered	Complied with	Refer note 8 to the Financial Statements on page 172.

Compliance with the Corporate Governance Rules of Colombo Stock Exchange.

The Colombo Stock Exchange introduced new set of Corporate Governance Rules in October 2023 (Mandatory provisions-fully compliant). Company's adherence to these regulations are detailed below.

	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.1	Company shall publish a statement confirming the extent of compliance with the Corporate Governance Rules set out herein, in the Annual Report of the Entity.	This report embodies the level of compliance to the Corporate Governance Rules of CSE	1st October 2023	Complied
9.2.1	Company shall establish and maintain the 12 new policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Entity on its website.	All the 12 policies have been uploaded to Company's website: https://www.lankahospitals.com/about/corporate-governance-policies/ .	1st October 2024	Complied
9.3.1 and 9.3.2	Company shall ensure that the following Board Committees are established and maintained at a minimum and are functioning effectively. The said Board Committees at minimum shall include; (a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (d) Related Party Transactions Review Committee.		1st October 2024	Complied
9.3.3	The Chairperson of the Board of Directors of the Company shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above.	Chairperson of the Company does not serve as the Chairman of any of the Board subcommittees.	1st October 2024	Complied
9.4.1	Company shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Company. The Company shall provide copies of the same at the request of the Exchange and/or the SEC.	Records of all shareholder meetings are maintained electronically by the Company Secretary. Copies of these records would be made available to CSE/SEC upon request.	1st October 2023	Complied

CORPORATE GOVERNANCE REPORT CONTD.

	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.4.2	Communication and relations with shareholders and investors	Company has an on-going process to communicate with shareholders and investors, as detailed in Policy on Relations with Shareholders and Investors. Shareholders are encouraged to raise their concerns at shareholders meetings. Annual Report provides pertinent information of the Company and future outlook of the Company. The Senior Finance Manager and the Company Secretaries are entrusted to communicate with shareholders on matters concerning them. Details of contact persons are found in the Company's website.	1st October 2023	Complied.
9.5.1	Company shall establish and maintain a formal policy governing matter relating to the Board of Directors	The formal Policy on matters related to the Board of Directors have been implemented.	1st October 2023	Complied
9.6	The Chairperson of the Company shall be a Non-Executive Director and the positions of the Chairperson and CEO shall not be held by the same individual.	Chairman of the Company is a Non-Executive Director. Roles of the Chairman and the Chief Executive Officer are held by two different persons.	1st October 2023	Complied
9.6.3	The Company shall appoint an Independent Director as the Senior Independent Director (SID) in the following instances: i. The positions of the Chairperson and CEO are held by the same individual. ii. The Chairperson is an Executive Director. iii. The Chairperson and CEO are Close Family Members or Related Parties	As the Company is compliant with Rule 9.6, the appointment of Senior Independent Director is not required	1st October 2023	Not applicable
9.7	Fitness of Directors and CEOs as per the criteria set out in the regulations	All the Directors and the Group CEO have submitted written declarations confirming that they are complied with the fit and proper criteria set out in the regulations to hold their respective positions in the Company.	1st April 2024	Complied
9.8	Board Composition -Minimum of 5 Directors -minimum 2 or 1/3 of the Directors whichever is high shall be independent Directors	As of 31st December 2024, there are 07 Directors and 04 of them are Independent Non-Executive Directors	1st October 2024	Complied

	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.9	Alternate Directors shall only be appointed in exceptional circumstances and for a maximum period of one (1) year from the date of appointment.	There are no Alternate Directors on the Board as of 31st December 2024.	1st January 2024	Complied
9.10.1	Company shall disclose its policy on the maximum number of directorships it's Board members shall be permitted to hold	Company Policy on Matters Relating to the Board of Directors stipulate the maximum number of directorships a Board member can hold and that is 15 Directorships in listed entities. Currently all directors are complied with this requirement.	1st October 2024	Complied
9.10.2	The Company shall, upon the appointment of a new Director to its Board, or changes to the composition of Board sub committees, make an immediate Market Announcement in a manner set out in the regulation.	As and when there is a new appointment to the Board, immediate market announcement is made in compliance with Rule 9.10.2.	1st October 2023	Complied
9.11	The Company shall have a Nominations and Governance Committee to maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board and have a written Terms of Reference.	Nominations and Governance Committee was set up and due notifications were made to CSE regarding its composition and changes to the composition thereon.	1st October 2024	Complied
9.12	The Company shall have a Remuneration Committee that conforms to the requirements of these regulations and shall have a written Terms of Reference	There is a Remuneration Committee in place with a written Terms of Reference.	1st October 2024	Complied
9.12.3	The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors.	Currently there are no Executive Directors on the Board. However, a policy of Executive Directors' remuneration shall be formulated as and when the need arises. Directors' fees paid to the Non-Executive Directors are recommended to the Board by the Remuneration Committee. In determining the Board fees paid to Non-Executive Directors, the Remuneration Committee considers current market rates and the extent of contribution by each Board member at Board level.	1st October 2024	Not applicable

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	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.12.6	<p>Functions and Composition of the Remuneration Committee -Comprise a minimum of 3 Directors out of which a minimum of 2 shall be independent</p> <ul style="list-style-type: none"> - not consist of Executive Directors - Chairperson to be an Independent Director. 	<p>All 3 Directors on the Remuneration Committee who were serving in the committee upto 09th December 2024 were Independent Non Executive Directors. The Directors appointed to the Remuneration Committee subsequent to the Board changes in December 2024 were also Independent Non Executive Directors. Remuneration Committee Report provides required disclosures to this Annual Report.</p>	1st October 2024	Complied
9.13	<p>Where the Company does not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee shall additionally perform the Risk Functions set out in the regulations. The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties</p>	<p>The Board has decided to entrust the scope of the Risk Committee to the Audit and Risk Committee. There is a written Terms of Reference for the Audit and Risk Committee</p>	1st October 2024	Complied

	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.13.3	<ul style="list-style-type: none"> ▶ The members of the Audit Committee shall; (a) comprise of a minimum of three (03) Directors of the Company, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors. (b) not comprise of Executive Directors ▶ The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent Directors. ▶ The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market. ▶ An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors. ▶ Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Audit Committee meetings by invitation. ▶ Where the parent and subsidiary are both listed the AC of the parent may be permitted to function as the AC of the subsidiary ▶ The Chairperson of the AC shall be a Member of a recognised professional accounting body. Provided, however this Rule shall not be applicable in respect of Risk Committees where there is a separate Risk Committee and Audit Committee. 	<p>As at 09th December 2024, out of 4 Non Executive Directors, 3 of them were Independent Directors. Subsequent to the Board changes, the composition of the Audit and Risk Committee as at 31st December 2024 consists of 03 Independent Non Executive Directors. No Executive Directors are on the Audit and Risk Committee.</p> <p>Audit and Risk Committee meet at least once a quarter. There were 10 Audit and Risk Committee meetings held during the financial year ended 31st December 2024. The attendance at the Audit and Risk Committee are given on page 123 of the Annual report.</p> <p>Chairman of the Audit and Risk Committee is an independent Non Executive Director of the Board.</p> <p>GCEO and GCFO attend the Audit and Risk Committee meetings by invitation.</p> <p>Not applicable</p> <p>The Chairperson of the Audit and Risk Committee is a Member of Institute of Chartered Accountants of Sri Lanka</p>	1st October 2024	Complied
9.13.4	Functions and Annual Report Disclosures of the Audit Committee.	Functions of the Audit and Risk Committee during the financial year and the Annual Report Disclosures are given in the Report of the Audit and Risk Committee on page 123.	1st October 2024	Complied

CORPORATE GOVERNANCE REPORT CONTD.

	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.14.1	Company shall have a Related Party Transactions Review Committee that conforms to the requirements set out in the regulation	Related Party Transactions Review Committee is in place.	1st October 2023	Complied
9.14.2	<ul style="list-style-type: none"> ▶ The Related Party Transactions Review Committee shall comprise of a minimum of three (03) Directors of the Listed Entity, out of which two (02) members shall be Independent Directors of the Company. It may also include executive Directors, at the option of the Company. An Independent Director shall be appointed as the Chairperson of the Committee. ▶ If a parent Company and the subsidiary are Listed Entities, the Related Party Transactions Review Committee of the parent Company may be permitted to function as the Related Party Transactions Review Committee of the subsidiary. 	<p>As at 31st December 2024, all 3 members of the Related Party Transactions Review Committee are independent non executive Directors</p> <p>An independent non executive Director is the Chairman of the Related Party Transactions Review Committee</p> <p>Not applicable</p>	<p>1st April 2024</p> <p>1st October 2024</p>	<p>Complied</p> <p>Complied</p>
9.14.4	<ul style="list-style-type: none"> ▶ The Related Party Transactions Review Committee shall meet at least once a calendar quarter. ▶ Minutes of meetings are properly documented and communicated to the Board of Directors. The minutes of the RPTRC are tabled at the meetings of the Board of Directors on a periodic basis. ▶ Members of the RPTRC to ensure they have or have access to adequate knowledge expertise and advice. ▶ Where necessary, the RPTRC shall request the Board of Directors to approve the Related Party Transactions which are under review by the RPTRC. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant Related Party Transaction. ▶ Interested Directors shall not vote on or shall not be present during the deliberations on the specific matter 	<p>There were 4 Related Party Transactions Review Committee meeting during the year. These were held in each quarter.</p> <p>Minutes of the Related Party Transactions Review Committee are circulated to the Board every quarter.</p> <p>Committee seeks expertise and professional knowledge on matters need technical assistance.</p> <p>Such instance did not occur during the financial year 2024.</p> <p>Directors of the RPTRC are aware of their obligations</p>	1st October 2023	Complied

	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.14.5	<ul style="list-style-type: none"> ▶ The Related Party Transactions Review Committee shall review in advance all proposed Related Party Transactions ▶ In the event of any material changes to a previously reviewed Related Party Transaction in terms of Rule 9.14.5 (1) such proposed material changes shall also be reviewed by the RPTRC prior to the completion of the transaction. ▶ The RPTRC shall be provided with all the facts and circumstances of the proposed RPT by the senior management to facilitate the review of a RPT. ▶ Directors shall not participate in discussions where there is conflict except for the express purpose of providing information. Where necessary, a special committee to be created to review a proposed RPT. ▶ If a Related Party Transaction will be ongoing (a Recurrent Related Party Transaction), the Related Party Transactions Review Committee may establish guidelines for the senior management to follow in its ongoing dealings with the Related Party. Thereafter, the Committee, on an annual basis, shall review and assess ongoing relationships with the Related Party to determine whether they are in compliance with the Committee's guidelines and that the Related Party Transaction remains appropriate. 	<p>The Committee reviews all RPT for each quarter.</p> <p>No such situations trigger during the financial year.</p> <p>Management is conversant with their responsibility to furnish required facts and information necessary to review a RPT.</p> <p>Directors are fully aware of their obligations in respect of conflict of interest.</p> <p>RPTR Committee may set out guidelines deemed necessary for ongoing RPT (if any) after assessing the nature of such transactions.</p>	1st October 2023	Complied
9.14.6	<ul style="list-style-type: none"> ▶ The Company shall obtain shareholders' approval by way of a Special Resolution for the Related Party Transactions as soon as the value of the transaction exceeds threshold limits as set out in the regulations 	During the year , there were no recurrent or non recurrent RPTs that required shareholders' approval by way of a special resolution	1st October 2023	Not applicable.

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Composition As at 31st December 2024

Name of the Director	Directorship Status
Dr. Nilupul Perera	Non-Independent Non Executive
Mr. Sirimal Senaratne	Independent Non Executive
Mr. Chaaminda Kumarasiri	Independent Non Executive
Mr. Sajith Wickramaarachchi	Independent Non Executive
Ms. Shamalie Jayatunge	Independent Non Executive
Mr. Ashish Bhatia	Non-Independent Non Executive
Ms. Richa Singh Debgupta	Non-Independent Non Executive

Composition As at 22nd April 2025

Name of the Director	Directorship Status
Dr. Nilupul Perera	Non-Independent Non Executive
Mr. Sirimal Senaratne	Independent Non Executive
Mr. Chaaminda Kumarasiri	Independent Non Executive
Mr. Sajith Wickramaarachchi	Independent Non Executive
Ms. Shamalie Jayatunge	Independent Non Executive
Mr. Ashish Bhatia	Non-Independent Non Executive
Ms. Richa Singh Debgupta	Non-Independent Non Executive
Mr. Dharma Sri Suriyakumara	Independent Non Executive Director
Mr. Nusith Samarasee Kumaratunga	Non-Independent Non Executive Director

In Terms of Rule 9.16 of the Regulation, the Board of Directors Disclose as follows:

- (i) We have declared all material interests in contracts involving in the Company and we have refrained from voting on matters in which we were materially interested;
- (ii) We have conducted a review of the internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of our effectiveness and successful adherence therewith
- (iii) We made arrangements to make ourselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions;
- (iv) There were no material non-compliance with law or regulation or any fines, which are material, imposed by any Government or regulatory authority in any jurisdiction where the Company has operations.

RISK MANAGEMENT

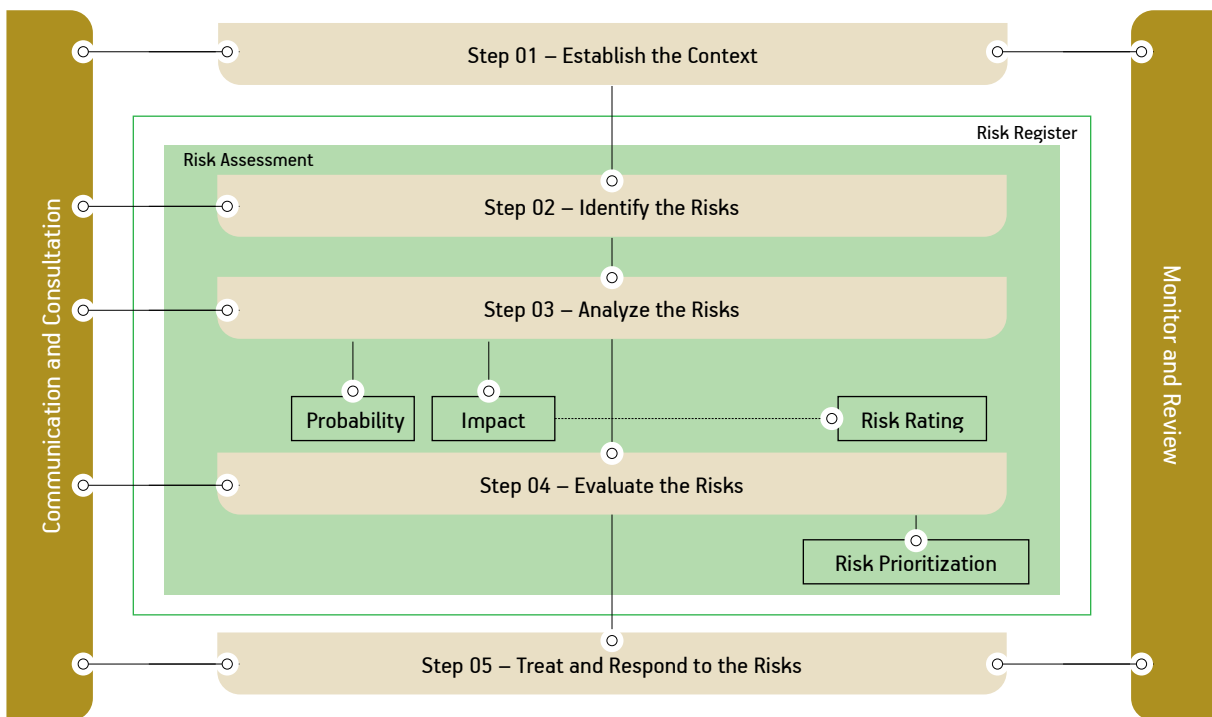
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As in the case of any business, risk is inherent to LHC's operations as well. The Company is exposed to various risks inherent to the business model and strategy as well as a result of changes in the broader operating environment. Amidst this backdrop, our goal is to be proactive in identifying risks and taking early action to mitigate if not completely avoid risks.

LHC's Approach to Risk Management

Our approach to risk management is governed by a formal Policy on Risk Management and Internal Controls, which applies across all functions and departments. This Policy which encapsulates the ISO 31000 Risk Management – Principles and Guidelines sets out a structured and comprehensive process for identifying, assessing, prioritising, managing, reporting, and monitoring both inherent and contextual risks that may impact the Company's ability to achieve its strategic and operational objectives. In addition to safeguarding against risks, the Policy also reinforces the importance of the risk-awareness culture to supports the responsible pursuit of opportunities to benefit the Company.

LHC's Risk Management Process based on ISO 31000 Risk Management – Principles and Guidelines



Risk Control and Governance Framework

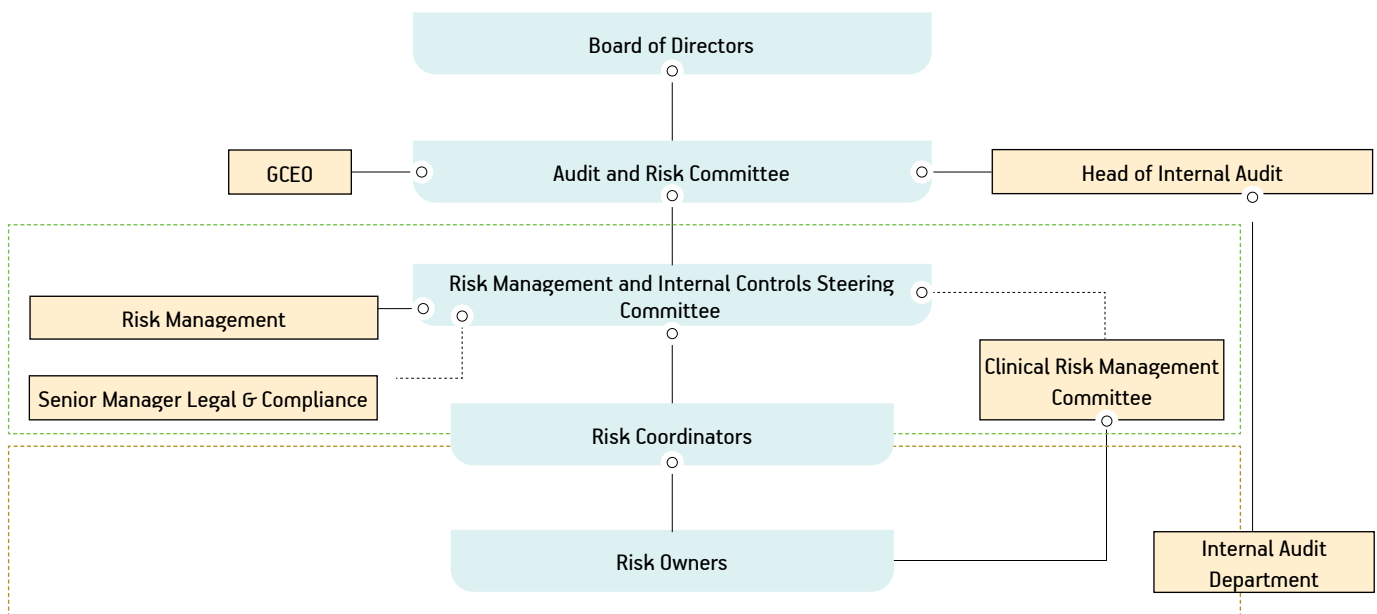
As the key custodian of risk management within the organisation, the LHC Board works closely with the Audit and Risk Committee to establish risk management objectives that correspond to the Company's strategy and business plans.

Additionally, the Board has established a risk control framework based on the three line of defence mechanism where the first line of defence comprises Risk Owners who are the Functional Heads in clinical and non-clinical areas. The first line of defence is required to adhere to and conduct their duties and responsibilities in accordance with the policies and procedures established by the Board and the Audit and Risk Committee. They are also expected to remain vigilant and use their knowledge and technical expertise to determine any potential / emerging risk events and inform the non-clinical related risks to Risk Coordinators and clinical risks to the Clinical Risk Management Committee, both represent the second line of defence and who work under the oversight of the Risk Management and Internal Control Steering Committee. The second line of defence engages in monitoring the activities of the first line of defence, including

RISK MANAGEMENT CONTD.

identifying emerging risks and reporting to the Risk Management and Internal Control Steering Committee for appropriate action and further reporting to the next level based on the identified severity. As an alternative measure for identifying and escalating risks, Senior Manager Legal & Compliance also, where required, inform identified risks to the Risk Management and Internal Control Steering Committee, being part of the second line of defence.

The third line of defence comprises the Internal Audit Department. The main role of the Internal Audit Department is to conduct due diligence and provide independent assurance to the Board and the Audit and Risk Committee regarding the adequacy and efficiency of the existing risk control mechanisms. Audit findings are submitted to the Board Audit and Risk Committee for review on a quarterly basis before being tabled at the Board meeting to enable the Board to take corrective action, if needed. In cases where gaps have been noted, the EXCO members are called in to the Board meeting to provide explanations and suggest appropriate remedial measures.

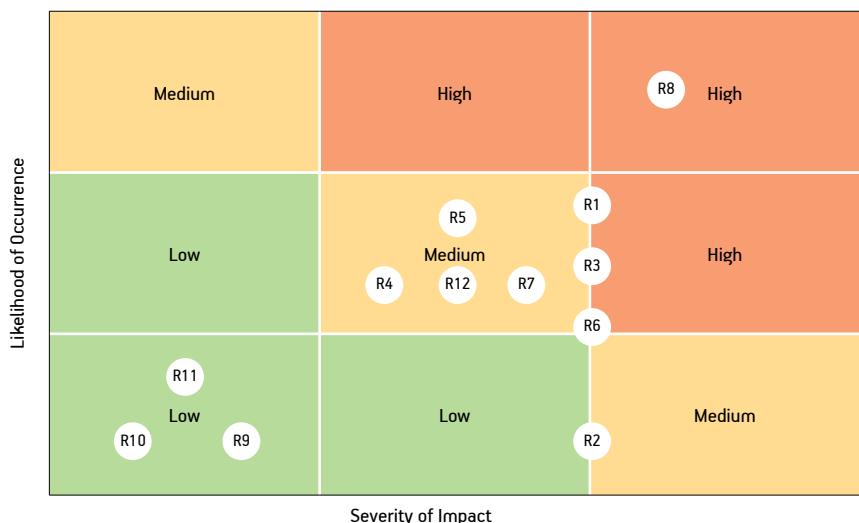


Risk Awareness Culture

Based on the belief that a strong risk-awareness culture is essential to support effective risk management, the Board Audit and Risk Committee undertakes various training and other capacity building initiatives aimed at reinforcing the risk culture at all levels of the business.

Managing Key Risks`

Risk Assessment Matrix



Managing Inherent Risks						
Risk Category	Context	Impact to LHC	Severity	Likelihood	Mitigating Actions	
R1. Clinical Risk (Patient, Staff, Public Harm)	Involves risks of harm due to medical errors, unsafe procedures, or failure in clinical protocols that may impact patients, staff, or the public.	Reputational damage, legal liability, and regulatory sanctions due to injury or loss of life	High	Moderate	<ul style="list-style-type: none"> ▶ Standardised clinical protocols in line with the JCI accreditation ▶ Continuous medical education and training ▶ Real-time incident reporting systems ▶ Regular safety audits 	
R2. Infectious control	Risk of hospital-acquired infections (HAIs) and outbreaks, especially in post-surgical care and high-risk areas	Increasing patient morbidity, prolonging hospital stays, and elevating healthcare costs. Additionally, it may lead to reputational damage and diminished patient trust in the institution's safety standards	Moderate	Low	<ul style="list-style-type: none"> ▶ Established Infection Prevention and Control (IPC) measures, including stricter hand hygiene protocols and sterilization processes in line with global best practices ▶ Regular infection control audits and monitoring. ▶ Implementation of antibiotic stewardship programmes to reduce antimicrobial resistance ▶ Streamlining patient triage and treatment processes to reduce waiting times 	
R3. Medical Device and Equipment Failure	Increased risk of malfunctioning medical devices affecting patient care and outcomes.	Disrupt critical care delivery, compromising patient safety and treatment outcomes. It may also result in operational delays, increased maintenance costs, and potential legal or regulatory consequences	High	Moderate	<ul style="list-style-type: none"> ▶ Regular maintenance schedules and safety checks for all medical equipment ▶ Introduction of a medical device management programme to ensure timely replacements and upgrades. ▶ Staff training on proper equipment usage and emergency protocols 	
R4. Clinical Staff Shortages	High turnover rates, limited availability of qualified professionals, and increasing demand for healthcare services	Limited capacity to provide high-quality care and the increased risk of staff burnout and errors due to high workloads	Moderate	Moderate	<ul style="list-style-type: none"> ▶ Recruitment of additional clinical staff and specialists ▶ Investment in staff well-being to reduce burnout ▶ Continuous professional development and training to improve skills and maintain clinical competencies 	

RISK MANAGEMENT CONTD.

Managing Inherent Risks						
Risk Category	Context	Impact to LHC	Severity	Likelihood	Mitigating Actions	
R5. Patient Dissatisfaction	Inability to fully meet the evolving needs and expectations of patients regarding personalised care and satisfaction	Damage to reputation, affecting patient retention and community trust. It may also impact accreditation outcomes and reduce funding or support from stakeholders	Moderate	Moderate	<ul style="list-style-type: none"> ▶ Strengthening patient feedback systems and implementing corrective actions for patient concerns ▶ Expanding patient education on their care journey and treatment option ▶ Enhancing the patient experience through improved communication and service delivery 	
R6. Reputational Risk	Arises from adverse publicity, patient dissatisfaction, ethical breaches, or failure in stakeholder communication.	Loss of public confidence, reduced patient intake, negative investor perception, and weakened brand value.	High	Moderate	<ul style="list-style-type: none"> ▶ Proactive stakeholder engagement ▶ Transparent communications ▶ Complaint management systems ▶ Media and crisis response plans ▶ Code of Conduct enforcement 	
R7. Service or Business Risk	Disruptions due to supply chain issues, staff shortages, financial instability, or poor strategic planning.	Disruption to patient services, reduced revenue, inability to meet demand, or non-compliance with service standards.	Moderate	Moderate	<ul style="list-style-type: none"> ▶ Business continuity planning ▶ Strategic resource allocation ▶ Financial risk analysis ▶ Regular performance monitoring ▶ Backup service arrangements 	
R8. Information & Communications Technology (ICT) Risk	Threats to data integrity, system functionality, or cyber security due to technological failures or cyber-attacks.	Data breaches, operational disruptions, regulatory non-compliance, and reputational harm.	High	High	<ul style="list-style-type: none"> ▶ Strong cybersecurity infrastructure ▶ Data encryption and access controls ▶ Regular IT audits and penetration testing ▶ Staff awareness programmes ▶ Disaster recovery systems 	

Managing Contextual Risks						
Risk Category	Context	Impact to LHC	Severity	Likelihood	Mitigating Actions	
R9. Interest Rates	Sri Lanka experienced a low interest rate environment driven by easing inflation and monetary policy relaxation by the Central Bank to stimulate economic recovery	Since LHC operates with zero gearing, the low interest rate environment in 2024 had minimal direct financial impact. However, it indirectly influenced investment yields and overall returns from interest bearing investments	Low	Low	<ul style="list-style-type: none"> ▶ Maintain low gearing position ▶ Negotiate favourable rates on deposits ▶ Diversify the investment portfolio 	
R10. Exchange Rate	Sri Lankan Rupee (LKR) appreciated significantly against the US dollar, driven by improved foreign reserves, stronger remittances, and increased investor confidence	Lower cost involved in importing medical technology. However, it indirectly influenced investment yields and overall returns from foreign currency-denominated investments	Low	Low	<ul style="list-style-type: none"> ▶ Manage foreign currency exposures and its impact on profitability with a medium to long term view while managing the short term. ▶ A close monitoring of exchange rates and potential movements 	
R11. Liquidity	Ongoing business activities expose LHC to liquidity risk.	Minimal impact owing to prudent financial management has resulted in building a significant buffer of liquid assets in a strong balance sheet	Low	Low	<ul style="list-style-type: none"> ▶ Monitoring and managing cash flows ▶ Monitoring and forecasting future funding needs ▶ Monitoring the maturity profile of the Group's investments to meet expected future cash outflows 	
R12. Regulatory and Policy Risk	Changes in Government Policies (prices of pharmaceuticals and medical devices or maximum retail prices of pharmaceuticals and certain services)	Impact the Hospital's Revenue and profitability leading to margin compression and increase in operational challenges.	Moderate	Moderate	<ul style="list-style-type: none"> ▶ Monitoring revenue growth driven by volume policy ▶ Advocacy through industry associations for pricing formula for pharmaceuticals and health care products 	

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

1. General

The Directors of The Lanka Hospitals Corporation PLC (Company) have pleasure in presenting to the Shareholders this Report together with the Consolidated Financial Statements for the year ended December 31, 2024 of the Company and the Group and the Auditors' Report on those Financial Statements, conforming to the requirements of the Companies Act No. 07 of 2007.

The Lanka Hospitals Corporation PLC (LHC) was incorporated as a private limited liability Company on 06th October 1997 and converted to a public limited liability Company in Sri Lanka on 09th November 2001. It was re-registered as per the requirements of the Companies Act No. 07 of 2007 on 28th July 2008 and bears the Company Registration No. PQ 180.

The ordinary shares of LHC are quoted on the main board of the Colombo Stock Exchange since 10th January 2003. The registered office of the Company is at No. 578, Elvitigala Mawatha, Narahenpita, Colombo 5.

This Report provides the information as required by the Companies Act No. 07 of 2007, Listing Rules of the Colombo Stock Exchange and was reviewed and approved by the Board of Directors of the Company on 22nd April 2025.

This Annual Report can be accessed by downloading the QR code given in the circular to shareholders, as well in the Company' website (<https://www.lankahospitals.com/>) and CSE website (<https://www.cse.lk/>).

1.1 Integrated reporting

The Company has adopted an integrated approach to reporting, in line with the Guiding Principles and the Content

Elements of the IFRS Foundation's International Framework. This Integrated Report identifies key risks and opportunities arising from the current dynamic operating environment and provides brief overview of strategic responses to them.

The Company has obtained an Assurance Report from Messrs Ernst & Young Chartered Accountants for this Integrated Annual Report.

1.2 Commitment to Transparency, Accountability, Governance, and Sustainability (TAGS)

As part of our ongoing commitment to stakeholder trust and ethical governance, we have introduced various initiatives aimed at enhancing transparency, accountability, governance and sustainability. These efforts, which included enhanced disclosure practices, robust internal controls and proactive stakeholder engagements, are elaborated in this report.

Transparency

The Company ensures full disclosure in its financial reporting, operational policies, and stakeholder communication.

1. Integrated reporting approach: The Company adopts the International Framework, ensuring clear, concise, and transparent disclosures of both financial and non-financial performance.
2. Comprehensive financial disclosures: Compliance with SLFRS/LKAS ensures accurate and fair financial reporting. Regular updates and disclosures aim to enhance stakeholder confidence.
3. Stakeholder communication and engagement: Regular publication of media releases, and reports ensures that shareholders, customers, and regulators remain informed all material developments.

4. Annual independent audits: The Company undergoes independent audits by Auditor Generals Department. Annual Financial Statements are reviewed by Messrs KPMG, Chartered Accountants before they are submitted to the Auditor General for audit purposes to ensure transparency, validation of financial and sustainability performance.

Accountability

The Company upholds responsibility and ownership in decision-making and performance.

1. Board oversight and accountability: The Board of Directors is directly accountable for strategic decision making, ensuring compliance with regulatory requirements and best practices of corporate governance.
2. Independent Audit and Risk Committee: The Board Audit and Risk Committee provides independent oversight of financial reporting, risk management, and internal controls.
3. GCEO and Senior Management responsibility: The GCEO and Senior Leadership team are responsible for strategy execution and operational performance, ensuring measurable accountability.
4. Performance-based executive compensation: The Remuneration Committee ensures that executive compensation is linked to performance metrics, fostering accountability at all levels.
5. Compliance with regulatory directives: The Company complies with SEC, and CSE directives, ensuring that all financial and operational processes meet legal compliance and accountability standards.

Governance

The Company maintains a strong governance structure ensuring compliance, ethics, and risk management.

1. Well-defined Board governance structure: The Board is structured to include Independent Non-Executive Directors who provide oversight and strategic direction.
2. Adoption of best practice on corporate governance: Compliance with, Code of Best Practices on Corporate Governance etc. ensures a robust governance framework.
3. Regular Board and Committee meetings: The Board holds regular meetings with dedicated committees on Audit & Risk Management, Remuneration, Related Party Transactions, Nomination and Governance, HR, IT and Strategy Review.

Sustainability

The Company is committed to long-term sustainability through environmental, social, and financial initiatives. Sustainability is embedded in the Company's business model, ensuring responsible patient care, social inclusion, and ethical investment practices.

2. Review of Business

2.1 Vision, Mission and Corporate Conduct

LHC's Vision and Mission are given on page 02. The business activities of LHC and its subsidiary are conducted maintaining the highest level of ethical standards in achieving its Vision and Mission as set out in the Company's Code of Ethics, which reflects our commitment to the high standards of business conduct and ethics.

2.2 Review on Operations of LHC and its Subsidiary

The Group CEO's Review and the 'Management Discussion and Analysis' on pages 13-15 to 22-71 provide an overall assessment on the operational performance and financial position of LHC and its subsidiary, and the status of affairs together with important events that took place during the year in detail, as required by the Section 168 of the Companies Act No. 07 of 2007.

2.2.1 Principal Activities of The Lanka Hospitals Corporation PLC

The Company provides world class healthcare services at a reasonable cost. The hospital is a JCI Accredited Hospital in Sri Lanka.

2.2.2 Principal Activities of Lanka Hospitals Diagnostics (Private) Limited

Lanka Hospitals Diagnostics (Private) Limited (LHD) - is a fully owned subsidiary of The Lanka Hospitals Corporation PLC incorporated on 06th February 2013 and gained Section 17 B0I approval. The commercial operation of the Company commenced in July 2014. The principal activity of the Company is providing of state-of-the-art laboratory services. It is the first referral lab in Sri Lanka. Lanka Hospitals Diagnostics (Private) Limited has 1 referral lab, 8 regional/mini labs and over 83 Company Owned Company Operated collection centers in the main cities.

2.3 Financial Statements of LHC and its Subsidiary

The Audited Financial Statements of the Company together with the consolidated financial statements of the Group for the year ended 31st December 2024 are given on pages 144 to 201.

2.4 Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the LHC and its subsidiary and Group Financial Statements as noted in page 121.

2.5 Auditors' Report

The Auditor General as the Auditors of the Company performed the audit on the Consolidated Financial Statements for the year ended December 31, 2024 and the Auditors' Report issued thereon is given on pages 140 to 143 as required by Section 168 (1) (c) of the Companies Act No. 07 of 2007.

2.6 Accounting Policies and Changes during the Year

LHC and its Group prepared their Financial Statements, in accordance with Sri Lanka Accounting Standards which were in effect up to the reporting date.

2.7 Entries in the Interests Register of the Company

An Interests Register is maintained by the Company, as required by the Companies Act No. 07 of 2007. All related entries were made in the Interests Register during the year.

The share ownership of Directors is disclosed on page 203. The Interests Register is available for inspection by the Shareholders or their authorized representatives as required by Section 119 (1) (d) of the Companies Act No. 07 of 2007.

2.8 Directors' Remuneration and Other Benefits

Directors' remuneration and other benefits, in respect of the Company and its subsidiary for the financial year ended

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

December 31, 2024, are given in Note 8 to the Financial Statements on page 172.

2.9 Corporate Donations by the Company

During the year, the Company made donations amounting to Rs. 200,000/-.

3. Net Income and Profitability

The Revenue of the Group for 2024 was Rs. 13.75 Bn (Rs. 12.4 in 2023), while LHC's revenue was Rs. 10.4 Bn (Rs. 9.7 Bn in 2023). The profit after tax of the Group stood at Rs. 1.3 Bn (Rs. 1.3 Bn in 2023), while LHC's profit after tax was Rs. 743 Mn (Rs. 800 Mn in 2023).

4. Dividends and Reserves

4.1 Dividends on Ordinary Shares

The Company did not declare dividends during the financial year ended 31st December 2024.

4.2 Reserves

Information on the movement of reserves is given in the Statement of Changes in Equity on pages 148 to 149 in Notes to the Financial Statements.

5. Property, Plant & Equipment, Leasehold Property and Intangible Assets

Capital expenditure incurred on Property, Plant & Equipment (including Capital

Work-in-Progress), Intangible Assets and Leasehold Property of the Group, details of which are given in Note 12 and 176 to 179 to the Financial Statements respectively. Capital expenditure approved and contracted for, are given in Note 30 to the Financial Statements on page 193.

6. Market Value of Freehold Properties

The buildings of the Company were revalued by professionally qualified independent valuers as at December 31, 2024, and brought into the Financial Statements. The Directors are of the opinion that the revalued amounts are not in excess of the current market values of such properties. The details of freehold properties owned by the Company are given in Note 12 to the Financial Statements on pages 176 to 178.

7. Stated Capital

The Stated Capital as at 31st December 2024 was Rs. 2,671,543,090/- comprising of 223,732,169 ordinary voting shares (Rs. 2,671,543,090/- as at 31st December 2023 comprising of 223,732,169 ordinary voting shares).

8. Share Information

Information relating to earnings, dividend, net assets and market value per share is given on page 203.

9. Major Shareholdings

Details of the top twenty shareholders, percentages of their respective holdings and percentage holding of the public are given on page 202.

10. Distribution Schedule for Shareholdings

Information on the distribution of shareholdings and the respective percentages are given on page 203.

11. Directors

11.1 Information on Directors of the LHC and its Subsidiary, LHD

11.1.1 List of Directors

The Board of Directors of the Company as at December 31, 2024 consisted of Seven Directors. The current Board consists of members with wide financial, medical and commercial knowledge and experience. The qualifications and experience of the Directors are given in the 'Board of Directors - Profiles' on pages 75 to 81.

Names of the Directors of the Company as at 31st December 2024 as required by the Section 168 (1) (h) of the Companies Act No. 07 of 2007, are given below:

Name of the Director	Status of Directorship	Change
Dr. Maddumage Nilupul Perera	Non Independent Non Executive Director-	Appointed on 05th December 2024
Mr. Thalawaththalage Chaaminda Dencil Kumarasiri	Independent Non Executive Director-	Appointed on 09th December 2024
Ms. Shamalie Madhu Jayatunge	Independent Non Executive Director-	Appointed on 09th December 2024
Mr. Nasnaram Pathiranaage Sirimal Kalyana Senaratne	Independent Non Executive Director-	Appointed on 09th December 2024
Mr. Sajith Govinda Wickramaarachchi	Independent Non Executive Director-	Appointed on 09th December 2024
Mr. Ashish Bhatia	Non Independent Non Executive Director	
Ms. Richa Singh Debgupta	Non Independent Non Executive Director	

Changes to the Directorate of the Company during the financial year 2024 are given below.

Name of the Director	Status of Directorship	Change
Dr. Nambunama Nanayakkara Akmeemana Palliyaguruge Bandula Chandranath Wijesiriwardena	Independent Non Executive Director-	Resigned on 05th December 2024
Mr. Pattage Mayurasiri Bandula Fernando	Independent Non Executive Director-	Resigned on 09th December 2024
Mr. Ronald C Perera PC	Non Independent Non Executive Director	Resigned on 24th October 2024
Dr. Tantirige Ravindra Chintaraj Ruberu	Independent Non Executive Director-	Resigned on 06th December 2024
Ms. Sangakkara Mudiyanseleage Lakshmi Kumari Sangakkara	Independent Non Executive Director-	Resigned on 06th December 2024
Mr. Kushan D'Alwis PC	Independent Non Executive Director-	Resigned on 09th December 2024
Mr. Magage Nadun Kumara Fernando	Independent Non Executive Director	Resigned on 06th December 2024
Dr. Nanayakkara Liyanage Kanishka Ganganath Karunaratne	Independent Non Executive Director	Resigned on 06th December 2024
Mr. Kasun Rajapaksa	Independent Non Executive Director-	Resigned on 06th December 2024
Dr. Abinaya Alagarasan	Non Independent Non Executive Director-	Resigned on 06th December 2024

11.1.2 Directors Holding Office in Lanka Hospitals Diagnostics (Private) Limited as at 31st December 2024.

Name of the Director
Dr. Maddumage Nilupul Perera
Mr. Thalawaththalage Chaaminda Dencil Kumarasiri

Changes to the directorate of the Lanka Hospital Diagnostics (Private) Limited during the financial year 2024 are given below.

Name of the Director	Change
Dr. Nambunama Nanayakkara Akmeemana Palliyaguruge Bandula Chandranath Wijesiriwardena	Resigned on 05th December 2024
Mr. Pattage Mayurasiri Bandula Fernando	Resigned on 09th December 2024
Dr. Tantirige Ravindra Chintaraj Ruberu	Resigned on 06th December 2024
Mr. Magage Nadun Kumara Fernando	Resigned on 06th December 2024
Dr. Nanayakkara Liyanage Kanishka Ganganath Karunaratne	Resigned on 06th December 2024
Dr. Abinaya Alagarasan	Resigned on 06th December 2024

11.1.3 New Appointments and Resignations

The changes to the Directorate of the Company subsequent to the closure of the financial year in December 2024 are appended below.

Name of the Director	Status of Directorship	Change
Mr. Suriya Mudiyanseleage Dharma Sri Suriyakumara	Independent Non Executive Director	Appointed on 3rd January 2025
Mr. Palawinnege Nusith Samarasee Kumaratunga	Non Independent Non Executive Director	Appointed on 10th January 2025

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

11.1.4 Recommendations for Re-election

Directors to retire by rotation

In terms of Article 85 of the Articles of Association, 1/3 of the Directors are required to retire by rotation at each Annual General Meeting. Article 86 of the Articles of Association provides that the Directors to retire by rotation at an AGM shall be those who, (being subject to retirement by rotation), have been longest in office, since their last election or appointment.

Accordingly following Director offers himself for re-election at this Annual General Meeting,
Mr. Ashish Bhatia

In terms of Articles 92 of the Articles of Association, the directors appointed to the Board to fill casual vacancies shall offer for their election at the Annual General Meeting. Accordingly following Directors offer themselves for election at this Annual General Meeting.

Dr. Maddumage Nilupul Perera
Mr. Thalawaththilage Chaaminda Dencil Kumarasiri
Ms. Shamalie Madhu Jayatunge
Mr. Nasnaram Pathiranage Sirimal Kalyana Senaratne
Mr. Sajith Govinda Wickramaarachchi
Mr. Suriya Mudiyansele Dharma Sri Suriyakumara
Mr. Palawinnege Nusith Samarasee Kumaratunga

11.1.5 Details of Directors attendance at Directors' meetings are presented on pages 92 to 93 under Corporate Governance.

11.1.6 Board Sub-Committees

The Board Sub Committees in keeping with the rules of the Listing Rules of the Colombo Stock Exchange, Audit & Risk Committee, Remuneration Committee, Related Party Transaction Review Committee, and Nomination & Governance Committee are active and fully functional with the composition of these Sub-Committees and its functions presented under Corporate Governance.

11.2. Disclosure of Directors' Dealing in Shares as at 31st December 2024

Name of the Director	Number of shares as at 31st December 2024	Number of shares as at 31st December 2023
Dr. Nilupul Perera	Nil	N/A
Mr. Chaaminda Kumarasiri	Nil	N/A
Ms. Shamalie Jayatunge	Ni	N/A
Mr. Ashish Bhatia	Nil	Nil
Ms. Richa Singh Debgupta	Nil	Nil
Mr. Sirimal Senaratne	Nil	N/A
Mr. Sajith Wickramaarachchi	Nil	N/A

11.3 Directors' Interests in Contracts or Proposed Contracts

Directors' interests in contracts or proposed contracts with the Company, both direct and indirect are disclosed on pages 191 to 192 and 172. These interests have been declared at Directors' meetings. Directors have no direct or indirect interest in any other contract or proposed contract with the Company. Directors' remuneration and other benefits, in respect of the Group and the Company for the financial year ended 31st December 2024 are given in Note 08 to the Financial Statements on page 172.

12. Risk Management and Internal Controls

The Directors are responsible for the Company's and the Group's system of internal controls covering financial operations and risk management activities and reviews its effectiveness in accordance with the provisions of the Corporate Governance Framework.

The Directors consider that the system is appropriately designed to manage the risk and to provide reasonable assurance against material misstatement or loss. The Directors further confirm that there is an ongoing process to identify, evaluate and manage significant business risks.

13. Material Issues Pertaining to Employees and Industrial Relations of the Company

The Board assesses the importance and impact of each stakeholder. Being in the healthcare sector, the Company gives important consideration to its relationship with employees and wider stakeholder groups who can have a significant impact on the Company.

14. Directors' Declaration on Related Party Transactions

The Directors declare that they are in compliance with section 09 of the listing rules of the CSE pertaining to Related Party Transactions during the financial year ended 31st December 2024. The Directors of the Company declare that there were no related party transactions required to be disclosed under the listing rules of the

CSE other than disclosed in the financial statements. The report of the Related Party Transactions Review Committee is given on pages 127 & 128 in the Annual Report.

15. Environmental Protection

The Company and the Group make every endeavour to ensure compliance with the relevant environmental laws, regulations and best practices applicable in the country. After making adequate inquiries from the management, the Directors are satisfied that the Company and the Group operate in a manner that minimizes the detrimental effects on the environment within which the Company and the Group operate.

16. Statutory Payments

The Directors, to the best of their knowledge and belief are satisfied, that all statutory payments due to the Government, other regulatory institutions and related to the employees have been made on time.

17. Events after date of the Statement of Financial Position

No event of material significance that require adjustments to the Financial Statements has occurred subsequent to the date of the Statement of Financial Position, other than those disclosed in Note 31 to the Financial Statements on page 193.

As per the in principle approval granted by the Cabinet of Ministers, Secretary to the Treasury conveyed the proposed divestment of major shareholding in the Company. Accordingly 5 parties were shortlisted as successful bidders by the

State Owned Enterprises Restructuring Unit of Ministry of Finance and the buyer's side due diligence was conducted. However, subsequent to the Change of Government in September 2024, proposed divestiture of government shares in LHC is on hold.

18. Appointment of Auditors

In term of Article 154 of the Constitution, Auditor General is continue to be the Auditors of the Company and its subsidiary Company Lanka Hospitals Diagnostics (Private) Limited, for the ensuing financial year. Fees paid to the Auditors are disclosed in note 8 of page 172 to the Financial Statements. As far as the Directors are aware, the Auditors do not have any interest in the Company or its group of companies.

19. Directors' Declarations

The Directors declare that-

1. The Company complies with all applicable laws and regulations in conducting its business and have not engaged in any activity contravening the relevant laws and regulations. Officers responsible for ensuring compliance with the provisions in various laws and regulations, confirm compliance each quarter, to the Audit and Risk Committee at the Audit and Risk Committee Meetings.
2. All material interests in contracts involving the Company and, refrained from voting on matters in which they were materially interested have been disclosed and declared.
3. All endeavours have been made to ensure that Shareholders have been treated equitably in accordance with the original Terms of Issue.

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

20. Going Concern

The Directors are confident that the Company has adequate resources to continue business operations. Accordingly, the Directors consider that it is appropriate to adopt the going concern basis in preparing the Financial Statements.

21. Contingent Liabilities

Details with regard to the contingent liabilities are given in note 29 of page 193 to the financial statement.

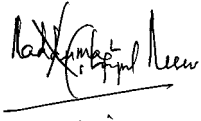
22. Annual General Meeting

The Annual General Meeting of the Company will be held as a virtual meeting on 25th June 2025 at 3.00p.m. at the Dr. Prathap C Reddy Auditorium of The Lanka Hospitals Corporation PLC, No. 578, Elvitigala Mawatha, Colombo 5.

23. Acknowledgement of the Content of the Report

As required by the section 168(1) (k) of the Companies Act No. 07 of 2007, the Board of Directors do hereby acknowledge the content of this Annual Report.

For and on behalf of the Board,



Dr. Nilupul Perera
Chairman



Chaaminda Kumarasiri
Director

By Order of the Board of Directors of The Lanka Hospitals Corporation PLC,



Deloitte Corporate Services (Private) Limited,
Company Secretaries to the Company,

22nd April 2025

STATEMENT OF DIRECTORS' RESPONSIBILITY

The responsibility of the Directors, in relation to the Financial Statements of The Lanka Hospitals Corporation PLC (LHC) and the Consolidated Financial Statements of the LHC and its Subsidiary (Group), is set out in this Statement.

In terms of Sections 150 (1), 151, 152 and 153 (1) & (2) of the Companies Act No. 07 of 2007, the Directors of the LHC are responsible for ensuring that the Group and the LHC keep proper books of accounts of all transactions and prepare Financial Statements that give a true and fair view of the financial position of the LHC and the Group as at end of each financial year and place them before the General Meeting. The Financial Statements comprise of the Statement of Financial Position as at December 31, 2024, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year that ended and Notes thereto.

Accordingly, the Directors confirm that the Financial Statements of the LHC and the Group give a true and fair view of:

- (a) the financial position of the LHC and the Group as at Reporting date; and
- (b) the financial performance of the LHC and the Group for the financial year ended on the Reporting date.

In terms of Section 150(1)(b) and Section 152(1)(b) of the Companies Act, these Financial Statements of the LHC and the Group have been certified by the LHC's Group Chief Financial Officer, the Officer responsible for the preparation. In addition, the Financial Statements of the LHC and the Group have been signed by two Directors of the LHC on 20th March

2025 as required by Sections 150 (1) (c) and 152 (1) (c) of the Companies Act and other regulatory requirements. In terms of Section 148 (1) of the Companies Act, the Directors are also responsible for ensuring that proper accounting records which correctly record and explain the LHC's transactions are maintained to facilitate proper audit of the Financial Statements. Accordingly, the Directors have taken reasonable steps to ensure that the LHC and the Group maintain proper books of account and review the financial reporting system through the Board Audit and Risk Committee. The Board of Directors also approves the Interim Financial Statements prior to their release to the Colombo Stock Exchange, upon a review and recommendation by the Board Audit and Risk Committee.

The Directors confirm that these Financial Statements for the year 2024, prepared and presented in this Annual Report are in agreement with;

- a) appropriate accounting policies selected and applied in a consistent manner and material departures if any have been disclosed and explained.
- b) all applicable accounting standards that are relevant, have been followed.
- c) judgments and estimates made which are reasonable and prudent.

The Directors also confirm that the underlying books of accounts are in conformity with the requirements of the Sri Lanka Accounting Standards, Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance issued jointly by The Institute of Chartered Accountants of Sri Lanka (ICASL) and the Securities and Exchange Commission of Sri Lanka (SEC).

The Directors also have taken reasonable measures to safeguard the assets of the LHC and the Group and to prevent and detect frauds and other irregularities. In this regard, the Directors have instituted an effective and comprehensive system of internal controls comprising of internal audit function directly reporting to the Board.

The Directors are also of the view that the Company has adequate resources to continue in operation and have applied the going concern basis in preparing these financial statements.

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

By Order of the Board of Directors of The Lanka Hospitals Corporation PLC,



Deloitte Corporate Services (Private) Limited,
Secretaries to the Company,

22nd April 2025

BOARD NOMINATION AND GOVERNANCE COMMITTEE

GRI 2-10

Committee Composition

Mr. Chaaminda Kumarasiri (INED)

Chairperson- Appointed w.e.f 19th December 2024

Dr. Nilupul Perera (NED)- Appointed w.e.f 19th Decemembr 2024

Mr. Sirimal Senaratne (INED) – Appointed w.e.f 19th December 2024

Mr. Sajith Wickramaarachchi (INED) – Appointed w.e.f 19th December 2024 (INED-Independent Non-Executive Director, NED-Non Independent Non-Executive Director)

Mr. Mayura Fernando (INED) Chairperson- Resigned on 09th December 2024

Dr. Bandula Wijesiriwardena (INED)- Resigned on 05th December 2024

Mr. Kushan De Alwis PC (INED)- Resigned on 09th December 2024

The principal role of the Nominations and Governance Committee is to uphold and ensure robust governance system at Board level and at the Company.

Charter of the Committee

The Committee has the authority to discuss the issues under its purview and report back to the Board of Directors with recommendations, enabling the Board to take relevant decisions, define and establish the nomination process for Non-Executive Directors (NEDs), lead the process of Board appointments and make recommendations to the Board on the appointment of Non Executive Directors. There is a written charter of the Committee.

In addition the Committee focuses on the following objectives in discharging its responsibilities:

- ▶ Review the composition of the Board to ensure that there is a proper balance between Executive and Non- Executive Directors. Board diversity is given on page 86 of the annual report.
- ▶ Assess the skills and knowledge required in the Board for the Board to discharge its duties effectively and to provide leadership for the strategic direction of the Company.

- ▶ Periodically assess the extent to which the required skills are represented at the Board.
- ▶ Prepare a clear description of the role and capabilities required for appointments.
- ▶ Identify and recommend suitable candidates for appointments to the Board upon receiving required communication from the Ministry of Finance and Sri Lanka Insurance Corporation Ltd as the case maybe
- ▶ Ensure that every new appointee undergoes an induction to the Group.
- ▶ Peruse duly completed Declarations of all Directors and Key Management Personnel and recommend same for approval of the Board.
- ▶ Formulates and regularly review plans for succession for Key Management Personnel,

Activities in 2024

On the directions of the Committee, the Board self evaluation was conducted during the year.

During the year, the Committee ensured that declarations from all Directors are obtained in prescribed format, confirming their status of independence. During the reporting period, there were no major issues that needed to be communicated to the Independent Directors.

Furthermore, the Committee reviewed and recommended the introduction of the following policies to ensure compliance with the revised Listing Rules of the Colombo Stock Exchange.

1. Policy on Board Committees
2. Policy on Relations with Shareholders and Investors
3. Policy on Matters Related to Board of Directors
4. Policy on Corporate Governance, Nominations and Re-Election

During the year, major changes to the Directorate of the Company occurred and the Committee remained committed and responsible to ensure that they discharged

their duties for smooth transition of powers to the new Board members. All the new Board members were duly evaluated and having satisfied with their academic, professional achievements and experiences and exposure that are essential for a company in a healthcare sector, the Committee made their recommendations to the Board.

Secretary to the Committee

Company Secretary serves as the Secretary to the Nominations and Governance Committee.

Professional Advice

The Committee has the authority to seek external professional advice on matters within its purview whenever required.

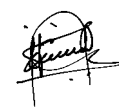
The Year Ahead

The Committee will continue to review the skills and knowledge required by the Board, and identify and groom suitable candidates to key positions of the organisation.

The Committee will also ensure that the Company is in compliance with its stipulated framework and is in compliance with the regulations issued by the Colombo Stock Exchange (CSE) on Board composition.

Conclusion

The Committee continues to work closely with the Board of Directors in relation to the structure, size and composition of the Board ensuring diversity and balance of skills, knowledge and experience. The Committee is satisfied that the representation of skills, knowledge and experience on the Board is appropriate for the Company's current needs at Board level. The Committee confirms that the Company is compliant with the Corporate Governance rules of CSE.



Chaaminda Kumarasiri
Chairman - Board Nomination and Governance Committee

22nd April 2025

THE BOARD AUDIT & RISK COMMITTEE REPORT

Committee Composition

Mr. Sirimal Senaratne (INED) Chairman
(Appointed w.e.f 19th December 2024)

Mr. Chaaminda Kumarasiri (INED)
(Appointed w.e.f 19th December 2024)

Ms. Shamalie Jayatunge (INED) (Appointed
w.e.f 19th December 2024)

Dr. Nilupul Perera (NED) (Appointed on
19th December 2024 and resigned on 05th
March 2025)

Mr. S M D Suriyakumara (INED) (Appointed
on 05th March 2025)

Mr. Mayura Fernando (INED) Chairman
(Resigned on 09th December 2024)

Dr. Kanishka Karunaratne (INED) (Resigned
on 06th December 2024)

Dr. (Mrs) Abinaya Alagarasan (NED)
(Resigned on 06th December 2024)

Mrs. Lakshmi Sangakkara (INED) (Resigned
on 8th December 2024)

(INED-Independent Non-Executive Director,
NED-Non Independent Non-Executive
Director)

Meeting Attendance during the financial year 2024

Director	Attendance
Mr. Mayura Fernando	10/10
Dr. Kanishka Karunaratne	07/10
Dr. (Mrs) Abinaya Alagarasan	10/10
Mrs. Lakshmi Sangakkara	06/06

The Audit and Risk Committee serves as a cornerstone of effective corporate governance, playing a pivotal role in ensuring transparency, accountability, and integrity within an organization. The Committee is comprised of independent directors possessing diverse expertise in different areas which provide a collaborative knowledge sharing to

the Committee while it also acts as a safeguard for shareholders' interests, overseeing critical financial processes, risk management and internal controls.

Primary objective of the Audit and Risk Committee is to enhance the reliability and credibility of financial reporting, mitigate risks, and foster a culture of compliance with regulatory requirements and ethical standards. Accordingly, the terms of reference of the Committee are defined in the Audit and Risk Committee Charter. The Audit and Risk Committee Charter was revised to incorporate the risk functions under the Audit and Risk Committee with the concurrence of the Board members to ensure that new developments relating to the function of the Committee are adopted.

The key responsibilities set out in the Charter include the following:

- ▶ Overseeing the effectiveness of the Company's internal control systems, including risk management processes, to safeguard assets and ensure compliance and adequate controls are in place.
- ▶ Assessing and monitoring the Company's exposure to various risks in broadly, such as financial, operational, strategic, and compliance risks. This involves reviewing risk management policies and procedures and ensuring appropriate risk mitigation strategies are in place addressing all risk hierarchies and types over and above fulfilling the regulatory requirements.
- ▶ Reviewing the financial reporting systems in place, the appropriateness of the accounting policies and adherence to statutory and regulatory compliance requirements.
- ▶ Reviewing the hospitals' compliance with legal and all other regulatory requirements, as well as internal policies and procedures. This includes

monitoring changes in laws and industry/country regulations that may impact the Company's operations.

- ▶ Overseeing the External Auditor, including reviewing the auditor's independence, qualifications, and scope of work. The Committee also assesses the audit process and the quality of audit services provided.
- ▶ Promoting a culture of ethics and integrity within the organization by overseeing compliance with the Company's code of conduct and ethical standards.
- ▶ Establishing procedures for employees to report concerns about accounting, internal controls, or other matters confidentially and without fear of retaliation.

The Committee is also engaged with the key management to review key risks faced by the Group as a whole and the main attention zones, with a view to obtaining assurances as appropriate and ensure effective risk mitigation strategies are in place. Accordingly, The Group Chief Executive Officer, Group Head of Internal Audit Group Chief Financial Officer and the Senior Manager Legal and Compliance attend Audit and Risk Committee meetings by invitation and the Company Secretary functions as the Secretary to the Committee. The Committee has obtained an assurance from GCEO and GCFO of the Company's operations and finance.

Committee Activities in 2024

Regular communication with management, the Board of Directors, External Auditors, and other stakeholders is essential to ensure effective oversight of financial reporting, internal controls, and risk management. The Committee convened 10 times during the financial year and attendance at meetings is set out alongside. Proceedings of these meetings

THE BOARD AUDIT & RISK COMMITTEE REPORT CONTD.

are recorded and reported to the Board in sufficient detail. Accordingly Audit and Risk Committee is empowered by the Board for the following duties during the year 2024.

- ▶ Ensure that financial reporting systems in place are effective and well managed in order to provide accurate, appropriate and timely information to the Board, regulatory authorities and other stakeholders.
- ▶ Evaluate the appropriateness of the accounting policies, standards and other compliance requirements and any new laws and regulations as applicable to the Group.
- ▶ Ensure the adoption of latest revisions to corporate governance rules done in 2023 by SEC and adherence of best practice of corporate governance to be in accordance with highest ethical standards for the best interest of all stakeholders.
- ▶ Maintain high standards of Governance with accountability and transparency to build investor confidence in the capital market.
- ▶ Review the interim and annual financials of the Group in order to maintain the integrity of the statements prior to submission of the Board.
- ▶ Evaluate and monitor all aspects of the Group internal audit program with the findings, management response and implementation & follow-up of recommendations. The BARC provides oversight of the Internal Audit and IS Audit functions (Internal Audit Function), ensuring its independence, effectiveness, and alignment with the Company's strategic objectives. Internal Audit operates free from interference by any element within the organisation, including matters of audit selection, scope, procedures, frequency, timing, or report content. The Group Head of Internal Audits reports

directly to, and meets frequently with, the Chairman of the BARC to maintain open and transparent communication. The Committee regularly assess the scope of the Internal audit plan and its implementation to ensure that it is comprehensive, encompassing a blend of medical and non medical areas, and internal audits to assess processes and controls, risk management frameworks, regulatory compliance, major change initiatives, investigations, and special reviews. Regular updates from the Group Head of Internal Audits provided the Committee with insights into key findings, risk exposures, and the progress of corrective actions implemented by the Management

- ▶ Assess and constantly monitor the effects of the Sri Lankan economic conditions and their impact on the hospital operation.
- ▶ Engage with the management to review key risks faced by the Group as a whole.
- ▶ Evaluate the status of compliance & key statutory deliverables of Lanka Hospitals Group with its tax, regulatory and operations standards.
- ▶ Seek professional advice from time to time on matters within the purview of the committee to accomplish the optimum solutions to the Group.

Effectiveness of the External Audit

The BARC ensured the independence and effectiveness of the External Auditor by implementing robust oversight mechanisms. National Audit Office has been the external auditors of the Company. The Committee met with the Auditors independently, without the presence of Executive management, providing them the opportunity to express their views freely on any matter. This process assured the BARC that management had provided all necessary information and explanations, imposed no restrictions on the audit's

scope, and maintained a cooperative relationship. The Committee reviewed the Management Letter issued at the conclusion of the audit for the year ended December 31, 2023, and discussed it with the Auditors before its submission to the Board.

Reporting to the Board

The minutes of the Committee meetings were tabled at Board meetings, thereby providing Board members with access to the deliberations of the Committee. The Chairman of the BARC drew attention of the Board on key matters and recommendations made at each BARC to the Board and sought Board views, guidance and approvals regularly.

Evaluation of the Committee

During the year, the Committee has assessed all key risk areas and compliances of the Group, which also included under the terms of reference and were regularly reported to the Board of Directors with its explanations and observations. Regular evaluations help to identify areas for improvement and ensure that the Audit and Risk Committee remains effective in fulfilling its responsibilities. Accordingly independent evaluation of the effectiveness of the committee and its deliverables were carried out by the other members of the Board during the year considering the overall conduct and its contribution to the performance of the hospital to ensure that the objectives of the Committee is achieved.

On behalf of the Committee;



Sirimal Senaratne,
Chairman - Audit and Risk Committee

22nd April 2025

THE BOARD REMUNERATION COMMITTEE REPORT

GRI 2-19, 2-20

Committee Composition

Mr. Sajith Wickramaarachchi (INED)
Appointed w.e.f 19th December 2024
Mr. Chaaminda Kumarasiri (INED)
Appointed w.e.f.19th December 2024
Ms. Shamalie Jayatunge (INED) Appointed
w.e.f 19th December 2024
Mrs. S M D Suriyakumara (INED) Appointed
w.e.f 05th March 2025

Mr. Nadun Fernando (INED) (Chairman)
Resigned on 06th December 2024
Dr. Ravindra Ruberu (INED)- Resigned on
06th December 2024
Mr. Kasun Rajapaksa (INED)- Resigned on
06th December 2024

(INED) Independent Non-Executive Director,
NED-Non Independent Non-Executive
Director)

Meeting Attendance

Director	Attendance
Mr. Nadun Fernando	3/3
Dr. Ravindra Ruberu	3/3
Mr. Kasun Rajapaksa	3/3

Duties and Responsibilities

The Board Remuneration Committee plays a critical role in ensuring that the Groups compensation practices are fair, transparent, and aligned with the interests of our shareholders while nourishing the employee expectations. The Committee is comprised of independent non-executive Directors with vast expertise in human capital affairs, labor laws and compensation matters who possess a diversified management experience in giant corporates in Sri Lanka. Hence the Committee has adequate proficiency in remuneration policy and business

management to deliberate and recommend necessary changes and developments to meet the roles and responsibility of the Committee.

The Committee recognize the importance of transparency, accountability, and good corporate governance in all human related aspects of healthcare operations, including executive and Director compensation while also concerned on key developments and initiatives undertaken during the period to enhance the Group compensation practices and address emerging challenges. All of these efforts of the Committee have a direct impact on rewarding, motivating & retaining all levels of human capital to backing the sustained success of business and value creation over the long run.

Activities in 2024

During the year the Committee has conducted a comprehensive action plan to review the compensation policies to ensure they remain competitive, aligned with the Company's strategic objectives and help to attract/retain the human capital to the Group. The Committee has supported to the Board on remuneration related matters and take decisions with a view to aligning the interest of both employees and the management.

The Remuneration Committee met 03 times during the year. The meetings were attended by the Group Chief Executive Officer (GCEO), Director Medical Services/ DCEO, Group Chief Finance Officer (GCF0) and Group Head of Human Resources (GH0HR) together with professional advisors engaged on particular subject matters upon invitation by the Committee to brief the pertinent issues related to the Group human capital. The proceedings of the meetings have been handed over to the Board of Directors in adequate detail.

Summary of activities during the year included the following:

- ▶ Assess / Revise of Group compensation policies to ensure the rewards to human capital is competitive and aligned with the Company's strategic objectives, emerging market developments, industry standards and compliant with regulatory requirements.
- ▶ Review of staff performance evaluation process against the predetermined metrics & targets set out during the beginning of the evaluation period.
- ▶ Identify key strategic human capital in every level of the Group to ensure talent development and succession planning including the identification and development of potential executive successors which also includes reviewing compensation structures to support leadership development and retention.
- ▶ Evaluation of risks associated with the Company's compensation practices to mitigate identified risks and ensure responsible compensation practices are in place.
- ▶ Ensuring the Group is complied with the Companies Act requirements in relations to Director remunerations, particularly the provisions of section 216.

Remuneration Policy

Remuneration Policy has outlined the principles, guidelines, and procedures governing the compensation of employees, executives, and Directors within the Company. The policy has set by aligning with the group's overall business strategy & values while promoting equity and fairness in compensation practices by ensuring that pay differentials are justified based on factors such as job responsibilities, skills, experience, and performance which minimize disparities in compensation within and across employee groups. It also fosters

THE BOARD REMUNERATION COMMITTEE REPORT CONTD.

transparency and open communication about the organization's remuneration policies, practices, and decision-making process by clearly communicating on how compensation is determined, including the rationale behind decisions and the criteria used.

Potential risks arising from inadequate remuneration structures are given due consideration in the policy and required steps have been in place to mitigate such exposures. Further, through the Remuneration Policy, the Company endeavors to nurture a conducive and positive work environment that allows meaningful employment opportunities to all staff.

On behalf of the Committee;



Sajith Wickramaarachchi
Chairman- Remuneration Committee

22nd April 2025

THE BOARD RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

GRI 2-15

Committee Composition

Ms. Shamalie Jayatunge (INED)
Chairperson- Appointed w.e.f 19th
December 2024

Mr. Sirimal Senaratne (INED) – Appointed
w.e.f 19th December 2024

Mr. Sajith Wickramaarachchi (INED) –
Appointed w.e.f 19th December 2024
(INED-Independent Non-Executive Director,
NED-Non Independent Non-Executive
Director)

Ms. Lakshmi Sangakkara (INED)
Chairperson- Resigned on 06th
December 2024

Mr. Mayura Fernando (INED)- Resigned on
09th December 2024

Mr. Kushan De Alwis PC (INED)- Resigned
on 09th December 2024

Meeting Attendance

Director	Attendance
Ms. Lakshmi Sangakkara	4/4
Mr. Mayura Fernando	4/4
Mr. Kushan De Alwis PC	4/4

The Committee assesses the materiality and significance of each related party transaction based on its size, nature, and potential impact on the Company's financial position and performance. All related party transactions undergo a rigorous review and approval process to ensure fairness, transparency, and compliance with applicable laws and regulations. The Committee will continue to monitor related party transactions and enhance controls and oversight mechanisms as necessary to mitigate risks and safeguard the interests of shareholders and other stakeholders. The Committee remains vigilant in identifying and addressing potential conflicts of interest and ensuring the integrity of

related party transactions while remains dedicated to conducting related party transactions in a manner consistent with principles of fairness, transparency, and corporate governance.

According to the above key deliverables of the Committee, it has encompassed with entirety of Independent Non-Executive Directors who possess an eminent proven track records in management, legal and financial areas by serving an extensive periods in the board rooms of Sri Lankan giant corporate entities. All the members of the Committee are in line with the requirements of Code of Best Practice on Related Party Transactions issued by the CSE and ICASL 2017. The Directors who represented the Committee are set out along-side; their profiles are given on pages 75 to 81 of this Report.

The Committee is responsible for assisting the Board to review all Related Party Transactions carried by the Group. Key responsibilities include,

- ▶ Evaluates and improves the effectiveness of the Company's Related Party Transaction governance framework, Policies and procedures based on evolving regulatory requirements and industry best practices which is also consistent with the recommendations proposed by Code of Best Practice on Corporate Governance by CA Sri Lanka 2017.
- ▶ Ensure the objective, economic & commercial substance of the related party transactions take precedence over the legal form and technicality as listed in the regulations.
- ▶ Identify all related parties involved in transactions of the group including key management personnel, significant shareholders, subsidiaries, and their immediate family members.

- ▶ Reviewing and updating the Board on the related party transactions of the Group.
- ▶ Ensuring that the disclosures made in the Annual Report are in line with the requirements of the Continuing Listing Requirements of the CSE & accordance with LKAS 24.
- ▶ Ensuring market disclosures are made as required by the Continuing Listing Requirements of the CSE.
- ▶ Provides training and education to Company employees, Directors, and related parties on the Company's policies and procedures related to related party transactions, as well as their roles and responsibilities in ensuring compliance.

During the year 2024, the related party transaction review committee comprised of all non-executive directors in conformity with the section 4.2 of the code of best practice on corporate governance 2017 which was issued by the Institute of Chartered Accountants of Sri Lanka.

Activities in 2024

The Committee met once in every quarter (4 times) during the Financial Year 2024. The following types of related party transactions are brought to the attention of the Board:

- ▶ Insurance services obtained from the Parent Company and payments made thereof.
- ▶ Services provided and payments made to related parties.
- ▶ Laboratory services obtained from the subsidiary Company and payments made thereof.

THE BOARD RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT CONTD.

Related party transactions were mainly evaluated on two basis as recurrent & non recurrent transactions as mentioned in the section 09 of the CSE listing rules. A summary of the above related party transactions that occurred during the period under review is provided to the Committee ahead of the Committee meetings & Committee monitors and reviews such transactions to assess fairness and integrity while also provide recommendations and findings to the Board of Directors regularly.

During the year Committee has evaluated the level of stakeholder engagement and transparency regarding Related party transactions of the Group and assessed whether the Group entities proactively engage with shareholders and other stakeholders to address concerns and provide meaningful disclosures on RPT activities, policies, and controls.

All related party transactions during the year, were within the respective thresholds mentioned in the Listing Rules requiring disclosure in the Annual Report. The Board has extended the scope of the Committee to include senior decision makers (Executive committee members) in the list of key management personnel, whose transactions with the Group entities also reviewed by the Committee. In addition, a self-declaration about the

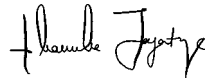
related party transactions was obtained from all Directors and executive committee members to establish transparency and the best practices are followed by the Group.

Details of the Related Party Transactions entered into during the year are disclosed on Note 27 to the Financial Statements.

Declaration

A declaration by the Board of Directors in the Annual Report as a negative statement to the effect that no related party transaction falling within the ambit of the rule 9.3.2 of Listing Rules of the Colombo Stock Exchange was entered into by the Company during the year, is given in the Annual Report of the Board of Directors on page 92. All other related party transactions that could be classified as related party transactions in terms of LKAS 24- 'Related Party Disclosures', are given in Note 27 to the Financial Statements.

On behalf of the Committee;



Shamalie Jayatunge
Chairperson - Related Party Transactions Review Committee

22nd April 2025

GRI CONTENT INDEX

Statement of use		The Lanka Hospitals Corporation PLC has reported in accordance with the GRI Standards for the period 01 January 2024 to 31 December 2024			
GRI 1 used		GRI 1: Foundation 2021			
GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
General disclosures					
GRI 2: General Disclosures 2021	2-1 Organizational details	6, 152			
	2-2 Entities included in the organization's sustainability reporting	6			
	2-3 Reporting period, frequency and contact point	6-7			
	2-4 Restatements of information	6-7			
	2-5 External assurance	6-7			
	2-6 Activities, value chain and other business relationships	26-29, 56, 64-65			
	2-7 Employees	38			
	2-8 Workers who are not employees	38			
	2-9 Governance structure and composition	72-85, 91			
	2-10 Nomination and selection of the highest governance body	87, 122			
	2-11 Chair of the highest governance body	93			
	2-12 Role of the highest governance body in overseeing the management of impacts	90-91			
	2-13 Delegation of responsibility for managing impacts	91, 94			
	2-14 Role of the highest governance body in sustainability reporting	91			
	2-15 Conflicts of interest	87-89, 127-128, 191			
	2-16 Communication of critical concerns	18, 90			
	2-17 Collective knowledge of the highest governance body	85-86			
	2-18 Evaluation of the performance of the highest governance body	94			
	2-19 Remuneration policies	89, 125-126			
	2-20 Process to determine remuneration	89, 125-126			
	2-21 Annual total compensation ratio	-	2-21	Confidentiality constraints	Omitted due to confidentiality reasons
	2-22 Statement on sustainable development strategy	14-15			
	2-23 Policy commitments	90-91			
	2-24 Embedding policy commitments	90-91, 94, 109-113			
	2-25 Processes to remediate negative impacts	42, 90			
	2-26 Mechanisms for seeking advice and raising concerns	42, 90			
	2-27 Compliance with laws and regulations	18			
	2-28 Membership associations	51			
	2-29 Approach to stakeholder engagement	18-19			
	2-30 Collective bargaining agreements	42			

GRI CONTENT INDEX CONTD.

Statement of use		The Lanka Hospitals Corporation PLC has reported in accordance with the GRI Standards for the period 01 January 2024 to 31 December 2024			
GRI 1 used		GRI 1: Foundation 2021			
GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
General disclosures					
Material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	20			
	3-2 List of material topics	20-21			
	3-3 Management of material topics	20-21			
Tax					
GRI 207: Tax 2019	207-1 Approach to tax	168-169			
	207-2 Tax governance, control, and risk management	168-169			
	207-3 Stakeholder engagement and management of concerns related to tax	19			
Energy					
GRI 302: Energy 2016	302-1 Energy consumption within the organization	68			
	302-3 Energy intensity	70			
	302-4 Reduction of energy consumption	68, 70			
Water and effluents					
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	68-69			
	303-2 Management of water discharge-related impacts	68-69			
	303-3 Water withdrawal	68-69			
	303-5 Water consumption	68-69			
Emissions					
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	68, 70			
	305-2 Energy indirect (Scope 2) GHG emissions	68, 70			
	305-4 GHG emissions intensity	70			
	305-5 Reduction of GHG emissions	70			
Effluent and waste					
GRI 306: Effluent and waste 2016	306-3 Significant spills	69			
Waste					
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	69-70			
	306-2 Management of significant waste-related impacts	69-70			
	306-3 Waste generated	69-70			
	306-4 Waste diverted from disposal	69-70			
	306-5 Waste directed to disposal	69-70			

Statement of use		The Lanka Hospitals Corporation PLC has reported in accordance with the GRI Standards for the period 01 January 2024 to 31 December 2024			
GRI 1 used		GRI 1: Foundation 2021			
GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
General disclosures					
Supplier environmental assessment					
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	64-65			
	308-2 Negative environmental impacts in the supply chain and actions taken	64-65			
Employment					
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	39-40, 42			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	40			
	401-3 Parental leave	40			
Labor/management relations					
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	42			
Occupational health and safety					
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	42-44			
	403-2 Hazard identification, risk assessment, and incident investigation	42-44			
	403-4 Worker participation, consultation, and communication on occupational health and safety	42-44			
	403-5 Worker training on occupational health and safety	42-44			
	403-6 Promotion of worker health	42-44			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	42-44			
	403-8 Workers covered by an occupational health and safety management system	42-44			
	403-9 Work-related injuries	42-44			
	Training and education				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	41			
	404-2 Programs for upgrading employee skills and transition assistance programs	41			
	404-3 Percentage of employees receiving regular performance and career development reviews	41			

GRI CONTENT INDEX CONTD.

Statement of use		The Lanka Hospitals Corporation PLC has reported in accordance with the GRI Standards for the period 01 January 2024 to 31 December 2024			
GRI 1 used		GRI 1: Foundation 2021			
GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
General disclosures					
<i>Diversity and equal opportunity</i>					
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	38, 84			
	405-2 Ratio of basic salary and remuneration of women to men	38			
<i>Non-discrimination</i>					
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	38			
<i>Freedom of association and collective bargaining</i>					
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	18			
<i>Child labor</i>					
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	38			
<i>Forced or compulsory labor</i>					
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	38			
<i>Supplier social assessment</i>					
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	64-65			
	414-2 Negative social impacts in the supply chain and actions taken	64-65			

Statement of use		The Lanka Hospitals Corporation PLC has reported in accordance with the GRI Standards for the period 01 January 2024 to 31 December 2024			
GRI 1 used		GRI 1: Foundation 2021			
GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
General disclosures					
<i>Customer health and safety</i>					
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	61-62			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	61-62			
<i>Marketing and labeling</i>					
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	62-63			
	417-2 Incidents of non-compliance concerning product and service information and labeling	62-63			
	417-3 Incidents of non-compliance concerning marketing communications	62-63			
<i>Customer privacy</i>					
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	63-64			

ASSURANCE REPORT ON THE SUSTAINABILITY REPORTING CRITERIA



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Independent practitioner's assurance report to the Board of Directors of The Lanka Hospitals Corporation PLC on the Sustainability reporting criteria presented in the Integrated Annual Report FY 2024

Scope

We have been engaged by The Lanka Hospitals Corporation PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on The Lanka Hospitals Corporation PLC's Economic, Environment, Social and Governance (EESG) indicators (the "Subject Matter") contained in The Lanka Hospitals Corporation PLC's (the "Entity's") Integrated Annual Report for the year ended 31 December 2024 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by The Lanka Hospitals Corporation PLC

In preparing the Subject Matter, The Lanka Hospitals Corporation PLC applied the following criteria ("Criteria"):

- ▶ The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, publicly available at <https://www.globalreporting.org>.

Such Criteria were specifically designed for the purpose of assisting you in determining whether Entity's Economic, Environment, Social and Governance (EESG) indicators contained in the Entity's Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

The Lanka Hospitals Corporation PLC's responsibilities

The Lanka Hospitals Corporation PLC management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

Ernst & Young's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised)), and the terms of reference for this engagement as agreed with the The Lanka Hospitals Corporation PLC on 6 April 2025. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, B Vasanthan ACA ACMA, W D P L Perera ACA

Principals: T P M Ruberu FCA FCCA MBA (USJ-SL), G B Goudian ACA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakkthivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

EY also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance

on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- ▶ Validated the information presented and checked the calculations performed by the organization through recalculation.
- ▶ Performed a comparison of the content given in the Report against the criteria given in the selected sustainability standards/frameworks.
- ▶ Conducted interviews with relevant organization's personnel to understand the process for collection, analysis, aggregation and presentation of data. Interviews included selected key management personnel and relevant staff.
- ▶ Read the content presented in the Report for consistency with our overall knowledge obtained during the course of our assurance engagement and requested changes wherever required.
- ▶ Provided guidance, recommendations and feedback on the improvement of the sustainability reporting indicators to improve the presentation standard.

We also performed such other procedures as we considered necessary in the circumstances.

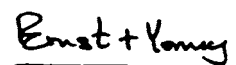
Emphasis of matter

Economic, Environment, Social management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Report.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information on the Economic, Environment, Social and Governance (EESG) contained in the Integrated Annual Report of The Lanka Hospitals Corporation PLC for the year ended 31 December 2024, in order for it to be in accordance with the Criteria.



15 May 2025
Colombo

ASSURANCE REPORT ON THE INTEGRATED ANNUAL REPORT 2024



Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
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Colombo 03, Sri Lanka

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ey.com

Independent practitioner's assurance report to the Board of Directors of The Lanka Hospitals Corporation PLC on the Integrated Annual Report 2024

Scope

We have been engaged by The Lanka Hospitals Corporation PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on The Lanka Hospitals Corporation PLC's Information on how it's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation, preservation or erosion of value over the short, medium and long term (the "Subject Matter") contained in The Lanka Hospitals Corporation PLC's (the "Entity's") Integrated Annual Report for the year ended 31 December 2024 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by The Lanka Hospitals Corporation PLC

In preparing the Subject Matter, The Lanka Hospitals Corporation PLC applied the

Integrated Reporting Framework (<IR> Framework) issued by the International Integrated Reporting Council (IIRC) ("Criteria"):

Such Criteria were specifically designed for the purpose of assisting in determining whether the capital management, stakeholder engagement, business model, strategy, organizational overview & external environment outlook presented in the Integrated Annual Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

The Lanka Hospitals Corporation PLC's responsibilities

The Lanka Hospitals Corporation PLC management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

Ernst & Young's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised)), and the terms of reference for this engagement as agreed with The Lanka Hospitals Corporation on 6 April 2025. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, B Vasanthan ACA ACMA, W D P L Perera ACA

Principals: T P M Ruberu FCCA MBA (USJ-SL), G B Goudian ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shaktivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

EY also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- ▶ Performed a comparison of the content of the Integrated Annual Report against the Guiding Principles and Content Elements given in the Integrated Reporting Framework (<IR> Framework).
- ▶ Checked whether the information contained in the Integrated Annual Report – Financial Capital element information has been properly derived from the audited financial statements.
- ▶ Conducted interviews with the selected key management personnel and relevant staff and obtained an understanding of the internal controls, governance structure and reporting process relevant to the Integrated Report.
- ▶ Obtained an understanding of the relevant internal policies and procedures developed, including those relevant to determining what matters most to the stakeholders, how the organization creates value, the external environment, strategy, approaches to putting members first, governance and reporting.
- ▶ Obtained an understanding of the description of the organization's strategy and how the organization creates value, what matters most to the stakeholders and enquiring the management as to whether the description in the Integrated Report accurately reflects their understanding.

- ▶ Checked the Board of Directors meeting minutes during the financial year to ensure consistency with the content of the Integrated Report.
- ▶ Tested the relevant supporting evidence related to qualitative & quantitative disclosures within the Integrated Report against identified material aspects.
- ▶ Read the Integrated Report in its entirety for consistency with our overall knowledge obtained during the assurance engagement.

We also performed such other procedures as we considered necessary in the circumstances.

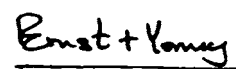
Emphasis of matter

Economic, Environment, Social and Intellectual capital management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

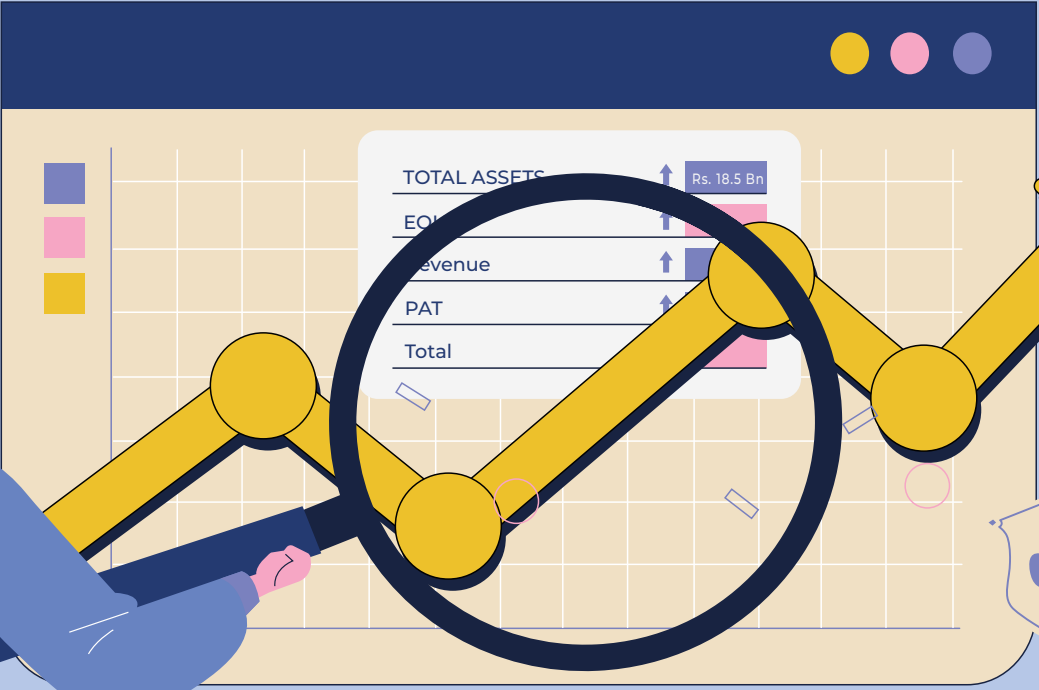
We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Annual Report.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information contained in the Integrated Annual Report of The Lanka Hospitals Corporation PLC for the year ended 31 December 2024, in order for it to be in accordance with the Criteria.



15 May 2025
Colombo





FINANCIAL REPORTS

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Financial Calendar 2024 and Proposed Financial Calendar 2025

Submission of the Interim Financial Statements in terms of Rule 7.4 (a) (i) 1 of the Colombo Stock Exchange

	2024 Submitted on	2025 to be Submitted on or Before
For the 3 months ended 31st March (unaudited)	15th May 2024	15th May 2025
For the 6 months ended 30th June (unaudited)	8th August 2024	15th August 2025
For the 9 months ended 30th September (unaudited)	14th November 2024	14th November 2025
For the year ended 31st December (unaudited)	27th February 2025	27th February 2026



INDEPENDENT AUDITORS' REPORT



ජාතික විගණන කාර්යාලය தேசிய கணக்காய்வு அலுவலகம் NATIONAL AUDIT OFFICE



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எனது இல. }
My No. }

THO/C/LHC/FA/2024/01

ඔබේ අංකය
உமது இல. }
Your No. }

දිනය
திகதி }
Date }

27 March 2025

The Chairman

The Lanka Hospitals Corporation PLC

Report of the Auditor General on the Financial Statements and Other Legal And Regulatory Requirements of The Lanka Hospital Corporation PLC and its subsidiaries for the year ended 31 December 2024 in terms of Section 12 of the National Audit Act, No. 19 Of 2018.

1. FINANCIAL STATEMENTS

1.1 Opinion

The audit of the financial statements of The Lanka Hospital Corporation PLC ("Company") and the consolidated financial statements of the Company and its subsidiaries ("Group") for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the income statement, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including

material accounting policy information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 December 2024, and of their financial performance and their cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the

Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Key Audit Matters

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

➔ **Revenue recognition – Refer to Note 4.15 – accounting policy and Note 5 to the Financial Statements. The Revenue of the Group for the year ended 31st December 2024 was Rs.13,650 Million.**

අංක 306/72, පොල්වැව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව



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Risk Description	Our Response
The Group's revenue generated from its healthcare services is disclosed in Note 5 together with the related accounting policy in 4.15. I considered revenue as a focus area due to the complexity of the pricing structure, its high volume, determination of appropriateness of gross or net basis of revenue recognition in certain arrangements, and reliance on IT controls.	<p>My audit procedures included the following, among others;</p> <ul style="list-style-type: none"> → I carried out audit procedures over revenue measurement by testing on a sample basis, transactional level pricing and applicable documentary evidence. → I discussed with management regarding the contractual arrangements where consultant medical personnel are involved, and tested on a sample basis the appropriateness of the recognition of revenue on a gross or net basis. → I obtained an understanding about the key IT and manual controls over the occurrence of revenue and tested the same on a sample basis. → I performed specific audit procedures over cash collection related to revenue covering a sample of locations where the Group's business is carried out. → I assessed the adequacy of the disclosures made in Note 5 in the financial statement.

→ **Carrying value of inventories – Refer to Note 4.8– accounting policy and Note 16 to the Financial Statements.**

The Group carried inventories of Rs.921 Million as at December 31, 2024, at the lower of cost or net realizable value.

Risk Description	Our Response
Valuation of inventory involves judgement and estimates due to the nature of products and stringent quality requirements. Due to allocation and sale of inventories within Group operations based on the business model, both existence and valuation of inventories are key areas of focus.	<p>My audit procedures included; assessing adequacy and consistency of provisioning for inventories at the reporting date with the Group's inventory provision policy.</p> <ul style="list-style-type: none"> → On a sample basis, comparing the carrying amounts of the Group's inventories with net realization value of those inventories. → Testing the existence of inventories through physical verification as at year end and validating the cost allocation within Group entities.

→ **Recoverability of Trade Receivables – Refer to Note 4.9.1 – accounting policy and Note 17 to the Financial Statements.**

The Group's trade receivables as at 31 December 2024 was Rs. 440 Million.

Risk Description	Our Response
Assessment of recoverability of the Group's trade receivables involves based on management judgement. The historical payment patterns and other information relating to the creditworthiness of customers. Inherent subjectivity is involved in making judgements in relation to credit risk exposures to determine the recoverability of trade receivables.	<p>My audit procedures included –</p> <ul style="list-style-type: none"> → Testing the Group's credit control procedures, including the controls around credit terms, and reviewing the payment history and financial information pertaining to the customers. → Testing the receipt of cash after the year end relating to 31 December 2024 balances; and → Testing the adequacy of the Group's impairment provisions against trade receivables by assessing the judgements made and the historical trading experience with the relevant customers. → Assessing the adequacy of the Group's disclosures about the degree of estimation involved in arriving at the impairment provision.

INDEPENDENT AUDITORS' REPORT CONTD.



1.4 Other information included in the Company's 2024 Annual Report.

The other information comprises the information included in the Company's 2024 Annual Report, but does not include the financial statements and my auditor's report thereon, which is expected to be made available to me after the date of this auditor's report. Management is responsible for the other information.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the Company's 2024 Annual Report, if I conclude that there are material misstatements therein, I am required to communicate that matter to those charged with governance for correction. If further material uncorrected misstatements are existed those will be included in my report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution that will be tabled in due course.

1.5 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 determine 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Group is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Group.

1.6 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 internal control of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
 - Conclude on the appropriateness of the management’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the

direction, supervision and performance of the Group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

2.1. National Audit Act, No. 19 of 2018 and Companies Act, No. 7 of 2007 include specific provisions for following requirements.

2.1.1 I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Company as per the requirement of section 163 (2) (d) of the Companies Act, No. 7 of 2007 and section 12 (a) of National Audit Act, No. 19 of 2018.

2.1.2 The financial statements presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.

2.1.3 The financial statements presented includes all the recommendations made by me in the previous year as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

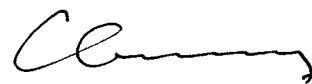
2.2 Based on the procedures performed and evidence obtained which limited to matters that are material, nothing has come to my attention;

2.2.1 to state that any member of the governing body of the Company has any direct or indirect interest in any contract entered into by the Company which are out of the normal course of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018;

2.2.2 to state that the Company has not complied with any applicable written law, general and special directions issued by the governing body of the Company as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018;

2.2.3 to state that the Company has not performed according to its powers, functions and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018;

2.2.4 to state that the resources of the Company had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No. 19 of 2018.



W.P.C. Wickramaratne
Auditor General

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31st December,	Note	Group		Company	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Revenue from contracts with customers	5	13,650,106,435	12,418,607,926	10,472,152,970	9,696,877,423
Cost of services		(7,699,588,378)	(7,209,582,529)	(5,859,552,798)	(5,567,911,695)
Gross profit		5,950,518,057	5,209,025,396	4,612,600,172	4,128,965,727
Other income	6	50,967,748	76,934,050	59,070,056	85,026,344
Administrative expenses		(3,073,418,387)	(2,824,016,851)	(2,389,464,034)	(2,224,625,718)
Other operating expenses		(1,218,966,310)	(1,258,543,103)	(1,124,176,103)	(1,122,199,691)
Change in fair value of investment property	14.2	-	-	(3,000,000)	15,000,000
Profit from the operations		1,709,101,109	1,203,399,491	1,155,030,091	882,166,662
Finance income	7.1	244,164,426	739,617,612	(11,156,552)	252,811,699
Finance cost	7.2	(57,943,680)	(33,031,211)	(19,107,753)	(13,914,343)
Net finance income		186,220,746	706,586,401	(30,264,305)	238,897,356
Profit before taxation	8	1,895,321,855	1,909,985,892	1,124,765,786	1,121,064,018
Income tax expense	9	(555,889,114)	(564,759,699)	(380,857,627)	(320,897,359)
Profit for the year		1,339,432,741	1,345,226,193	743,908,159	800,166,659
Attributable to:					
Equity holders of the Company		1,339,432,741	1,345,226,193	743,908,159	800,166,659

The notes from pages 152 to 201 form an integral part of these Financial Statements. The figures shown in bracket indicate deductions.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31st December,	Note	Group		Company	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Profit for the year		1,339,432,741	1,345,226,193	743,908,159	800,166,659
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Surplus on revaluation of property, plant and equipment	22	425,964,119	-	395,993,852	-
Actuarial (loss) / gain on defined benefit obligations	23	(83,100,117)	(80,172,572)	(70,588,885)	(68,871,314)
Deferred tax on surplus of revaluation	22	(127,789,236)	-	(118,798,156)	-
Related tax on actuarial (loss) / gain on defined benefit obligation	24	24,930,035	24,051,771	21,176,666	20,661,394
		240,004,801	(56,120,801)	227,783,477	(48,209,920)
Other comprehensive income for the year, (net of tax)		240,004,801	(56,120,801)	227,783,477	(48,209,920)
Total comprehensive income for the year		1,579,437,542	1,289,105,392	971,691,636	751,956,739
Attributable to:					
Equity holders of the parent		1,579,437,542	1,289,105,392	971,691,636	751,956,739
Basic Earnings per share (Rs.)	10.1	5.99	6.01	3.32	3.58
Diluted Earnings per share (Rs.)	10.2	5.99	6.01	3.32	3.58

The notes from pages 152 to 201 form an integral part of these Financial Statements. The figures shown in bracket indicate deductions.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st December,	Note	Group		Company	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	12	6,582,766,634	5,384,713,047	5,972,546,359	4,906,536,543
Right of use assets	26	550,769,798	550,362,680	374,442,426	419,990,517
Intangible assets	13	124,045,799	79,060,281	111,247,160	62,571,202
Investment property	14	-	-	167,000,000	170,000,000
Investment in subsidiary	15	-	-	414,000,020	414,000,020
		7,257,582,231	6,014,136,008	7,039,235,964	5,973,098,282
Current assets					
Inventories	16	921,201,052	861,831,926	665,816,490	580,010,290
Trade and other receivables	17	1,369,068,340	1,457,492,605	1,155,705,935	1,219,388,589
Amounts due from related companies	18	229,044	9,743,380	77,226,982	228,492,602
Financial assets measured at amortized cost	19	7,868,036,303	6,976,008,910	5,003,295,982	4,763,739,952
Cash and cash equivalents	20	1,095,204,209	999,578,625	978,865,580	901,447,953
		11,253,738,949	10,304,655,446	7,880,910,969	7,693,079,386
Total assets		18,511,321,180	16,318,791,454	14,920,146,933	13,666,177,668
EQUITY AND LIABILITIES					
Equity					
Stated capital	21	2,671,543,090	2,671,543,090	2,671,543,090	2,671,543,090
Revaluation reserve	22	1,549,582,983	1,306,246,491	1,441,921,339	1,215,823,026
Retained earnings		9,957,271,181	8,621,170,130	7,002,378,624	6,256,785,300
Total equity		14,178,397,253	12,598,959,711	11,115,843,053	10,144,151,417
Non-current liabilities					
Employee benefits	23	490,125,100	369,816,913	419,609,656	318,883,389
Deferred tax liabilities	24	1,177,738,559	1,134,820,682	1,156,616,849	1,063,346,727

As at 31st December,	Note	Group		Company	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Lease liability	26	215,964,891	160,044,076	59,904,640	54,017,701
		1,883,828,550	1,664,681,671	1,636,131,145	1,436,247,817
Current liabilities					
Trade and other payables	25	1,650,890,296	1,192,661,584	1,668,291,094	1,552,567,813
Lease liability	26	98,325,089	89,051,355	47,759,195	50,180,963
Income tax payable		299,862,047	483,705,763	191,596,462	288,769,771
Bank overdraft	20	400,017,944	289,731,370	260,525,984	194,259,886
		2,449,095,376	2,055,150,072	2,168,172,735	2,085,778,434
Total liabilities		4,332,923,927	3,719,831,743	3,804,303,880	3,522,026,251
Total equity and liabilities		18,511,321,180	16,318,791,454	14,920,146,933	13,666,177,668

Notes from pages 152 to 201 form an integral part of these Financial Statements.

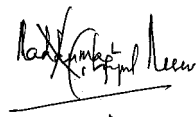
I certify that the above draft Financial Statements for the year ended 31st December 2024 are in compliance with the requirements of the Companies Act No 7 of 2007.



Wickramasiri
Group Chief Financial Officer

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

Signed for and on behalf of the Board;



Dr. Nilupul Perera
Chairman



Sirimal Senaratne
Director

20th March 2025
Colombo

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Group	Stated capital Rs.	Revaluation reserve Rs.	Retained earnings Rs.	Total Equity Rs.
Balance as at 1st January, 2023	2,671,543,090	1,361,084,883	7,948,422,853	11,981,050,826
Profit for the year	-	-	1,345,226,193	1,345,226,193
Other comprehensive income				
Actuarial gain on defined benefit obligations	-	-	(80,172,572)	(80,172,572)
Related tax on actuarial gain on defined benefit obligation	-	-	24,051,771	24,051,771
Depreciation transfer on surplus on revaluation of buildings	-	(54,838,392)	54,838,392	-
	-	(54,838,392)	1,343,943,784	1,289,105,392
Transaction with owners recorded directly in equity				
Dividend	-	-	(671,196,507)	(671,196,507)
Balance as at 31st December, 2023	2,671,543,090	1,306,246,491	8,621,170,130	12,598,959,711
Balance as at 1st January, 2024	2,671,543,090	1,306,246,491	8,621,170,130	12,598,959,711
Profit for the year	-	-	1,339,432,741	1,339,432,741
Other comprehensive income				
Actuarial loss on defined benefit obligations	-	-	(83,100,117)	(83,100,117)
Related tax on actuarial loss on defined benefit obligation	-	-	24,930,035	24,930,035
Gain on revaluation of property, plant and equipment	-	425,964,119	-	425,964,119
Depreciation transfer on surplus on revaluation of building	-	(54,838,392)	54,838,392	-
Deferred tax on surplus of revaluation	-	(127,789,236)	-	(127,789,236)
	-	243,336,491	1,336,101,051	1,579,437,542
Balance as at 31st December, 2024	2,671,543,090	1,549,582,983	9,957,271,181	14,178,397,253
Dividend per share - 2024 (Note - 11)				
Dividend per share - 2023 (Note - 11)				

The figures shown in bracket indicate deductions.
Notes from pages 152 to 201 form an integral part of these Financial Statements.

Company	Stated capital Rs.	Revaluation reserve Rs.	Retained earnings Rs.	Total Equity Rs.
Balance as at 1st January, 2023	2,671,543,090	1,266,920,410	6,124,927,684	10,063,391,184
Adjusted Balance as at 1st January, 2023	2,671,543,090	1,266,920,410	6,124,927,684	10,063,391,184
Profit for the year	-	-	800,166,659	800,166,659
Other comprehensive income				
Actuarial gain on defined benefit obligations	-	-	(68,871,314)	(68,871,314)
Related tax on actuarial gain on defined benefit obligation	-	-	20,661,395	20,661,395
Depreciation transfer on surplus on revaluation of building	-	(51,097,384)	51,097,384	-
	-	(51,097,384)	803,054,124	751,956,740
Transaction with owners recorded directly in equity				
Dividend	-	-	(671,196,507)	(671,196,507)
Balance as at 31st December, 2023	2,671,543,090	1,215,823,026	6,256,785,300	10,144,151,417
Balance as at 1st January, 2024	2,671,543,090	1,215,823,026	6,256,785,300	10,144,151,417
Adjusted Balance as at 1st January, 2023	2,671,543,090	1,215,823,026	6,256,785,300	10,144,151,417
Profit for the year	-	-	743,908,159	743,908,159
Other comprehensive income				
Actuarial Loss on defined benefit obligations	-	-	(70,588,885)	(70,588,885)
Related tax on actuarial loss on defined benefit obligation	-	-	21,176,666	21,176,666
Transaction with owners of the Company				
Gain on revaluation of property, plant and equipment	-	395,993,852	-	395,993,852
Depreciation transfer on surplus on revaluation of building	-	(51,097,384)	51,097,384	-
Deferred tax on surplus of revaluation	-	(118,798,156)	-	(118,798,156)
	-	226,098,313	745,593,323	971,691,636
Balance as at 31st December, 2024	2,671,543,090	1,441,921,339	7,002,378,624	11,115,843,053

Dividend per share - 2024 (Note - 11)

Dividend per share - 2023 (Note - 11)

The figures shown in bracket indicate deductions.

Notes from pages 152 to 201 form an integral part of these Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st December,	Note	Group		Company	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Cash flow from operating activities					
Profit before taxation		1,895,321,855	1,909,985,892	1,124,765,786	1,121,064,018
Adjustments for:					
Interest income	7.1	(678,048,822)	(1,257,661,435)	(422,727,844)	(770,855,522)
Gain /(loss) on translation of foreign currency	7	433,884,396	518,043,823	433,884,396	518,043,823
Depreciation on property, plant and equipment	12	628,440,148	557,325,924	553,073,240	492,805,900
Amortisation of right of use assets	26.4	112,356,439	95,826,357	48,827,551	48,520,074
Interest cost on lease liability	26.4	57,943,680	33,031,211	19,107,753	13,914,343
Amortisation of intangible assets	13	22,618,519	19,989,374	18,928,079	15,470,224
Net change in fair value of investment property	14	-	-	3,000,000	(15,000,000)
Provision for retiring gratuity	23.2	87,821,791	79,140,255	74,288,422	67,321,518
Reversal of impairment provision on inventory	16.1	2,595,282	(1,169,470)	(793,600)	2,340,866
Impairment loss / (reversal of provision) on trade receivables		(7,604,427)	9,276,960	4,482,701	(3,569,688)
Gain / (loss) on disposal of right of use assets	6	28,837,983	185,203	29,221,085	-
Gain / (loss) on disposal of property, plant and equipment	6	(1,112,506)	(6,017,399)	(1,112,506)	(6,017,399)
Operating cash flows before working capital changes		2,583,054,338	1,957,956,696	1,884,945,063	1,484,038,156
(Increase)/decrease in inventories		(61,964,407)	119,333,294	(85,012,599)	134,499,230
(Increase)/decrease in trade and other receivables		(34,574,510)	(418,970,533)	59,199,952	(348,396,131)
Increase/(decrease) in amounts due from related companies		9,514,336	(9,508,148)	151,265,620	(94,775,861)
Increase/(decrease) in trade and other payables		458,228,713	427,034,356	115,723,280	504,066,696
		2,954,258,469	2,075,845,665	2,126,121,317	1,679,432,091
Cash generated from operations					
Retiring gratuity paid	23.2	(50,613,721)	(43,757,322)	(44,151,041)	(35,645,672)
Interest paid	26.4	(57,943,680)	(33,031,211)	(19,107,753)	(13,914,343)
Income tax paid		(799,674,153)	(488,313,517)	(482,382,303)	(275,239,513)
Net cash inflow from operating activities		2,046,026,915	1,510,743,615	1,580,480,220	1,354,632,563

For the year ended 31st December,	Note	Group		Company	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Cash flows from investing activities					
Acquisition of property, plant and equipment	12	(1,439,036,033)	(802,782,969)	(1,264,624,059)	(701,491,710)
Expenditure incurred on capital work in progress	12	(8,831,793)	(44,525,661)	(5,803,354)	(44,525,661)
Purchase of intangible assets	13	(24,786,322)	(52,235,559)	(24,786,322)	(40,619,211)
Proceeds from disposal of property, plant and equipment		5,633,000	36,372,737	5,633,000	36,372,737
Interest income received		808,652,023	1,226,750,581	422,727,844	702,699,929
(Investment)/withdrawal in other financial assets		(1,325,911,790)	(570,845,169)	(673,440,426)	(40,737,308)
Net cash generated from (used in) investing activities		(1,984,280,916)	(207,266,041)	(1,540,293,317)	(88,301,225)
Cash flows from financing activities					
Dividend paid		-	(671,196,507)	-	(671,196,507)
Lease paid		(76,406,988)	(106,198,071)	(29,035,374)	(62,087,540)
Net cash outflow from (used in) financing activities		(76,406,988)	(777,394,578)	(29,035,374)	(733,284,047)
Net increase/(decrease) in cash and cash equivalents		(14,660,990)	526,082,996	11,151,529	533,047,291
Cash and cash equivalent at the beginning of the year		709,847,255	183,764,259	707,188,068	174,140,777
Cash and cash equivalent at the end of the period (Note A)		695,186,265	709,847,255	718,339,596	707,188,068
Note A- Analysis of cash and cash equivalents					
Favourable balances					
Cash in hand and at bank		962,005,308	513,845,502	845,666,678	465,714,829
Short term investments		133,198,902	485,733,124	133,198,902	435,733,124
		1,095,204,209	999,578,626	978,865,580	901,447,953
Unfavourable balances					
Bank overdrafts		(400,017,944)	(289,731,370)	(260,525,984)	(194,259,886)
Cash and cash equivalents		695,186,265	709,847,255	718,339,596	707,188,067

Notes from pages 152 to 201 form an integral part of these Financial Statements. The figures shown in bracket indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

GRI 2-1

1. REPORTING ENTITY

1.1 Corporate Information

(a) The Lanka Hospitals Corporation PLC ("the Company") is a public limited liability Company incorporated and domiciled in Sri Lanka. The Company was incorporated under the Companies Act No. 17 of 1982 on 6 October 1997 and re-registered on 28 July 2008 under the Companies Act, No. 07 of 2007, which came into effect on 3 May 2007. The registered office of the Company and principal place of business is located at No.578, Elvitigala Mawatha, Narahenpita, Colombo 05, Sri Lanka. The ordinary shares of the Company have a primary listing on the CSE.

(b) The fully owned subsidiary Company, Lanka Hospitals Diagnostics (Private) Limited is a private Company with limited liability incorporated in Sri Lanka under the provisions of the Companies Act No. 07 of 2007. The Company was incorporated on 06 February 2013. The immediate parent of the Company is The Lanka Hospitals Corporation PLC.

1.2 Consolidated Financial Statements

The consolidated financial statements of the Company as at, and for the year ended 31st December 2024 comprise the financial statements of Company and its subsidiary (together referred to as the "Group").

1.3 Principal Activities and Nature of Operations

The principal activities of the Company and the Group are to provide healthcare and laboratory services. There were no significant changes in the nature of principal activities of the Company and the Group during the financial year.

1.4 Number of Employees

The staff strength of the Group and Company as at 31st December 2024 was 2,146 and 1,601 (Group: 2,163 and Company: 1,670 as at 31st December 2023)

1.5 Parent Enterprise and Ultimate Parent Enterprise

The Company's immediate and ultimate parent is Sri Lanka Insurance Corporation Limited, which is incorporated in Sri Lanka.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The consolidated financial statements of the Group and the separate financial statements of the Company have been prepared and presented in accordance with the Sri Lanka Accounting Standards (herein referred to as SLFRSs/LKASs) effective from 1st January 2012, laid down by The Institute of Chartered Accountants of Sri Lanka (ICASL) and the requirements of the Companies Act No. 07 of 2007.

The Group did not adopt any inappropriate accounting treatments, which are not in compliance with the requirement of the SLFRSs and LKASs.

Details of the Group's significant accounting policies followed during the year are given in Notes 3 to 4.25.

2.2 Responsibility for Financial Statements

The Board of Directors of the Company is responsible for the preparation and fair presentation of the financial statements of the Group and the Company as per the provision of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards.

These financial statements include the following components:

- A Statement of Profit or Loss and Other Comprehensive Income providing the information on the financial performance of the Group and the Company for the year under review. Refer pages 144 to 145;
- A Statement of Financial Position providing the information on the financial position of the Group and the Company as at the year end. Refer pages 146 to 147;
- A Statement of Changes in Equity depicting all changes in shareholders' funds during the year under review of the Group and the Company. Refer pages 148 to 149;
- A Statement of Cash Flows providing the information to the users, on the ability of the Group and the Company to generate cash and cash equivalents and utilisation of those cash flows. Refer pages 150 to 151;
- Notes to the Financial Statements comprising Significant Accounting Policies and other explanatory information. Refer pages 152 to 201.

2.3 Date of Authorisation for Issue

The financial statements of the Group and the Company for the year ended 31 December 2024 were authorised for issue by the Company's Board of Directors on 20th March 2025.

2.4 Basis of Measurement

The consolidated and separate financial statements have been prepared on the historical cost basis, except that land and buildings on leasehold land, investment property are measured at fair value, and the retirement benefit obligations are measured at the present value of the defined benefit obligation as explained in the respective notes to the financial statements.

2.5 Going Concern Basis of Accounting

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

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

2.6 Functional and Presentation Currency

Items included in these consolidated financial statements are measured using the currency of the primary economic environment in which the Company operates (the Functional Currency).

The consolidated financial statements are presented in Sri Lankan Rupees, which is the Group's functional and presentation currency.

2.7 Presentation of Financial Statements

The assets and liabilities of the Group presented in the Statement of Financial Position are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern.

No adjustments have been made for inflationary factors affecting the consolidated financial Statements.

2.8 Rounding

The amounts in the Consolidated Financial Statements have been rounded-off to the nearest rupees thousands, except where otherwise indicated as permitted by the Sri Lanka Accounting Standard – LKAS 1

on "Presentation of Financial Statements" (LKAS 1).

2.9 Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the Consolidated Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Income and expenses are not offset in the Consolidated Statement of profit or loss, unless required by an Accounting Standards and as specifically disclosed in the Significant Accounting Policies of the Company.

2.10 Materiality and Aggregation

Each material class of similar items is presented separately in the consolidated financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the LKAS 1 and amendments to LKAS 1 on "Disclosure Initiative".

2.11 Comparative Information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period in the Consolidated Financial Statements in order to enhance the understanding of the current period's Financial Statements and to enhance the inter period comparability. The comparative information have been reclassified where necessary to conform to the current year's presentation.

2.12 Use of Estimates, Judgments and Assumptions

The preparation of financial statements of the Group in conformity with Sri

Lanka Accounting Standards requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported values of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making a judgment about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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

2.12.1 Measurement of Fair Values

A number of the Group's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Group Chief Financial Officer.

NOTES TO THE FINANCIAL STATEMENTS CONTD.

Significant valuation issues are reported to the Group's Audit Committee.

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

- Level 1 - quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Further information about assumptions made in measuring fair values is included in the respective notes to the consolidated financial statements.

2.12.2 Fair Value of Non-Financial Assets

The fair value used by the Group in the measurement of non-financial assets is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market in the most advantageous market that is accessible by the Group for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would act in their market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.12.3 Useful Lives of Depreciable Assets

Management reviews its estimation of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the useful life of certain property, plant and equipment.

2.12.4 Business Combinations

Management applies its judgment to determine whether the control indicators set out in the SLFRS 3 "Business Combination".

Management uses valuation techniques in determining the fair values of the various elements of a business combination. The fair value of contingent consideration is dependent on the outcome of many variables that affect future profitability.

2.12.5 Defined Benefit Obligation

The cost of the defined benefit plans are determined using an actuarial valuation. Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as mortality rates, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the defined benefit obligation amount and the annual defined benefit expense.

2.12.6 Fair Value of Financial Instruments

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

2.12.7 Recognition of Deferred Tax Assets

Management applies significant judgment to the extent the deferred tax assets can be recognised based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various future tax jurisdictions.

2.12.8 Provisions for Liabilities, Commitments and Contingencies

The Group receives legal claims in the normal course of business. Management has made judgements as to the likelihood of any claim succeeding in making provisions. The time of concluding legal claims is uncertain, as is the amount of possible outflow of economic benefits. Timing and cost ultimately depends on the due processes in respective legal jurisdictions.

3. CHANGES IN MATERIAL ACCOUNTING POLICIES AND NEW AND AMENDED STANDARDS

The Group has adopted the standards set out below under Notes 3.1(a) and 3.1(b).

3.1(a) Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to LKAS 12) from 01 January 2024. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases. For leases, the Group is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the Group applies the amendments to transactions that occur on or after the beginning of the earliest period presented. The Group previously accounted for deferred tax on leases by applying the 'integrally linked' approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. However, there was no impact on the Statement of Financial Position because the balances qualify for offset under LKAS 12. There was also no impact on the opening retained earnings as at 01 January 2022 as a result of the change. The key impact for the Group relates to disclosure of the deferred tax assets and liabilities recognised.

3.1(b) Material Accounting Policy Information

The Group also adopted Disclosure of Accounting Policies (Amendments to LKAS 1) from 01 January 2024. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. Management reviewed the accounting policies and made updates to the information disclosed in Note 4 Material accounting policies (2022: Summary of significant accounting policies) in certain instances in line with the amendments.

4. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently for all periods presented in the financial statements by the Group and the Company unless otherwise indicated.

4.1 Basis of Consolidation

The Group's Financial Statements comprise, Consolidated Financial Statement of the Company and its Subsidiary in terms of the Sri Lanka Accounting Standard- SLFRS 10 on "Consolidated Financial Statements".

4.1.1 Business Combinations

Business combinations are accounted for using the acquisition method as at

the acquisition date, which is the date on which control is transferred to the Group as per SLFRS 3 "Business Combinations".

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

4.1.2 Subsidiary

A Subsidiary is an entity controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee

NOTES TO THE FINANCIAL STATEMENTS CONTD.

- The ability to use its power over the investee to affect its returns

The Group considers all relevant facts and circumstances in assessing whether it has power over an investee which includes; The contractual arrangement with the other vote holders of the investee, Rights arising from other contractual arrangements and the Group's voting rights and potential voting rights over the investee.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The financial statements of a subsidiary is included in the consolidated financial statements from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date when such control ceases.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

4.1.3 Non-Controlling Interest

For each business combination, the Group elect to measure any non-controlling interest in the acquiree either,

- at fair value
- at their proportionate share of the acquiree's identifiable assets, which are generated at fair value.

Change in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners.

Adjustment to non-controlling interests are based on a proportionate amount or the net amount of the subsidiary.

Group does not have any non-controlling interest as at the reporting date.

4.1.4 Loss of Control

On the loss of control, the Group immediately derecognizes the assets (including goodwill) and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit and loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Any investment retained is recognised at fair value.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

4.1.5 Reporting Date

Group's subsidiary has the same reporting period as the parent Company.

4.1.6 Intra-Group Transactions

Transfer prices between Group entities are set on an arms-length basis in a manner similar to transactions with third parties.

4.1.7 Transactions Eliminated on Consolidation

All intra-group assets and liabilities, equity, income, expenses, unrealised gain or loss and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

4.1.8 Material Gains or Loss, Provisional Values or Error Corrections

There were no material gains or losses, provisional values or error corrections recognised during the year in respect of business combinations that took place in previous periods.

4.2 Foreign Currencies

4.2.1 Foreign Currency Transactions

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency, which is Sri Lankan Rupees, using exchange rates prevailing at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies as at the reporting date are translated into the functional currency at the prevailing exchange rate of the functional currency ruling as at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in Other Comprehensive Income (OCI) until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on

those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

4.3 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

4.3.1 Financial Assets

4.3.1.1 Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially

measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Transaction cost in relation to financial assets and financial liabilities at fair value through profit or loss are dealt with through the Income Statement. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under SLFRS 15. Refer to the accounting policies in section 4.15, Revenue from contracts with customers.

In order for a financial asset (excluding equity instruments) to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

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 realising 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

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

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

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL. Assessment whether contractual cash flows are solely payments of principal and interest.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period 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 - Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period 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.

4.3.1.1.1 Financial Assets at Amortised Cost (Debt Instruments)

This category is the most relevant to

the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- ➔ The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- ➔ The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, amounts due from related companies and fixed deposits.

4.3.1.1.2 Financial Assets at Fair Value through OCI (Debt Instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- ➔ The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and
- ➔ The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the income statement and computed in the same manner as for financial assets measured

at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group currently does not own any financial asset that is classified under this category.

4.3.1.1.3 Financial Assets Designated at Fair Value through OCI (Equity Instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the income statement the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group currently does not own any financial asset that is classified under this category.

4.3.1.1.4 Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets

mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the income statement.

Dividends on listed equity investments are also recognised as other income in the income statement when the right of payment has been established.

The Group currently does not own any financial asset that is classified under this category.

4.3.1.2 Impairment of Financial Assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit

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enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

4.3.1.3 Derecognition of Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

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

- (a) the Group has transferred substantially all the risks and rewards of the asset, or
- (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

4.3.2 Financial Liabilities

4.3.2.1 Recognition and Measurement

Financial liabilities are classified as measured at amortised cost or fair value through profit or loss (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 recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

4.3.2.2 Derecognition of Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

4.3.3 Stated Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

Holders of these shares are entitled to dividends as declared from time and are entitled to one vote per share at general meeting of the Company.

4.4 Property, Plant and Equipment

4.4.1 Recognition and Measurement

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

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

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 labour 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.

This also includes cost of dismantling and removing the items and restoring them in the site on which they are located.

Cost Model

The Group applies the Cost Model to all Property, Plant & Equipment except for freehold land and buildings on Lease hold land, and records at cost of purchase together with any incidental expenses thereon, less accumulated depreciation and any accumulated impairment losses.

Revaluation Model

The Group applies Revaluation Model for the entire class of land and buildings in the statement of financial position. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of each reporting period. If the fair values of land and buildings does not change other than by an insignificant amount at each reporting period the Group will revalue such land and buildings every 2 years.

Any revaluation increase arising on the revaluation of such land and buildings are recognised in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the income statement, in which case the increase is credited to the income statement to the extent of the decrease previously

expensed. A decrease in the carrying amount arising on a revaluation of land and buildings are recognised in the income statement to the extent that it exceeds the balance, if any, held in the property's revaluation reserve relating to a previous revaluation of the same land and buildings.

Upon disposal, any related revaluation reserve is transferred from the revaluation reserve to retained earnings and is not taken into account in arriving at the gain or loss on disposal. The details of revaluation of land and buildings are disclosed in note 12 to the financial statements.

4.4.2 Significant Components of Property Plant and Equipment

When parts of an item of property, plant and equipment have different useful lives than the underlying asset, they are identified and accounted separately as major components of property, plant and equipment and depreciated separately based on their useful life.

4.4.3 Subsequent Cost

The Group recognises in the carrying amount of property, plant and equipment the cost of replacing a part of an item, when it is probable that the future economic benefits embodied in the item will flow to the Group and the cost of the item can be measured reliably. The carrying amounts of the parts that are replaced are derecognised from the cost of the asset. The cost of day-to-day servicing of property, plant and equipment are recognised in the income statement as and when incurred.

4.4.4 Depreciation

Depreciation is based on the cost of an asset less its residual value. Depreciation

is recognised 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 Group will obtain ownership by the end of the lease term.

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

Leasehold Buildings	40 years
Motor vehicles	4 years
Furniture and fittings	10 years
Office equipment	10 years
Computers	6 2/3 years
Other equipment	10 years
Medical equipment	10 years
Medical vehicles	4 years
Kitchen equipment	3 Years

The cost of replacement of components of assets recognised 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.

4.4.5 De-Recognition

The carrying amount of an item of property, plant and equipment is de-

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recognised 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-recognised.

When replacement costs are recognised in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is derecognised as required by Sri Lanka Accounting Standard – LKAS 16 on "Property, plant and equipment".

4.4.6 Capital Work-in-Progress

The cost of capital work-in-progress is the cost of purchase or construction together with any related expenses hereon. Capital work-in-progress is transferred to the respective asset accounts at the time of first utilization or at the time the asset is commissioned.

4.4.7 Borrowing Costs

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset which takes a substantial period of time to get ready for its intended use or sale, are capitalised as a part of the asset. The amounts of the borrowing costs which are eligible for capitalisation are determined in accordance with LKAS 23 - Borrowing Costs. Borrowing costs that are not capitalised are recognised as expenses in the period in which they are incurred and charged to the Statement of Profit or Loss and Other Comprehensive Income.

4.5 Investment Properties

4.5.1 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 Group are accounted for as an investment properties.

Investment property is recognised as an asset 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.

An investment property is measured initially at its cost. Transaction costs is included in the initial measurement. 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 capitalised 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 derecognised.

Changes in fair values are recognised in the Statement of profit or loss. Investment properties are derecognised 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 recognised in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in SLFRS 15.

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 recognised 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 recognised 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.

In the consolidated financial statements, properties which are occupied by companies within the Group for the production or supply of goods and

services or for administrative purposes is treated as property, plant and equipment, while these properties are treated as investment property in the financial statements of the Company owning the asset.

4.6 Lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SLFRS 16.

4.6.1 Group Acting as a Lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates consideration in the contract to each lease component on the basis of its relative stand-alone price.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced

by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's / Group's incremental borrowing rate. Generally, the Company / Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- ➔ Fixed payments, including in-substance fixed payments;
- ➔ Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- ➔ Amounts expected to be payable under a residual value guarantee; and
- ➔ The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured

when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's / Group's estimate of the amount expected to be payable under a residual value guarantee, if the Company / Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in 'property and equipment' and lease liabilities in 'other liabilities' in the statement of financial position.

4.6.1.1 Short-Term Leases and Leases of Low-Value Assets

The Company / Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4.6.2 Group Acting as a Lessor

When the Group acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease. To classify each lease, the Company / Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of

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this assessment, the Company/ Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Finance Leases – Group as a Lessor

As per SLFRS 16, a lease which transfers substantially all the risks and rewards incidental to ownership of an underlying asset is classified as a finance lease.

At the commencement date, the Group recognizes assets held under finance lease in the SOFP and present them as a lease receivable at an amount equal to the net investment in the lease. Net investment in the lease is arrived by discounting lease payments receivable at the interest rate implicit in the lease, i.e. the rate which causes present value of lease payments to equal to the fair value of the underlying asset and initial direct costs.

The Group applies the derecognition and impairment requirements in SLFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

Operating Leases – Group as a Lessor

As per SLFRS 16, a lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. The Group recognises lease payments from operating leases as income on straight-line basis. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

4.7 Intangible Assets

4.7.1 Initial Recognition and Measurement

The Group recognises 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 capitalised 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.

4.7.2 Subsequent Costs

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All the expenditure is expensed as incurred.

4.7.3 Subsequent Measurement

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

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

Intangible assets with finite lives are amortised over the useful economic life of the asset. The amortisation period and the amortisation 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 amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement.

Intangible assets with indefinite useful lives are not amortised, 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.

4.7.4 Intangible Assets Recognized by the Group

4.7.4.1 Computer Software – Intangible Assets

All computer software cost incurred and licensed for use by the Group, 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 capitalised under intangible assets.

The Group amortises computer software over period of 6 2/3 years.

Expenditure on internally developed software is recognised as an asset when the Company is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalized costs of internally developed software include all costs directly attributable to developing the software and capitalized borrowing costs, and are amortised over its useful life. Internally developed software is stated at capitalized cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

4.8 Inventories

Inventories are measured at the lower of cost and net realisable value after making due allowance for obsolete items. The cost of inventories is based on a first –in–first-out. The cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.'

4.9 Impairment - Non-Financial Assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amounts of such assets are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets.

Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units on acquisition of subsidiaries are allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis.

4.9.1 Calculation of Recoverable Amount

The recoverable amount of an asset or cash-generating unit 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 or cash-generating unit.

4.9.2 Reversal of Impairment

Impairment losses recognised in prior periods are 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 (excluding goodwill impaired previously) 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 amortisation, if no impairment loss had been recognised.

Reversals of impairment losses are recognised in the income statement.

4.10 Liabilities and Provisions

Liabilities classified as current liabilities in the statement of financial position are those which fall due for payment on demand of the creditor or within one year of the reporting date.

Non-current liabilities are those balances that become repayable after one year from the reporting date. All known liabilities have been accounted for in preparing the financial statements.

4.11 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an

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insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the income statement 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, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

4.12 Employee Benefits

4.12.1 Short-Term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid in cash as ex gratia in the short term, if the Group has a present legal or constructive obligation to pay this amount as a result of past service rendered by the employee, and the obligation can be measured reliably.

4.12.2 Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which an entity pays a fixed employee benefit contribution into a separate entity and will have no further legal or constructive obligations to pay any additional amounts. Obligations for contributions to a defined contribution plan are recognised as an employee benefit expense in the income statement in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that

a cash refund or a reduction in future payments is available.

4.12.2.1 Employee Provident Fund and Employee Trust Fund

The Group and employees contribute a sum not less than 12% and 8% respectively, of the gross emoluments of employees employed in Sri Lanka as provident fund benefits managed by Central Bank of Sri Lanka (CBSL). Group contribute at the rate of 3% of the salaries of each employee to the Employees' Trust Fund managed by the CBSL.

4.12.3 Defined Benefit Plan - Retiring Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan as define by Sri Lankan Accounting Standard – LKAS 19 on "Employment Benefits". The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting date. The defined benefit obligation is calculated annually using the projected unit credit method by qualified actuary as recommended by LKAS - 19. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms of maturity approximating to the terms of the liability.

Provision has been made in the financial statements for retiring gratuities from the first year of service for all employees.

However, according to the Payment of Gratuity Act No. 12 of 1983, the liability for payment to an employee arises only

after the completion of 5 years continued service. The liability is not externally funded.

Group recognises all actuarial gains and losses arising from defined benefit plans immediately in the statement of other comprehensive income as they occur.

4.13 Restructuring

Provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses arising on such restructuring are not provided for. The Group does not have any provision for restructuring as at the reporting date.

4.14 Onerous Contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

The Group does not have any onerous contracts as at the reporting date.

INCOME STATEMENTS

4.15 Revenue from Contracts with Customers

The Group is in the business of providing healthcare and laboratory services. Revenue from contracts with customers is recognised when control of the

goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the agency services explained below in 4.15.1.b, because it typically controls the goods or services before transferring them to the customer.

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

4.15.1 Hospital Revenue

- a) The Group recognises 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 Group.
- b) Consultancy fees collected on behalf of the in house and visiting consultants by the Group do not form part of revenue are excluded from the revenue.

The Company acts as the agent for rendering healthcare consultancy services to its customers due to following reasons:

- Prime responsibility to provide consultation services to the customer or fulfilling the order rests with the respective consultant.
- Establishing the consultancy charges and other terms of the service transaction rests with the respective consultant.

4.15.2 Pharmacy Revenue

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment.

The Group 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 Group considers the effects of variable consideration and the existence of significant financing components.

- (i) Variable consideration If the consideration in a contract includes a variable amount, the Group 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 recognised 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 gives rise to variable consideration. Rights of return Certain contracts provide a customer with a right to return the goods within a specified period. The Group 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 Group 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 Group recognises a refund liability.

- (ii) Significant financing component Generally, the Group receives short-term advances from its customers. Using the practical expedient in SLFRS 15, the Group 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.

4.15.3 Rental Income from Investment Property

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

4.15.4 Interest Income

Interest income is recognised as it accrues in the income statement. For all financial instruments measured at amortised 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 Group estimates the future cash flows considering all contractual terms of the

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GRI 207-1, 207-2

financial instrument, but not future credit losses.

The calculation of the EIR includes all transaction costs and fees and points paid or received that are an integral part of effective interest rate.

Interest income is included under finance income in the income statement.

4.16 Expenditure

Expenses are recognized in the statement of profit or loss 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 the statement of profit or loss.

4.17 Income Tax Expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Income Statement except to the extent that it relates to items recognised directly in Equity or in Other Comprehensive Income. According to Inland Revenue (Amendment) Act No. 45 of 2022, income tax rate applicable for companies has been changed from 14% to 30% with effect from 01st July 2022.

4.17.1 Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of 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.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Taxation for the current and previous periods to the extent unpaid is recognised 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 recognised 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 1 April 2018 and the amendments thereto.

Additional taxes that arise from the distribution of dividends by the Group, are recognised at the same time as the liability to pay the related dividend is recognised. These amounts are generally recognised in profit or loss as they generally relate to income arising from transactions that were originally recognised in profit or loss.

4.17.2 Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and

liabilities and their carrying amounts for financial reporting purposes 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 relate to income taxes levied by the same authority on the same taxable entity.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

4.17.3 Advance Income Tax (AIT) on Dividends

Dividends distributed out of profits after tax attracted a tax of 14% till 30th September 2022 and 15% with effect from 01st October 2022 charged in the hands of the dividend recipient. No Advance Income Tax (AIT) was mandatorily imposed until 30th September 2022 whereas 15% AIT (similar to Withholding Tax) is mandatorily imposed on dividends distributed with effect from 01st January

2023. Therefore, any dividends distributed after 01st January 2023 shall be subject to 15% AIT where shareholders shall receive dividends net of AIT. AIT deducted on dividends shall be final tax and will attract no further tax in the hands of the shareholders. With the introduction of the Inland Revenue (Amendment) Acts No. 10 of 2021 and No. 45 of 2022, any dividends paid out of the dividends received, shall be exempted from income tax net of the cost of funds. In addition, if a resident Company pays the dividend to a non-resident person (including a Company) such would be totally exempt from income tax.

4.17.4 Social Security Contribution Levy (SSCL)

The Social Security Contribution Levy (SSCL) Act No. 25 of 2022, has been passed in the parliament imposing a new levy on the turnover of persons. The SSCL came into operations with effect from 01st October 2022. Since SSCL is a turnover based direct tax, it has two tax bases.

1. Value Addition attributable to financial services.
2. Turnover liable for General VAT (Turnover not liable for financial services).

The Value Addition attributable for Financial Services shall be derived with the application of the turnover ratio distinguishing General VAT and VAT on Financial Services. Tax fraction 2.5/120.5 is applied in computing SSCL. In addition, turnover, liable for General VAT too shall be chargeable with SSCL. The Company is required to pay SSCL on the General VAT liable turnover at the rate of 2.5%.

4.17.5 Advance Income Tax (AIT) and Withholding Tax (WHT)

Advance Income Tax (AIT) which has similar attributes to the Withholding Tax has been re-introduced with the introduction of Inland Revenue (Amendment) Act No. 45 of 2022 effecting from 01st of January 2023. AIT shall be charged on the interest paid or credited from all interest bearing deposit accounts denominated in Sri Lankan Rupees at the rate of 5% on such interest payments or credits. Interest received on interest bearing foreign currency accounts, "Special Deposit Accounts" and Diplomatic accounts are exempted from AIT. Withholding Tax has been reintroduced on Services Fees paid to Individuals and the Rent paid any person under the Inland Revenue (Amendment) Act No. 45 of 2022 effecting from 01st January 2023. If any individual including a sole proprietorship is paid with a service related fees as provided under the Section 85 - (1C) of the Inland Revenue (Amendment) Act No. 45 of 2022, the Withholding Tax agent or the service recipient has to deduct Withholding Tax at the rate of 5% on the total gross amount if such payment exceeds LKR 100,000.00 per calendar month. Withholding Tax has re-introduced on Rent expenses paid to any person if such aggregate gross rent income surpasses or equal to LKR 100,000.00 for a calendar month at the rate of 10%.

4.18 Segment Reporting

An operating segment is a component of the Group or the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group or the Company's other components. All

operating segments' operating results are reviewed regularly by the Group's GCEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment is a distinguishable component of an enterprise that is engaged in either providing products or services (Business segment) or in providing products or services within a particular economic environment (Geographical segment), which is subject to risk and rewards that are different from those of other segments.

However, there are no distinguishable components to be identified as segments for the Group and the Company.

4.19 Statements of Cash Flows

The statement of cash flows has been prepared using the "indirect method" in accordance with LKAS 7 - "Statement of cash flows".

Interest paid is classified as operating cash flows, interest received are classified as investing cash flows, while dividends paid are classified as financing cash flows for the purpose of presenting the cash flow statement.

4.20 Cash and Cash Equivalents

Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalents include cash in-hand, balances with banks and short term deposits with banks.

NOTES TO THE FINANCIAL STATEMENTS CONTD.

4.21 Contingencies and Capital Commitments

Contingencies are possible assets or obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be readily measured as defined in the Sri Lanka Accounting Standard – LKAS 37 on “Provisions, Contingent Liabilities, and Contingent Assets”.

Commitments and liabilities are disclosed in Note 29 to the financial statements.

4.22 Related Party Transactions

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies and decisions of the other, irrespective of whether a price is being charged.

4.23 Earnings per Share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group and the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Group and the Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.24 Events Occurring After the Reporting Date

All material post reporting date events have been considered and where appropriate adjustments or disclosures have been made in the respective notes to the financial statements.

Secretary to the Treasury has conveyed to the management of The Lanka Hospitals Corporation PLC on 17th March 2023 about the “Approval in Principle” granted by the cabinet of Ministers for the investment of the major shareholding in The Lanka Hospitals Corporation PLC.

4.25 New and Amended Standards Issued but Not Effective as at the Reporting Date

The Institute of Chartered Accountants of Sri Lanka has issued the following new Sri Lanka Accounting Standards (SLFRSs/ LKASs) which will become applicable for financial periods beginning after 01st January 2024. Accordingly, the Group has not applied the following new standards in preparing these Financial Statements.

- i) **Sri Lanka Accounting Standard - SLFRS 17 “Insurance Contracts” effective from 01st January 2025**
SLFRS 17 introduces a new measure of insurance revenue, based on the delivery of services to policy holders and excluding any premiums related to the investment elements of policies, which will be significantly different from existing premium revenue measures, currently reported in the income statement. In order to transition to SLFRS 17, the amount of deferred profit, being the CSM at transition date, needs to be determined. SLFRS 17 will not be applicable to the Company.

ii) Other New Accounting Pronouncements

The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

- Lack of exchangeability (Amendments to LKAS 21) - effective for annual reporting periods beginning on or after 01st January 2025.
- Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) – effective for annual reporting periods beginning on or after 1st January 2026
- IFRS 18 Presentation and Disclosure in Financial Statements – effective for annual reporting periods beginning on or after 1 January 2027.
- IFRS 19 Subsidiaries without Public Accountability: Disclosures - effective for annual reporting periods beginning on or after 1 January 2027.
- SLFRS S1 - General requirements for disclosure of sustainability-related financial information - effective for annual reporting periods beginning on or after 01st January 2025.
- SLFRS S2- Climate-related disclosure - effective for annual reporting periods beginning on or after 01st January 2025.

5. REVENUE FROM CUSTOMER CONTRACTS

For the year ended 31st December,	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Hospital revenue	10,472,152,970	9,696,877,423	10,472,152,970	9,696,877,423
Laboratory revenue	3,177,953,465	2,721,730,503	-	-
	13,650,106,435	12,418,607,926	10,472,152,970	9,696,877,423

The Effect of applying SLFRS 15 on the Groups revenue from contract with customers described in Note 4.15.

6. OTHER INCOME

For the year ended 31st December,	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Rent income	13,727,562	14,488,774	22,424,322	22,526,684
Car park income	51,993,159	43,494,743	51,993,159	43,494,743
Sundry income	12,972,504	13,118,337	12,761,154	12,987,518
Gain on disposal of property, plant and equipment	1,112,506	6,017,399	1,112,506	6,017,399
Gain on disposal of ROU assets	(28,837,983)	(185,203)	(29,221,085)	-
	50,967,748	76,934,050	59,070,056	85,026,344

7. NET FINANCE INCOME

7.1 Finance income

For the year ended 31st December,	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Interest income from;				
- Call deposit	5,298,356	7,505,701	4,661,949	4,816,332
- Fixed deposits- Sri Lankan Rupees	356,173,915	704,235,089	101,489,343	220,118,544
- Fixed deposits- Foreign Exchange Earners Account (FEEA)	284,376,417	507,379,985	284,376,417	507,379,985
Gain / (loss) on translation of foreign currency	(433,884,396)	(518,043,823)	(433,884,396)	(518,043,823)
Short term deposits - Interest Income	32,200,134	38,540,661	32,200,134	38,540,661
	244,164,426	739,617,612	(11,156,552)	252,811,699

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7.2 Finance Cost

For the year ended 31st December,	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Interest expenses on lease liabilities	(57,943,680)	(33,031,211)	(19,107,753)	(13,914,343)
	(57,943,680)	(33,031,211)	(19,107,753)	(13,914,343)
Net Finance Income	186,220,746	706,586,401	(30,264,305)	238,897,356

8. PROFIT BEFORE TAX

Profit before taxation is stated after charging all expenses including the following;

For the year ended 31st December,	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Directors' remuneration and fees	22,393,600	22,130,000	19,638,600	19,530,000
Auditors' remuneration				
- Statutory audit	3,815,024	4,626,200	2,650,000	2,026,200
- Non audit services	-	-	-	-
Amortisation of intangible assets (Note 13)	22,618,519	19,989,374	18,928,079	15,470,224
Impairment loss (reversal of provision) of trade receivables (Note 17.2)	(7,604,427)	3,078,236	4,482,701	(3,569,688)
Reversal of impairment provision on inventory (Note 16)	2,595,282	(1,169,470)	793,600	(2,340,866)
Amortisation of right of use assets (Note 26.4)	112,356,439	95,826,357	48,827,551	48,520,074
Legal expenses	3,501,023	1,860,951	3,175,003	1,711,951
Staff cost (Note 8.1)	3,449,680,139	3,245,812,724	2,750,095,293	2,651,167,650
Gain on disposal of property, plant and equipment	1,112,506	6,017,399	1,112,506	6,017,399
Gain on disposal of right of use assets	(28,837,983)	(185,203)	(29,221,085)	-
Depreciation of property, plant and equipment - Cost of services	312,835,424	267,690,421	307,651,502	260,974,904
Depreciation of property, plant and equipment - Administrative cost	315,604,724	289,635,503	245,421,738	231,830,996

8.1 Staff cost

Staff cost Under Cost of Services

For the year ended 31st December,	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Salaries and other related costs	1,398,625,721	1,281,642,923	1,016,561,592	982,430,503
Defined contribution plan cost - EPF and ETF	91,757,178	86,171,021	66,114,908	64,828,740
Defined benefit plan cost - Retiring gratuity	33,171,680	31,448,669	25,592,992	24,357,426
	1,523,554,579	1,399,262,613	1,108,269,492	1,071,616,670

Staff cost Under Administrative Cost

Salaries and other related costs	1,720,184,686	1,663,492,906	1,463,392,649	1,419,831,721
Defined contribution plan cost - EPF and ETF	151,290,762	135,365,618	129,737,722	116,755,168
Defined benefit plan cost - Retiring gratuity	54,650,111	47,691,586	48,695,430	42,964,092
	1,926,125,560	1,846,550,110	1,641,825,801	1,579,550,980
	3,449,680,139	3,245,812,724	2,750,095,293	2,651,167,650
No of employees	2,146	2,163	1,601	1,670

9. INCOME TAX EXPENSE

For the year ended 31st December,	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Recognised in statement of profit or loss				
Income tax expense				
Taxation on the profit for the year (Note 9.1)	613,992,564	616,212,100	383,371,122	371,428,366
Under/(over) provision in respect of previous year	1,837,873	2,012,841	1,837,873	2,012,841
	615,830,437	618,224,940	385,208,995	373,441,207
Deferred tax expense				
Deferred tax liability reversal during the year	(51,793,305)	(42,277,731)	(20,896,060)	(43,409,741)
Deferred tax assets reversal during the year	(8,148,018)	(11,187,510)	16,544,692	(9,134,107)
	555,889,114	564,759,699	380,857,627	320,897,359
Recognised in Statement of other comprehensive income				
Deferred tax charge on property, plant and equipment	127,789,236	-	118,798,156	-
Deferred tax charge on actuarial gain or loss	(24,930,035)	(24,051,772)	(21,176,666)	(20,661,394)
	102,859,201	(24,051,772)	97,621,490	(20,661,394)

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9.1 Reconciliation of the accounting profit to income tax expense

For the year ended 31st December,	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Profit before taxation	1,895,321,855	1,909,985,892	1,124,765,786	1,121,064,018
Consolidation adjustments	7,045,256	23,832,095	-	-
Profit after adjustments	1,902,367,111	1,933,817,988	1,124,765,786	1,121,064,018
Less : Income not liable for income tax	(284,376,417)	(528,299,380)	(284,376,417)	(528,299,380)
Less : Allowable expenses	(919,779,709)	(664,006,534)	(723,428,435)	(510,550,376)
Less : Income from other sources	(467,610,349)	(849,035,422)	(212,289,371)	(341,212,111)
Add : Disallowable expense	1,342,117,633	1,312,528,258	1,154,629,544	1,155,880,292
Business income	1,572,718,269	1,205,004,910	1,059,301,107	896,882,443
Add : Income from other sources	473,923,611	828,018,024	218,602,633	341,212,111
Taxable income	2,046,641,880	2,033,022,934	1,277,903,739	1,238,094,554
Tax on final withholding payment	-	-	-	-
Income tax at 14%	-	-	-	-
Tax on taxable Income at 24%	-	-	-	-
Tax on taxable Income at 30%	613,992,564	616,212,100	383,371,122	371,428,366
Taxation on profits for the year	613,992,564	616,212,100	383,371,122	371,428,366

9.2 The Inland Revenue (Amended) Act No.45 of 2022 was certified by the speaker on 19th December 2022. The standard rate of income tax has been increased from 24% to 30%. The increase in the income tax rate to 30% has resulted in two tax rates being applicable for the year of assessment 2022/23. The Company have computed the current tax based on the appropriate rates.

The Lanka Hospitals Corporation PLC is liable to income tax at 30% for the year ended 31st December 2024.

10. EARNINGS AND DIVIDEND PER SHARE

10.1 Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

For the year ended 31st December,	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Profit attributable to the shareholders (Rs.)	1,339,432,741	1,345,226,193	743,908,159	800,166,659
Weighted average number of ordinary shares in issue	223,732,169	223,732,169	223,732,169	223,732,169
Earnings per ordinary share (Rs.)	5.99	6.01	3.32	3.58

10.2 Diluted earnings per share

Diluted earnings per share is calculated by dividing the net profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year after adjustment for the effects of all dilutive potential ordinary shares.

There were no dilutive potential ordinary shares as at 31st December 2024 (2023 - Nil). Hence, diluted earnings per share is same as basic earnings per share as per note 10.1.

11. DIVIDEND PER SHARE

For the year ended 31st December,	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Dividend (Rs.)	-	671,196,507	-	671,196,507
Number of ordinary shares in issue	223,732,169	223,732,169	223,732,169	223,732,169
Dividend per share (Rs.)	-	3.00	-	3.00

NOTES TO THE FINANCIAL STATEMENTS CONTD.

12. PROPERTY, PLANT AND EQUIPMENT

12.1 Group

	Freehold land Rs.	Buildings on leasehold land Rs.	Medical equipment Rs.	Furniture and fittings Rs.	Office equipment Rs.	Computer equipment Rs.	Other equipment Rs.	Kitchen equipment Rs.	Medical vehicles Rs.	Motor vehicles- Others Rs.	Capital work in progress Rs.	Total Rs.
Cost or valuation												
Balance as at 1st January 2023	86,000,002	2,863,320,836	3,574,629,189	529,652,233	103,501,387	345,326,477	961,500,084	41,985,734	94,839,677	41,574,961	115,801,932	8,758,132,510
Additions during the year	-	90,772,767	474,354,612	81,933,758	23,691,851	62,299,393	68,626,458	5,112,008	-	-	44,525,661	851,316,508
Revaluation surplus	-	-	-	-	-	-	-	-	-	-	-	-
Transfers to other category	-	-	-	-	-	-	-	-	-	-	(4,007,878)	(4,007,878)
Transfer from capital work in progress	-	-	-	-	-	-	-	-	-	-	-	-
Disposals during the year	-	-	(60,272,504)	(16,102,742)	-	-	(269,990)	-	-	-	-	(76,645,236)
Balance as at 31st December 2023	86,000,002	2,954,093,603	3,988,711,297	595,483,249	127,193,238	407,625,870	1,029,856,552	47,097,742	94,839,677	41,574,961	156,319,715	9,528,795,903
Accumulated depreciation												
Balance as at 1st January 2023	-	16,042,776	2,172,058,386	314,259,714	73,454,981	273,809,649	663,208,883	38,860,257	39,777,225	41,574,961	-	3,633,046,831
Charge for the year	-	147,126,432	250,009,991	40,860,001	9,375,449	32,366,835	57,721,721	2,185,066	17,680,430	-	-	557,325,924
Disposals during the year	-	-	(39,928,971)	(6,256,040)	-	-	(104,889)	-	-	-	-	(46,289,900)
Balance as at 31st December 2023	-	163,169,208	2,382,139,406	348,863,675	82,830,430	306,176,484	720,825,714	41,045,323	57,457,655	41,574,961	-	4,144,082,855
As at 31st December 2023	86,000,002	2,790,924,394	1,606,571,891	246,619,573	44,362,808	101,449,385	309,030,838	6,052,419	37,382,021	-	156,319,715	5,384,713,047
Cost or valuation												
Balance as at 1st January 2024	86,000,002	2,954,093,603	3,988,711,297	595,483,249	127,193,238	407,625,870	1,029,856,552	47,097,742	94,839,677	41,574,961	156,319,715	9,528,795,903
Additions during the year	-	106,989,813	963,818,193	78,589,381	30,660,001	157,440,187	98,263,517	1,858,941	-	1,416,000	8,831,793	1,447,867,827
Revaluation surplus	18,999,998	97,402,515	-	-	-	-	-	-	-	-	-	116,402,513
Transfer from capital work in progress	-	84,834,905	-	-	-	-	-	-	-	-	(127,652,620)	(42,817,715)
Disposals during the year	-	-	(24,864,457)	(186,329)	-	(134,400)	(7,638,616)	(723,863)	-	-	-	(33,547,664)
Balance as at 31st December 2024	105,000,000	3,243,320,836	4,927,665,034	673,886,301	157,853,239	564,931,657	1,120,481,452	48,232,820	94,839,677	42,990,961	37,498,889	11,016,700,864
Accumulated depreciation												
Balance as at 1st January 2024	-	163,169,208	2,382,139,406	348,863,675	82,830,430	306,176,484	720,825,714	41,045,323	57,457,655	41,574,961	-	4,144,082,856
Charge for the year	-	154,603,725	295,154,994	48,263,874	11,764,773	35,059,458	63,898,200	1,722,765	17,680,430	291,929	-	628,440,148
Disposals during the year	-	-	(21,195,680)	(186,329)	-	(134,400)	(6,809,967)	(700,793)	-	-	-	(29,027,170)
Transfers on revaluation during the year	-	(309,561,606)	-	-	-	-	-	-	-	-	-	(309,561,606)
Balance as at 31st December 2024	-	8,211,328	2,656,098,719	396,941,221	94,595,203	341,101,542	777,913,946	42,067,294	75,138,085	41,866,890	-	4,433,934,228
As at 31st December 2024	105,000,000	3,235,109,508	2,271,566,314	276,945,080	63,258,036	223,830,115	342,567,506	6,165,526	19,701,591	1,124,071	37,498,888	6,582,766,634

There were no capitalised borrowing costs related to the acquisition of property, plant and equipment during the year 2024 (2023 – Nil).

12.1.1 Title restriction on property, plant and equipment

There were no restrictions existed on the title of the property, plant and equipment of the Group as at the reporting date.

12.1.2 Property, plant and equipment pledged as security for liabilities

There were no items of property, plant and equipment pledged as securities for liabilities as at the reporting date.

12.1.3 Property, plant and equipment - contractual commitments

Contractual commitments of property, plant and equipment as at the reporting date is Rs. 232 Mn.

12.1.4 Details of the valuation of property, plant and equipment

The building constructed on leasehold land of the Company was revalued by Mr. A.A.M. Fathihu (FIV), Independent Chartered Valuer with appropriate experience valuation of properties in relevant location in December 2024 on current replacement cost basis.

Freehold land of the Company was revalued by Mr. A.A.M. Fathihu (FIV), Independent Chartered Valuer in December 2024 on current market value basis.

12.2 Company

	Freehold land Rs.	Buildings on leasehold land Rs.	Medical equipment Rs.	Furniture and fittings Rs.	Office equipment Rs.	Computer equipment Rs.	Other equipment Rs.	Kitchen equipment Rs.	Medical vehicles Rs.	Motor vehicles- Others Rs.	Capital work in progress Rs.	Total Rs.
Cost or Valuation												
Balance as at 1st January 2023	86,000,002	2,625,000,000	3,351,375,432	414,231,272	65,856,087	251,250,975	920,907,556	41,985,731	94,839,677	41,574,961	115,801,932	8,008,823,624
Additions during the year	-	90,772,767	463,615,706	25,085,964	5,434,143	52,089,393	63,389,606	5,112,008	-	-	44,525,661	750,025,248
Transfer from capital work in progress	-	-	-	-	-	-	-	-	-	-	(4,007,878)	(4,007,878)
Disposals during the year	-	-	(60,272,504)	(16,102,742)	-	-	(269,990)	-	-	-	-	(76,645,236)
Balance as at 31st December 2023	86,000,002	2,715,772,767	3,754,718,634	423,214,494	71,290,230	303,340,368	984,027,172	47,097,740	94,839,677	41,574,961	156,319,715	8,678,195,758
Accumulated depreciation												
Balance as at 1st January 2023	-	-	2,034,753,144	264,038,499	60,893,503	201,617,231	643,628,395	38,860,257	39,777,225	41,574,961	-	3,325,143,214
Charge for the year	-	136,889,555	227,279,464	25,935,745	4,396,251	25,056,023	53,383,366	2,185,066	17,680,430	-	-	492,805,900
Disposals during the year	-	-	(39,928,971)	(6,256,040)	-	-	(104,889)	-	-	-	-	(46,289,900)
Balance as at 31st December 2023	-	136,889,555	2,222,103,637	283,718,204	65,289,753	226,673,256	696,906,870	41,045,323	57,457,655	41,574,961	-	3,771,659,215
Carrying amounts												
As at 31st December 2023	86,000,002	2,578,883,212	1,532,614,997	139,496,291	6,000,477	76,667,112	287,120,302	6,052,417	37,382,021	-	156,319,715	4,906,536,543
Cost or valuation												
Balance as at 1st January 2024	86,000,002	2,715,772,767	3,754,718,634	423,214,494	71,290,230	303,340,368	984,027,172	47,097,739.27	94,839,677	41,574,961	156,319,715	8,678,195,758
Additions during the year	-	106,989,813	913,992,637	12,848,943	3,277,911	151,450,791	72,789,022	1,858,941	-	1,416,000	5,803,354	1,270,427,413
Revaluation surplus / (loss)	18,999,998	97,402,515	-	-	-	-	-	-	-	-	-	116,402,513
Transfer from capital work in progress	-	84,834,905	-	-	-	-	-	-	-	-	(127,652,620)	(42,817,715)
Disposals during the year	-	-	(24,864,457)	(186,329)	-	(134,400)	(7,638,616)	(723,863.16)	-	-	-	(33,547,664)
Balance as at 31st December 2024	105,000,000	3,005,000,000	4,643,846,815	435,877,108	74,568,141	454,656,759	1,049,177,578	48,232,817	94,839,677	42,990,961	34,470,449	9,988,660,304
Accumulated depreciation												
Balance as at 1st January 2024	-	136,889,555	2,222,103,637	283,718,204	65,289,753	226,673,256	696,906,870	41,045,323	57,457,655	41,574,961	-	3,771,659,215
Charge for the year	-	142,701,784	272,383,652	26,512,435	4,768,850	28,386,663	58,624,732	1,722,765	17,680,430	291,929	-	553,073,240
Disposals during the year	-	-	(21,195,680)	(186,329)	-	(134,400)	(6,809,967)	(700,793)	-	-	-	(29,027,170)
Transfers on revaluation during the year	-	(279,591,339)	-	-	-	-	-	-	-	-	-	(279,591,339)
Balance as at 31st December 2024	-	-	2,473,291,609	310,044,311	70,058,603	254,925,520	748,721,634	42,067,294	75,138,085	41,866,890	-	4,016,113,946
Carrying amounts												
As at 31st December 2024	105,000,000	3,005,000,000	2,170,555,206	125,832,799	4,509,538	199,731,239	300,455,944	6,165,523	19,701,591	1,124,071	34,470,449	5,972,546,359

There were no capitalised borrowing costs related to the acquisition of property, plant and equipment during the year 2024 (2023 – Nil).

12.2.1 Title restriction on property, plant and equipment

There were no restrictions existed on the title of the property, plant and equipment of the Company as at the reporting date.

12.2.2 Property, plant and equipment pledged as security for liabilities

There were no items of property, plant and equipment pledged as securities for liabilities as at the reporting date.

12.2.3 Property, plant and equipment - contractual commitments

Contractual commitments of property, plant and equipment as at the reporting date is Rs. 232 Mn.

12.2.4 Details of the valuation of property, plant and equipment

The building constructed on leasehold land of the Company was revalued by Mr. A.A.M. Fathihu (MRICS), Independent Chartered Valuer with appropriate experience valuation of properties in relevant location in December 2024 on current replacement cost basis.

Freehold land of the Company was revalued by Mr. A.A.M. Fathihu (MRICS), Chartered Valuer in December 2024 on current market value basis.

NOTES TO THE FINANCIAL STATEMENTS CONTD.

12.2.5 Freehold land carried at revalued amount

Fair value measurement of Freehold land has been classified as a level 3 in fair value hierarchy

Location	Method of valuation	Effective date of revaluation	Property valuer	Extent	Significant unobservable input	Carrying amount as at 31.12.2024 Rs.	Revaluation surplus Rs.	Carrying amount at cost Rs.
Hathbodiya, Kirula Road, Narahenpita, Colombo 05	Open market value method	31st December 2024	Mr. A A M Fathihu (MRICS), Chartered Valuer	10.35 Perches	Estimated price per perch Rs.6,325,000.00	53,402,948	46,934,502	6,468,447
Hathbodiya, Kirula Road, Narahenpita, Colombo 05	Open market value method	31st December 2024	Mr. A A M Fathihu (MRICS), Chartered Valuer	10 Perches	Estimated price per perch Rs.6,325,000.00	51,597,052	45,347,345	6,249,706
				20.35 perches		105,000,000	92,281,847	12,718,153

12.2.6 Carrying amount if buildings on leasehold measured using cost model

Location	Method of valuation	Effective date of revaluation	Property valuer	Significant unobservable input	Cost as at 31.12.2024	Cumulative depreciation if assets were carried at cost Rs.	Net carrying value Rs.
578, Elvitigala Mawatha, Colombo 05	Current replacement cost basis	31st December 2024	Mr. A A M Fathihu (MRICS), Chartered Valuer	Estimated value per square foot Rs.7,500 - 17,500	2,094,409,587	545,463,592	1,548,945,995

12.2.7 Capital work in progress

As at 31st December,	Balance as at 01.01.2024 Rs.	Additions during the year Rs.	Transfers during the year Rs.	Balance as at 31.12.2024 Rs.
Building on leasehold land	156,319,715	5,803,354	(127,652,620)	34,470,449
	156,319,715	5,803,354	(127,652,620)	34,470,449

13. INTANGIBLE ASSET

As at 31st December,	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Cost				
Balance at the beginning of the year	241,660,458	189,424,898	169,035,476	128,416,264
Additions during the year	24,786,322	52,235,559	24,786,322	40,619,211
Transferred from capital work in progress	42,817,715	-	42,817,715	-
Balance as at the end of the year	309,264,495	241,660,458	236,639,513	169,035,476
Accumulated amortisation				
Balance at the beginning of the year	162,600,178	142,610,804	106,464,274	90,994,050
Amortisation charge for the year	22,618,519	19,989,374	18,928,079	15,470,224
Balance as at the end of the year	185,218,697	162,600,178	125,392,353	106,464,274
Carrying amount	124,045,799	79,060,281	111,247,160	62,571,202

Intangible assets include software used by the Group and the Company.

There were no restrictions on the title of the intangible assets of the Group and the Company as at the reporting date. Further, there were no items pledged as securities for liabilities. There were no capitalised borrowing costs related to the acquisition of intangible assets during the year 2024 (2023– Nil).

14. INVESTMENT PROPERTY

As at 31st December,	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Balance at the beginning of the year	-	-	170,000,000	155,000,000
Change in fair value	-	-	(3,000,000)	15,000,000
Balance as at the end of the year	-	-	167,000,000	170,000,000

Land and buildings which are occupied by the companies within the Group for the production or supply of goods and services or for administration purposes are treated as property, plant and equipment in the consolidated financial statements at revalued amounts. These properties are treated as investment property in the relevant Company's statement of financial position at revalued amount, if such Company has rented out the property to other Group Company.

14.1 Income earned from investment property

The investment property consists of value attributable to the 7th floor of the building constructed on leasehold land at 578, Elvitigala Mawatha, Colombo 5. It is leased to Lanka Hospitals Diagnostics (Private) Limited, a subsidiary, for a monthly rental of Rs. 724,730/-.

14.2 Details of land and buildings classified as investment property

Location	Building Extent	Carrying amount at cost Rs.	Fair value Rs.	Last Revaluation Date
No 578, Etiviligala Mawatha, Colombo 05	11,500 square feet	82,110,000	167,000,000	12/31/2024

NOTES TO THE FINANCIAL STATEMENTS CONTD.

14. INVESTMENT PROPERTY (CONTD.)

Income on Investment property for the year ended 31st December,	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Rental income	-	-	8,696,760	8,037,910
Changes in fair value	-	-	(3,000,000)	15,000,000

The building is valued as it is. But the building was re-furnished and the improvements and finishing works have been done by the lessee, who has right to enjoy for the period of 10 years. (Unexpired period of the lease is 5 years). The Lessor has right to enjoys value of improvements after lease period is over, for which valuer done necessary adjustment. Since methodology adopted is Cost Approach, valuer of the view that the sensitive analysis does not arise.

All the repair and maintenance costs are expensed by the lessee.

As at 31st December 2024, the fair value of the investment property is based on valuation performed by Mr. A.A.M. Fathihu (MRICS), Independent Chartered Valuer, an accredited independent valuer who has appropriate experience in valuation of properties. The valuation is based on depreciation replacement cost method.

There has been no impairment on investment property which requires a provision as at the reporting date.

The fair value measurement of the investment property has been classified as a Level 3 in fair value hierarchy.

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique	Significant observable and unobservable inputs	Interrelationship between key inputs and fair value measurement
Depreciation replacement cost method	Value per square feet determined based on similar properties value and depreciated for period used	The estimated fair value would increase (decrease) if: - Depreciation rate was lesser / (higher) - Square feet value was higher / (lesser)

There were no restrictions on the realisability of any investment property or on the remittance of income proceeds of disposal. No contractual obligations to purchase, construct or develop investment property or enhancement.

15. INVESTMENT IN SUBSIDIARY

As at 31st December,	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Lanka Hospitals Diagnostics (Pvt) Ltd				
Balance at the beginning of the year (41,400,002 shares)	-	-	414,000,020	414,000,020
Balance as at the end of the year (41,400,002 shares)	-	-	414,000,020	414,000,020

15.1 Below table shows a summary of financial information of the subsidiary in the Group.

Ownership Percentage	2024 100%	2023 100%
Non-current assets	639,572,124	493,375,476
Current assets	3,685,405,161	3,392,873,325
Non-current liabilities	247,480,746	186,621,434
Current liabilities	603,253,905	760,864,077
Net Assets	3,474,242,635	2,938,763,290
Revenue	3,177,953,465	2,721,730,503
Profit/(loss)	544,237,207	568,891,628
Other comprehensive income	(8,757,862)	(7,910,881)
Total comprehensive income	535,479,345	560,980,747
Profit attributable to equity holders	544,237,207	568,891,628
OCI attributable to equity holders	535,479,345	560,980,747
Cash flows from/ (used in) operating activities	617,610,707	163,193,823
Cash flows from/ (used in) investing activities	(588,637,789)	(118,964,815)
Cash flows from/ (used in) financing activities	(54,785,439)	(51,193,302)
Net increase/ (decrease) in cash and cash equivalents	(25,812,520)	(6,964,294)

16. INVENTORIES

As at 31st December,	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Medical items	872,294,340	819,198,527	607,563,929	531,419,923
Non medical items	31,124,528	29,292,884	31,124,528	29,292,884
Engineering stocks	17,608,648	13,469,806	17,608,648	13,469,806
Food and beverages	12,111,895	9,213,787	12,111,895	9,213,787
	933,139,411	871,175,004	668,408,999	583,396,400
Less; Impairment of inventories (Note 16.1)	(11,938,359)	(9,343,077)	(2,592,509)	(3,386,110)
	921,201,052	861,831,926	665,816,490	580,010,290

Rs. 56.5Mn worth of Pharmaceutical items received by way of bonus stocks is included in the purchases of medical items.

There were no inventories pledge as a securities for liabilities by the Group and the Company as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS CONTD.

16.1 Provision on inventories

As at 31st December,	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Balance at the beginning of the year	9,343,077	10,512,547	3,386,110	1,045,244
Provision / (Reversal) during the year	2,595,282	(1,169,470)	(793,600)	2,340,866
Balance as at the end of the year	11,938,359	9,343,077	2,592,509	3,386,110

17. TRADE AND OTHER RECEIVABLES

As at 31st December,	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Trade receivables (Note 17.1)	440,198,918	576,617,123	340,363,144	435,614,173
Impairment loss on trade receivables (Note 17.2)	(44,890,770)	(57,534,061)	(29,432,477)	(29,988,640)
	395,308,148	519,083,062	310,930,667	405,625,532
Deposits and prepayments	194,758,844	168,560,739	140,971,576	119,433,065
Advances and other receivables	661,951,444	522,195,700	637,140,652	483,016,762
Interest income receivable	117,049,905	247,653,104	66,663,040	211,313,229
	1,369,068,340	1,457,492,605	1,155,705,935	1,219,388,589

17.1 Trade receivables

Trade receivable - Sri Lanka Insurance Corporation Limited	-	48,454,187	-	39,515,485
Trade receivable - Sri Lanka Insurance Corporation General Limited	12,657,278	-	12,657,278	-
Trade receivable - Sri Lanka Insurance Corporation Life Limited	7,843,401	-	7,843,401	-
Trade receivable - Other debtors	366,225,584	475,144,471	266,389,811	343,080,222
Patients not yet discharged	53,472,655	53,018,465	53,472,655	53,018,465
	440,198,918	576,617,123	340,363,144	435,614,173

17.2 Impairment loss on trade receivables

Balance at the beginning of the year	57,534,061	54,455,825	29,988,640	33,558,328
Impairment recognised/ (Reversal of Provision) during the year	(7,604,427)	3,078,236	4,482,701	(3,569,688)
Write off during the period	(5,038,864)	-	(5,038,864)	-
Balance as at the end of the year	44,890,770	57,534,061	29,432,477	29,988,640

18. AMOUNTS DUE FROM RELATED COMPANIES

As at 31st December,	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Sri Lanka Insurance Corporation Limited	229,044	9,743,380	229,044	9,743,380
Lanka Hospitlas Diagnostics (Pvt) Ltd	-	-	76,997,938	218,749,223
	229,044	9,743,380	77,226,982	228,492,602

19. FINANCIAL ASSETS MEASURED AT AMORTIZED COST

As at 31st December,	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Fixed deposits- Foreign Exchange Earners Account (FEEA)	3,950,968,193	4,013,739,953	3,950,968,193	4,013,739,953
Fixed deposits- Sri Lankan Rupees	3,917,068,110	2,962,268,956	1,052,327,789	749,999,998
	7,868,036,303	6,976,008,910	5,003,295,982	4,763,739,952

There were no financial assets pledged as a securities for liabilities by the Group and the Company as at reporting date.

20. CASH AND CASH EQUIVALENTS

As at 31st December,	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Favourable balances				
Repo Investment	133,198,902	485,733,124	133,198,902	435,733,124
Cash in hand and at bank	962,005,308	513,845,502	845,666,678	465,714,829
	1,095,204,209	999,578,625	978,865,580	901,447,953
Unfavourable balances				
Bank overdraft	(400,017,944)	(289,731,370)	(260,525,984)	(194,259,886)
Cash and cash equivalents for the purpose of statement of cash flows,	695,186,265	709,847,255	718,339,596	707,188,068

21. STATED CAPITAL

As at 31st December,	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Issued and fully paid				
223,732,169 Ordinary shares	2,671,543,090	2,671,543,090	2,671,543,090	2,671,543,090

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

NOTES TO THE FINANCIAL STATEMENTS CONTD.

22. REVALUATION RESERVE

As at 31st December,	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Balance at the beginning of the year	1,306,246,491	1,361,084,883	1,215,823,026	1,266,920,410
Surplus on revaluation of freehold land	18,999,998	-	18,999,998	-
Surplus on revaluation of leasehold building	406,964,121	-	376,993,854	-
Depreciation transfer on revaluation of building	(54,838,392)	(54,838,392)	(51,097,384)	(51,097,384)
Deferred tax on surplus of revaluation of land & building	(127,789,236)	-	(118,798,156)	-
Balance as at the end of the year	1,549,582,982	1,306,246,491	1,441,921,339	1,215,823,026

The revaluation reserve relates to the revaluation of Building on leasehold land and Freehold land.

23. EMPLOYEE BENEFITS

23.1 Description of the post employment defined benefit plan

A defined benefit plan is a post employment benefit plan other than a defined contribution plan. The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting date.

Description of the valuation method used and the information about the valuer

LKAS 19 "Employee Benefits" requires the use of actuarial techniques to make a reliable estimate of the amount of retirement benefit that employees have earned in return for their service in the current and prior periods and discount that benefit using the Projected Unit Credit Method in order to determine the present value of the retirement benefit obligations and the current service cost. This requires an entity to determine how much benefit is attributable to the current and prior periods and to make estimates about demographic and financial variables that will influence the cost of the benefit. The provision for retirement benefits obligations for the year is based on the actuarial valuation carried out by professionally qualified actuaries, Actuarial and Management Consultants (Pvt) Ltd, as at 31st December 2024. The liability is not externally funded.

23.2 Movement in defined benefit obligations

As at 31st December,	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Balance as at 1st January	369,816,913	254,261,408	318,883,389	218,336,229
Included in Income statement				
Current service cost	39,745,592	28,287,973	32,833,581	23,654,272
Interest cost	48,076,199	50,852,282	41,454,841	43,667,246
	87,821,791	79,140,255	74,288,422	67,321,518
Included in other comprehensive income				
Actuarial (loss) / gain recognised	83,100,117	80,172,572	70,588,885	68,871,314
	83,100,117	80,172,572	70,588,885	68,871,314
Other				
Contributions paid by the employer	(50,613,721)	(43,757,322)	(44,151,041)	(35,645,672)
	(50,613,721)	(43,757,322)	(44,151,041)	(35,645,672)
Balance at 31st December	490,125,100	369,816,913	419,609,656	318,883,389

23.3 Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date.

As at 31st December,	Group		Company	
	2024	2023	2024	2023
Discount rate	10.50%	13.00%	10.50%	13.00%
Future salary growth	10%	8.00%	10%	8%
Staff turnover rate	15%	18.00%	16%	17%
Retirement age	60 Years	60 Years	60 Years	60 Years

According to the payment of Gratuity Act No. 12 of 1983, the liability for the gratuity to an employee arises only on completion of five years of continuous service.

23.4 Sensitivity analysis

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

As at 31st December,	Group		Company	
	2024	2023	2024	2023
Change in:	+1%	+1%	+1%	+1%
	Rs.	Rs.	Rs.	Rs.
Discount rate	(29,352,394)	(12,914,629)	(24,352,737)	(11,192,734)
Future salary growth	35,131,108	16,180,328	29,104,775	14,004,481

As at 31st December,	Group		Company	
	2024	2023	2024	2023
Change in:	-1%	-1%	-1%	-1%
	Rs.	Rs.	Rs.	Rs.
Discount rate	33,052,472	13,942,035	27,327,656	12,081,884
Future salary growth	(31,713,929)	(15,202,321)	(26,364,935)	(13,158,071)

23.5 Maturity Analysis of the payments

The below tabular summarises the maturity profile of the Group's and the Company's define benefit obligation.

As at 31st December,	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
within the next 12 months	61,952,541	83,883,318	53,169,310	70,022,772
Between 1-2 years	120,336,163	135,508,630	109,664,614	119,058,807
Between 2-5 years	169,422,237	161,400,944	145,337,773	139,186,132
Beyond 5 years	884,142,622	325,023,323	711,160,666	281,620,749
	1,235,853,563	705,816,215	1,019,332,363	609,888,460

NOTES TO THE FINANCIAL STATEMENTS CONTD.

24. DEFERRED TAX LIABILITIES

24.1 Deferred taxation

As at 31st December,	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Net deferred tax liability				
Deferred tax liability (Note 24.1.1)	1,341,824,831	1,265,828,900	1,292,107,242	1,169,024,169
Deferred tax assets (Note 24.1.2)	(164,086,272)	(131,008,219)	(135,490,393)	(105,677,443)
	1,177,738,559	1,134,820,682	1,156,616,849	1,063,346,727
24.1.1 Deferred tax liability				
Balance at the beginning of the year	1,265,828,900	1,308,106,631	1,169,024,169	1,212,433,910
Originated during the year- recognised in profit or loss	(51,793,305)	(42,277,731)	4,284,917	(43,409,741)
(Originated)/ reversal during the year- recognised in other comprehensive income	127,789,236	-	118,798,156	-
Balance at the end of the year	1,341,824,831	1,265,828,900	1,292,107,242	1,169,024,169
24.1.2 Deferred tax asset				
Balance at the beginning of the year	(131,008,219)	(95,768,937)	(105,677,443)	(75,881,941)
Originated during the year- recognised in profit or loss	(8,148,018)	(11,187,510)	(8,636,285)	(9,134,107)
(Originated)/ reversal during the year- recognised in other comprehensive income	(24,930,035)	(24,051,772)	(21,176,666)	(20,661,394)
Balance at the end of the year	(164,086,272)	(131,008,219)	(135,490,393)	(105,677,443)

24.2 Recognised deferred tax assets and liabilities

24.2.1 Group

	Net Balance as at 1st January 2024 Rs.	Recognised in profit or loss Rs.	Recognised in OCI Rs.	Net balance at 31st December 2024 Rs.	Deferred tax liability Rs.	Deferred tax asset Rs.
Property, plant and equipment	1,174,603,579	(53,667,003)	127,789,236	1,248,725,812	1,248,725,812	-
Employee benefits	(110,945,077)	(11,162,421)	(24,930,035)	(147,037,533)	-	(147,037,533)
Intangible assets	1,076,918	21,078,155	-	22,155,073	22,155,073	-
Impairment loss on inventory	(2,802,923)	(778,585)	-	(3,581,508)	-	(3,581,508)
Impairment loss on trade receivables	(17,260,218)	3,792,987	-	(13,467,231)	-	(13,467,231)
Leases	90,148,403	(19,204,457)	-	70,943,945	70,943,945	-
	1,134,820,681	(59,941,323)	102,859,201	1,177,738,559	1,341,824,831	(164,086,272)

	Net Balance as at 1st January 2023 Rs.	Recognised in profit or loss Rs.	Recognised in OCI Rs.	Net balance at 31st December 2023 Rs.	Deferred tax liability Rs.	Deferred tax asset Rs.
Property, plant and equipment	1,181,152,388	(6,548,809)	-	1,174,603,579	1,174,603,579	-
Employee benefits	(76,278,426)	(10,614,880)	(24,051,772)	(110,945,077)	-	(110,945,077)
Intangible assets	3,949,511	(2,872,593)	-	1,076,918	1,076,918	-
Impairment loss on inventory	(3,153,764)	350,841	-	(2,802,923)	-	(2,802,923)
Impairment loss on trade receivables	(16,336,747)	(923,471)	-	(17,260,218)	-	(17,260,218)
Leases	123,004,732	(32,856,329)	-	90,148,403	90,148,403	-
	1,212,337,694	(53,465,241)	(24,051,772)	1,134,820,682	1,265,828,900	(131,008,219)

NOTES TO THE FINANCIAL STATEMENTS CONTD.

24. DEFERRED TAX LIABILITIES

24.2.2 Company

Recognised deferred tax assets and liabilities

	Net Balance as at 1st January 2024 Rs.	Recognised in profit or loss Rs.	Recognised in OCI Rs.	Net balance at 31st December 2024 Rs.	Deferred tax liability Rs.	Deferred tax asset Rs.
Property, plant and equipment	1,055,689,786	(8,667,868)	118,798,156	1,165,820,074	1,165,820,074	-
Investment property	13,950,000	11,517,000	-	25,467,000	25,467,000	-
Employee benefits	(95,665,017)	(9,041,214)	(21,176,666)	(125,882,897)	-	(125,882,897)
Intangible assets	4,646,828	16,139,763	-	20,786,590	20,786,590	-
Impairment loss on inventory	(1,015,833)	238,080	-	(777,753)	-	(777,753)
Impairment loss on trade receivables	(8,996,592)	166,849	-	(8,829,743)	-	(8,829,743)
Leases	94,737,556	(14,703,978)	-	80,033,578	80,033,578	-
	1,063,346,727	(4,351,368)	97,621,490	1,156,616,849	1,292,107,242	(135,490,393)

	Net Balance as at 1st January 2023 Rs.	Recognised in profit or loss Rs.	Recognised in OCI Rs.	Net balance at 31st December 2023 Rs.	Deferred tax liability Rs.	Deferred tax asset Rs.
Property, plant and equipment	1,075,788,718	(20,098,932)	-	1,055,689,786	1,055,689,786	-
Investment property	2,490,000	11,460,000	-	13,950,000	13,950,000	-
Employee benefits	(65,500,869)	(9,502,754)	(20,661,394)	(95,665,017)	-	(95,665,017)
Intangible assets	7,398,214	(2,751,387)	-	4,646,828	4,646,828	-
Impairment loss on inventory	(313,574)	(702,260)	-	(1,015,833)	-	(1,015,833)
Impairment loss on trade receivables	(10,067,498)	1,070,906	-	(8,996,592)	-	(8,996,592)
Leases	126,756,978	(32,019,423)	-	94,737,556	94,737,556	-
	1,136,551,969	(52,543,848)	(20,661,394)	1,063,346,727	1,169,024,169	(105,677,443)

25. TRADE AND OTHER PAYABLES

As at 31st December,	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Trade payables (Note 25.1)	905,620,498	275,444,899	1,097,315,457	714,847,849
Other payables				
- Accrued expenses	56,512,200	434,452,543	-	416,298,021
- Advance received	-	100,784,593	-	98,102,516
- Withholding tax payable	762,719	(25,660,502)	-	-
- Other payables & Provision	687,994,879	407,640,051	570,975,637	323,319,427
	1,650,890,296	1,192,661,584	1,668,291,094	1,552,567,813
25.1 Trade payables				
Trade payables - Lanka Hopsitals Diagnostics (Pvt) Ltd	-	-	237,385,484	565,127,337
Trade payables - Other creditors	905,620,498	275,444,899	859,929,973	149,720,511
	905,620,498	275,444,899	1,097,315,457	714,847,849

26. LEASES

The value of the Right-of-use assets is presented as a separate line item in the Consolidated Statement of Financial Position and the correspondent lease liability has presented under 'Current liabilities and Non current liabilities' in the Statement of Financial Position as at 31 December 2024.

Further, the amortisation charge on Right-of-use asset is presented as a separate line item under 'Depreciation & Amortization' and the interest cost on lease liability is presented as a component of the finance cost of the Group/Company in the Statement of Profit or Loss for the year ended 31st December 2024.

The relevant disclosures to be made under "Notes to Consolidated the Financial Statements" in the Annual Financial Statements for the year ended 31 December 2024 are illustrated below.

26.1 The carrying amounts of right-of-use assets recognised and its movements during the year:

For the year ended 31st December,	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Cost				
Balance at the beginning of the year	903,470,764	793,155,283	613,882,406	567,895,077
Additions during the year	180,462,427	115,428,029	70,641,027	45,987,330
Disposals during the year	(192,223,372)	(5,112,548)	(67,361,567)	-
Balance as at the end of the year	891,709,818	903,470,764	617,161,866	613,882,406
Accumulated amortisation				
Balance at the beginning of the year	353,108,084	261,684,171	193,891,890	145,371,816
Charge for the year	112,356,439	95,826,357	48,827,551	48,520,074
Disposal during the year	(124,524,502)	(4,402,444)	-	-
Accumulated amortisation as at 31st December	340,940,021	353,108,084	242,719,441	193,891,890
Net book value as at 31st December	550,769,798	550,362,680	374,442,426	419,990,517

NOTES TO THE FINANCIAL STATEMENTS CONTD.

26.2 The carrying amounts of lease liability (included under current and non current liabilities) and its movements during the year:

As at 31st December,	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Balance at the beginning of the year	249,095,432	239,031,602	104,198,664	119,814,309
Additions during the year	142,321,943	121,189,247	32,500,543	46,471,895
Accretion of interest	57,943,680	33,031,211	19,107,753	13,914,343
Payments	(134,350,669)	(139,229,283)	(48,143,127)	(76,001,883)
Disposal during the year	(337,304)	(5,112,548)	-	-
Gain on Disposals	(383,102)	185,203	-	-
Balance as at the end of the year	314,289,980	249,095,432	107,663,833	104,198,664
Current	98,325,089	89,051,355	47,759,193	50,180,963
Non-current	215,964,891	160,044,076	59,904,640	54,017,701
	314,289,980	249,095,431	107,663,833	104,198,664

26.3 Maturity analysis of the contractual undiscounted cashflows:

For the year ended 31st December,	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Less than one year	143,507,841	118,110,429	47,567,541	49,540,050
One to Five Years	282,495,143	279,612,940	78,784,593	134,437,281
Total cashflows as at 31st December	426,002,984	397,723,369	126,352,134	183,977,331

26.4 The amounts recognised in the statement of Profit or Loss for the year ended 31st December

For the year ended 31st December,	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Amortisation expenses on right-of-use assets	112,356,439	95,826,357	48,827,551	48,520,074
Interest expenses on lease liabilities	57,943,680	33,031,211	19,107,753	13,914,343
Amounts recognised in the statement of profit and loss	170,300,119	128,857,568	67,935,304	62,434,417

26.5 The amounts recognised in the statement of Cash flows for the year ended 31st December

For the year ended 31st December,	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Payments on lease instalments	(134,350,669)	(139,229,283)	(48,143,127)	(76,001,883)
Amount recognised in statement of cash flows	(134,350,669)	(139,229,283)	(48,143,127)	(76,001,883)

26.6 The Company is a lessee entered into 99 years lease agreement with the Urban Development Authority in 1999. In terms of this agreement a sum of Rs. 18,546,548/- per annum should be paid by the Company till 2025, and the final premium payment of Rs. 9,273,274/- should be paid in 2026.

There are other lease facilities entered by the Company for corporate office and hostels. In addition, The Lanka Hospitals Diagnostic Pvt Ltd, the subsidiary of The Lanka Hospitals Corporation PLC has entered into lease agreements for the purpose of Laboratory services and Company sample collection centers.

27. RELATED PARTY TRANSACTIONS

The Company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with parties who are defined as related Parties as per the Sri Lanka Accounting Standard – LKAS 24 – “Related Party Disclosures”, other than, transactions that the Key Management Personnel (KMP) have availed under schemes uniformly applicable to all staff at concessionary rates.

27.1 Identify of the related parties

An entity is related to a reporting entity if it meets LKAS 24 - “Related Party Disclosures”. The Company has a related party relationship with Sri Lanka Insurance Corporation Limited (the ultimate parent entity) , Sri Lanka Insurance Corporation General Limited (fellow subsidiary), Sri Lanka Insurance Corporation Life Limited (fellow subsidiary), Lanka Hospitals Diagnostics (Private) Limited (the Subsidiary) and Super Religare Laboratories Limited (Which is controlled by ,who has significant influence over the reporting entity).

27.2 Transactions with the Key Management Personnel

Key Management Personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly. The members of the Board of Directors & Executive Committee members (EXCO) have the authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly. The Board of Directors of the Company (Executive and Non- executive Directors) and Executive Committee members (EXCO) are Key Management Personnel of the Group. The short term compensation of Key Management Personnel for the year ended 31st December 2024 amounted to Rs.131,651,126.00- (2023 - Rs. 117,883,565.00/-). While the compensation for Key Management Personnel of the Group for the year ended 31st December 2024 amounted to Rs.147,013,057/- (2023 - Rs. 131,294,788/-).

27.3 Terms and Conditions of Transactions with the Companies

Transactions with related parties are carried out in the ordinary course of business. Outstanding current account balances at year end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivable or payables for the year ended 31st December 2024.

27.4 Recurrent Related Party Transactions

Other than the transactions disclosed in Note 27.6.1, there were no any recurrent related party transactions which aggregate value exceeds 10% of the gross revenue of the Company as per December 2023 Audited Financial Statements, which required additional disclosures in the 2024 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13 (c) of the Security Exchange Commission Act.

27.5 Non-Recurrent Related Party Transactions

There were no non-recurrent related party transactions which aggregate value exceeded 10% of the equity or 5% of the total assets which ever is lower of the Company as per 31st December 2023 audited financial statements, which required additional disclosures in the 2024 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.

NOTES TO THE FINANCIAL STATEMENTS CONTD.

27.6 Transactions with Related Entities

The Company has carried out transactions with Group entities in the ordinary course of business. The Group has not recorded any impairment for receivables relating to amount owed by Group entities.

Company	Relationship	Details of Transactions	Transactions during the year Rs.	Balance as at 31st December 2024 (Payable)/ Receivable (Rs.)	Balance as at 31st December 2023 (Payable)/ Receivable (Rs.)
Sri Lanka Insurance Corporation Limited	Ultimate Parent	Services provided	-	229,044	9,743,380
		Amount received	9,514,336	-	-
Sri Lanka Insurance Corporation General Limited	Fellow Subsidiary	Services provided	134,370,209	12,657,278	27,807,703
		Amount received	(149,520,634)	-	-
		Premiums paid for the insurance policy on fire, vehicle, professional indemnity, staff insurance, general insurance nad vehicle hiring charges	84,707,908	-	-
		Amounts Paid	(84,707,908)	-	-
Sri Lanka Insurance Corporation Life Limited	Fellow Subsidiary	Services provided	72,925,570	7,843,401	11,707,782
		Amount received	(76,789,951)	-	-
Lanka Hospitals Diagnostics (Private) Limited	Subsidiary Company	Reimbursement of expenses and the rent income received/receivable by the Company	108,248,715	76,997,937	218,749,222
		Amounts Received	(250,000,000)	-	-
		Services provided	(1,237,258,149)	(237,385,484)	(565,127,335)
		Amounts Paid	1,565,000,000	-	-

27.6.1

Year	Name of Related Party	Relationship	Nature of the Transaction	Aggregate value of Related Party Transactions entered during the year	Aggregate value of Related Party Transactions as a % of Net Revenue / Income	Terms and Conditions
2024	Lanka Hospitals Diagnostics (Private) Ltd	Subsidiary Company	Laboratory Services provided	1,237,258,149	12.76%	Arms Length Transactions
	Sri Lanka Insurance Corporation PLC	Parent Company	Medical Services provided	72,925,570	1%	Arms Length Transactions
2023	Lanka Hospitals Diagnostics (Private) Ltd	Subsidiary Company	Laboratory Services provided	1,071,480,563	13.47%	Arms Length Transactions
	Sri Lanka Insurance Corporation PLC	Parent Company	Medical Services provided	197,805,273	2%	Arms Length Transactions

28. GOING CONCERN

The Directors are confident that the Company has adequate resources to continue business operations. Accordingly, the Directors consider that it is appropriate to adopt the going concern basis in preparing the Financial Statements.

29. CONTINGENT LIABILITIES AND ASSETS

Liabilities

Pending litigations against The Lanka Hospitals Corporation PLC with a maximum liability of Rs. 918.7 Mn exist as at the reporting date. Based on the information currently available Company has been advised by its legal council that it is not probable the ultimate resolution of such legal procedures would not likely have a material adverse effect on the result of the operations, financial position or liquidity of the Company. Accordingly, no provision for any liability has been made in these financial statements in this respect.

There were no material contingent liabilities as at the reporting date which require adjustments to or disclosure in the financial statements, other than mentioned above.

Assets

There were no material contingent assets as at the reporting date which require adjustments to or disclosure in the financial statements.

30. CAPITAL COMMITMENTS

Capital commitments of Group and Company in respect of the on going projects but not incurred as at the financial year end 31st December 2024 amounted to Rs.232 Mn. (2023 : Rs. 168 Mn)

31. EVENTS OCCURRING AFTER THE REPORTING DATE

There were no other material events that occurred after the reporting date that require adjustment to or disclosure in the Financial Statement.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

32.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's / Company's financial performance.

Risk management is carried out by a Risk Management Committee under policies and procedures approved by the Audit Committee. The Committee identifies and evaluates financial risks in close co-operation with the Group's treasury function. Treasury function is governed by the Treasury Committee, headed by the Chief Financial Officer and within the requirements of an approved treasury policy. The Risk Management Committee provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

NOTES TO THE FINANCIAL STATEMENTS CONTD.

32.2 Market risk management

The market risk occurs due to the actual cashflow originating from a financial instrument being different to the expected cashflow. This anomaly could occur due to the impact of external factors such as fluctuations in market interest rates and exchange rates. Market risk could possibly result in the revenues and expenses of the Group being adversely affected thereby impacting the profit attributable to the shareholders. In order to identify, manage and minimise the market risk the Group has put into practice a number of policies and procedures.

Currency risk

The Company is exposed to currency risk on foreign currency fixed deposits amounting to Rs. 3,950,968,195/- (USD 13,702,971.55). Group and the Company's transactions (Hospital revenue, pharmacy revenue, cost of services and cost of purchasing of pharmacy items and other medical equipment) are mainly denominated in Sri Lankan Rupees.

As at 31st December,	Average Rate		Reporting Date Spot Rate	
	2024	2023	2024	2023
USD	302.12	327.53	288.33	319.18

Foreign currency sensitivity

An estimation of the impact of the currency risk with respect of financial instruments with a 5% change in US Dollar exchange rate is given below. In calculation of risk it is assumed that all other variable factors are held constant. The calculation of sensitivity has been performed only on the assets and liabilities denominated in foreign currency of the Group and Company as at 31st December 2024.

As at 31st December,	2024		2023	
	Effect on profit or loss Rs.	Effect on equity Rs.	Effect on profit or loss Rs.	Effect on equity Rs.
Group				
LKR depreciated against USD by 5%	197,548,889	-	200,686,998	-
LKR appreciated against USD by 5%	(197,548,889)	-	(200,686,998)	-
Company				
LKR depreciated against USD by 5%	197,548,889	-	200,686,998	-
LKR appreciated against USD by 5%	(197,548,889)	-	(200,686,998)	-

Interest rate risk

Changes in market interest rates result in the fluctuation of present values of future cash flows derived from financial instruments thereby giving rise to interest rate risk. Values of financial instruments could rise or decline depending on the variations in interest rates resulting in mark to market gains or losses in investment portfolios. Mark to market values could have an impact on the reported financial results of the Group. Interest rate risk arises on interest bearing financial assets recognised in the statement of financial position.

The interest rate risk of the Group arises from financial instruments which are exposed to variable or fixed rate interest rates. Financial instruments with fixed interest rates are subject to variations in fair values due to market interest rate movements. The Group manages its interest rate risk by monitoring and managing cash flows, negotiating favourable rates on deposits.

Equity price risk

Equity price risk represents the risk that the fair value of future cash flows of a financial statement will fluctuate because of a change in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group is not exposed to equity price risk since there are no investments in equity securities. The Group is also not directly exposed to commodity price risk.

32.3 Operational risk

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

The operational risk management framework of the Company has been defined under the Board-approved operational risk management policy. Operational risk is managed by establishing an appropriate internal control system that requires a mechanism for segregation of related responsibilities within the Company, and a detailed testing and verification of the Company's overall operational systems, and achieving a full harmony between internal and external systems and establishing a fully independent backup facility for business continuity planning.

32.4 Liquidity risk management

Liquidity refers to the availability of cash or assets which can be converted to cash in a short period of time in order to meet future liabilities of a business. An entity would require sufficient funds for a number of purposes such as operational requirements, debt servicing and investments. Additionally, a shortage of liquidity would have a negative impact on stakeholder confidence in a business entity. The Group has ensured that it maintains sufficient liquidity reserves to meet all its funding requirements by closely monitoring and forecasting future funding needs and securing funding sources for both regular and emergency requirements.

Management of working capital by shortening the working capital cycle is given a high priority by the Group. The Group has implemented procurement and vendor evaluation policies to prevent payment of excessive prices to suppliers and to obtain maximum credit in order to ensure a strong working capital position. Special attention has been given to cash inflows and outflows. The maturity profile of the Group's investments is monitored and adjusted to meet expected future cash outflows in the short, medium and long terms.

NOTES TO THE FINANCIAL STATEMENTS CONTD.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

The table below summarises financial assets/liabilities.

As at 31st December,	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Cash and cash equivalents	1,095,204,209	999,578,625	978,865,580	901,447,953
Trade and other receivables within 30 days	173,148,293	251,357,426	120,987,253	186,088,568
Financial assets measured at amortized cost	7,868,036,303	6,976,008,910	5,003,295,982	4,763,739,952
Total liquid assets	9,136,388,805	8,226,944,961	6,103,148,815	5,851,276,473
Less;				
Bank overdraft	400,017,944	289,731,370	260,525,984	194,259,886
Trade payables on demand	905,620,498	275,444,899	1,097,315,457	714,847,849
Other payables on demand	745,269,799	917,216,684	570,975,637	837,719,964
Total demand liabilities	2,050,908,241	1,482,392,954	1,928,817,078	1,746,827,699
Excess/short liquidity through operating cycle	7,085,480,565	6,744,552,007	4,174,331,737	4,104,448,774

The following table shows the amounts to be settled no more than 12 months and more than 12 months after the reporting period for each liability items.

As at 31st December 2024,	Carrying amount Rs.	Group		Company		
		Less than 12 Months Rs.	Over one year Rs.	Carrying amount Rs.	Less than 12 Months Rs.	Over one year Rs.
Non current liabilities						
Lease liability	215,964,891	-	215,964,891	59,904,640	-	59,904,640
Current liabilities						
Trade and other payables	1,650,890,296	1,650,890,296	-	1,668,291,094	1,668,291,094	-
Lease liability	98,325,089	98,325,089	-	47,759,195	47,759,195	-
Bank overdraft	400,017,944	400,017,944	-	260,525,984	260,525,984	-
As at 31st December 2023,	Carrying amount Rs.	Group		Company		
		Less than 12 Months Rs.	Over one year Rs.	Carrying amount Rs.	Less than 12 Months Rs.	Over one year Rs.
Non current liabilities						
Lease liability	160,044,076	-	160,044,076	54,017,701	-	54,017,701
Current liabilities						
Trade and other payables	1,192,661,584	1,192,661,584	-	1,552,567,813	1,552,567,813	-
Lease liability	89,051,355	89,051,355	-	50,180,963	50,180,963	-
Bank overdraft	289,731,370	289,731,370	-	194,259,886	194,259,886	-

32.5 Credit risk management

Credit risk refers to the risk borne by the Group owing to the risk of a counter party defaulting on its contractual obligations in relation to a financial instrument or customer contract. The Group is exposed to credit risk from its operating activities and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments. The maximum credit risk of the Group and the Company is limited to the carrying value of these financial assets as at the reporting date.

The Group applies the SLFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified a more relevant macroeconomic forward looking element of Sri Lanka, the country in which it sells its services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

	Group				Company			
	2024		2023		2024		2023	
As at 31st December,	Rs.	Exposure %	Rs.	Exposure %	Rs.	Exposure %	Rs.	Exposure %
Trade and other receivables	1,369,068,340	13%	1,457,492,605	15%	1,155,705,935	16%	1,219,388,589	18%
Financial assets measured at amortized cost	7,868,036,303	76%	6,976,008,910	74%	5,003,295,982	70%	4,763,739,952	69%
Cash and cash equivalents	1,095,204,209	11%	999,578,625	11%	978,865,580	14%	901,447,953	13%
Total	10,332,308,853	100%	9,433,080,140	100%	7,137,867,497	100%	6,884,576,494	100%

The Group treasury manages the risk arising from investments made in financial institutions in accordance with the policy direction provided by the Board. The transactions are carried out only with a limited number of institutions all of which have stable credit ratings from internationally recognised rating providers. The Group's exposures and credit ratings of counterparties are continuously monitored and the investment portfolio is diversified amongst several institutions to minimize the unsystematic risk.

The ageing of Trade Receivables at the reporting date was

	Group				Company			
	2024		2023		2024		2023	
As at 31st December,	Gross Rs.	Impairment Rs.	Gross Rs.	Impairment Rs.	Gross Rs.	Impairment Rs.	Gross Rs.	Impairment Rs.
Past due 0-90 days	300,853,738	1,310,199	439,153,979	767,417	220,938,146	965,889	326,532,082	423,107
Past due 91-180 days	32,047,536	1,549,149	28,986,421	1,243,284	26,210,073	453,949	23,148,958	148,085
Past due 181-365 days	15,057,372	196,730	1,802,824	113,701	14,991,367	194,660	1,736,819	111,631
More than 365 days	42,283,061	41,834,692	45,194,561	43,322,530	28,266,348	27,817,979	31,177,848	29,305,817
	390,241,707	44,890,770	515,137,785	57,534,061	290,405,934	29,432,477	382,595,707	29,988,640

NOTES TO THE FINANCIAL STATEMENTS CONTD.

33. CAPITAL MANAGEMENT

The capital management strategy of the Group has the twin key objectives of ensuring the availability of a sufficient amount of capital for long term investments and growth while maintaining an adequate liquidity buffer for business operations. Sustaining the financial health to withstand economic cycles while maintaining stakeholder confidence in the Group is another vital requirement that it has integrated into the capital management strategy.

Capital not being available in sufficient quantities or at a reasonable cost is a factor which can retard the performance of the Group. The management, being conscious of these factors, has implemented the capital management policy to ensure the long term sustainability and competitiveness of the Group. In this regard another important factor that the Group is aware of is to make certain that there is no idle capital which will act as a drag on the returns generated. Too much capital invested in a business will have a dampening impact on the performance while too little capital will prevent an organization from achieving its long term objectives.

33.1 Capital management policy

The capital management policy of the Group is aimed at maximising the return on scarce capital whilst safeguarding the already invested capital. Ensuring that there is adequate capital for the Group to invest and grow while continuing with its regular business operations requires decision makers to look at many facets of the business and consider a number of variables, both internal and external. The rapid pace of change in the operating environment has a profound impact on many factors affecting the use of capital, and a deep understanding derived from years of experience in a business sector is vital to ensure successful management of capital.

As at 31st December,	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Total Liabilities	4,332,923,927	3,719,831,743	3,804,303,880	3,522,026,251
Less: Cash and Cash Equivalents	1,095,204,209	999,578,625	978,865,580	901,447,953
Net Debt	3,237,719,717	2,720,253,117	2,825,438,300	2,620,578,297
Total Equity	14,178,397,253	12,598,959,711	11,115,843,053	10,144,151,417
Net Debt to Equity Ratio	23%	22%	25%	26%

34. SEGMENT REPORTING

There is no distinguishable components to be identified as segments for the Group and the Company.

35. CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and financial liabilities are measured on an ongoing basis at either fair value or amortised cost. The following table sets out the carrying amount/fair value of financial assets and liabilities by category as defined in LKAS 39- Financial Instruments : Recognition and measurement under headings reported in the Statement of Financial Position and related fair value hierarchy.

35.1 Group

As at 31st December 2024	Financial Assets - amortised costs Rs.	Other financial liabilities Rs.	Non financial asset Rs.	Total carrying amount Rs.	Fair Value Rs.	Fair Value			Total Rs.
						Level 1	Level 2	Level 3	
						Rs.	Rs.	Rs.	
Non-financial assets									
Property, plant and equipment									
Freehold land	-	-	105,000,000	105,000,000	105,000,000	-	-	105,000,000	105,000,000
Leasehold building	-	-	3,235,109,508	3,235,109,508	3,235,109,508	-	-	3,235,109,508	3,235,109,508
Investment property	-	-	-	-	-	-	-	-	-
Total non-financial assets	-	-	3,340,109,508	3,340,109,508	3,340,109,508	-	-	3,340,109,508	3,340,109,508
Financial assets									
Trade and other receivables	1,369,068,340	-	-	1,369,068,340	1,369,068,340	-	-	-	1,369,068,340
Financial assets measured at amortized cost	7,868,036,303	-	-	7,868,036,303	7,868,036,303	-	-	-	7,868,036,303
Cash and cash equivalents	1,095,204,209	-	-	1,095,204,209	1,095,204,209	-	-	-	1,095,204,209
Total financial assets	10,332,308,853	-	-	10,332,308,853	10,332,308,853	-	-	-	10,332,308,853
Financial liabilities									
Trade and other payables	-	1,650,890,296	-	1,650,890,296	1,650,890,296	-	-	-	1,650,890,296
Bank overdraft	-	400,017,944	-	400,017,944	400,017,944	-	-	-	400,017,944
Total financial liabilities	-	2,050,908,241	-	2,050,908,241	2,050,908,241	-	-	-	2,050,908,241
As at 31st December 2023									
Non-financial assets									
Property, plant and equipment									
Freehold land	-	-	86,000,002	86,000,002	86,000,002	-	-	86,000,002	86,000,002
Leasehold building	-	-	2,790,924,394	2,790,924,394	2,790,924,394	-	-	2,790,924,394	2,790,924,394
Total non-financial assets	-	-	2,876,924,396	2,876,924,396	2,876,924,396	-	-	2,876,924,396	2,876,924,396
Financial assets									
Trade and other receivables	1,457,492,605	-	-	1,457,492,605	1,457,492,605	-	-	-	1,457,492,605
Financial assets measured at amortized cost	6,976,008,910	-	-	6,976,008,910	6,976,008,910	-	-	-	6,976,008,910
Cash and cash equivalents	999,578,625	-	-	999,578,625	999,578,625	-	-	-	999,578,625
Total financial assets	9,433,080,140	-	-	9,433,080,140	9,433,080,140	-	-	-	9,433,080,140
Financial liabilities									
Trade and other payables	-	1,192,661,584	-	1,192,661,584	1,192,661,584	-	-	-	1,192,661,584
Bank overdraft	-	289,731,370	-	289,731,370	289,731,370	-	-	-	289,731,370
Total financial liabilities	-	1,482,392,954	-	1,482,392,954	1,482,392,954	-	-	-	1,482,392,954

NOTES TO THE FINANCIAL STATEMENTS CONTD.

35. CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTD.)

Financial assets and financial liabilities are measured on an ongoing basis at either fair value or amortised cost. The following table sets out the carrying amount/fair value of financial assets and liabilities by category as defined in LKAS 39- Financial Instruments: Recognition and measurement under headings reported in the Statement of Financial Position and related fair value hierarchy.

35.2 Company

As at 31st December 2024	Financial Assets - amortised costs Rs.	Other financial liabilities Rs.	Non financial asset Rs.	Total carrying amount Rs.	Fair Value Rs.	Fair Value			Total Rs.
						Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	
Non-financial assets									
Property, plant and equipment									
Freehold land	-	-	105,000,000	105,000,000	105,000,000	-	-	105,000,000	105,000,000
Leasehold building	-	-	3,005,000,000	3,005,000,000	3,005,000,000	-	-	3,005,000,000	3,005,000,000
Investment property	-	-	167,000,000	167,000,000	167,000,000	-	-	167,000,000	167,000,000
Total non-financial assets	-	-	3,277,000,000	3,277,000,000	3,277,000,000	-	-	3,277,000,000	3,277,000,000
Financial assets									
Trade and other receivables	1,155,705,935	-	-	1,155,705,935	1,155,705,935	-	-	-	1,155,705,935
Financial assets measured at amortized cost	5,003,295,982	-	-	5,003,295,982	5,003,295,982	-	-	-	5,003,295,982
Cash and cash equivalents	978,865,580	-	-	978,865,580	978,865,580	-	-	-	978,865,580
Total financial assets	7,137,867,497	-	-	7,137,867,497	7,137,867,497	-	-	-	7,137,867,497
Financial liabilities									
Trade and other payables	-	1,668,291,094	-	1,668,291,094	1,668,291,094	-	-	-	1,668,291,094
Bank overdraft	-	260,525,984	-	260,525,984	260,525,984	-	-	-	260,525,984
Total financial liabilities	-	1,928,817,078	-	1,928,817,078	1,928,817,078	-	-	-	1,928,817,078
As at 31st December 2023									
Non-financial assets									
Property, plant and equipment									
Freehold land	-	-	86,000,002	86,000,002	86,000,002	-	-	86,000,002	86,000,002
Leasehold building	-	-	2,578,883,212	2,578,883,212	2,578,883,212	-	-	2,578,883,212	2,578,883,212
Investment property	-	-	170,000,000	170,000,000	170,000,000	-	-	170,000,000	170,000,000
Total non-financial assets	-	-	2,834,883,214	2,834,883,214	2,834,883,214	-	-	2,834,883,214	2,834,883,214
Financial assets									
Trade and other receivables	1,219,388,589	-	-	1,219,388,589	1,219,388,589	-	-	-	1,219,388,589
Other financial assets	4,763,739,952	-	-	4,763,739,952	4,763,739,952	-	-	-	4,763,739,952
Cash and cash equivalents	901,447,953	-	-	901,447,953	901,447,953	-	-	-	901,447,953
Total financial assets	6,884,576,494	-	-	6,884,576,494	6,884,576,494	-	-	-	6,884,576,494
Financial liabilities									
Trade and other payables	-	1,552,567,813	-	1,552,567,813	1,552,567,813	-	-	-	1,552,567,813
Bank overdraft	-	194,259,886	-	194,259,886	194,259,886	-	-	-	194,259,886
Total financial liabilities	-	1,746,827,699	-	1,746,827,699	1,746,827,699	-	-	-	1,746,827,699

35. CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTD.)

Cash and cash equivalents / Bank overdraft

The carrying amount of the cash and cash equivalents and bank overdrafts approximates the fair value as at the reporting date as they are short term in nature.

Trade receivables

Trade receivables are expected to be settled within one year from the reporting date, hence the discounting impact would be immaterial. Therefore, carrying amount approximates the fair value as at the reporting date.

Trade and other payable

Trade and other payables are expected to be settled within one year from the reporting date hence the discounting impact would be immaterial. Therefore, carrying amount approximate the fair value as at the reporting date.

SHAREHOLDER AND INVESTOR INFORMATION

TOP 20 SHAREHOLDING AS AT 31ST DECEMBER 2024

Shareholder	2024		2023	
	No of shares	Holding	No of shares	Holding
1. Fortis Healthcare International Pte Ltd	64,120,915	28.66%	64,120,915	28.66%
2. Sri Lanka Insurance Corporation Ltd - Life Fund	58,781,308	26.27%	58,781,308	26.27%
3. Sri Lanka Insurance Corporation Ltd - General Fund	56,080,643	25.07%	56,080,643	25.07%
4. Property Development PLC A/C No.1	21,329,000	9.53%	21,329,000	9.53%
5. Peoples Bank	7,316,042	3.27%	7,316,042	3.27%
6. Bank of Ceylon A/c Ceybank Unit Trust	3,014,475	1.35%	3,014,475	1.35%
7. Dr. M.R. Mubarak	1,400,000	0.63%	1,421,606	0.64%
8. Bank of Ceylon A/c Ceybank Century Growth Fund	524,721	0.23%	524,721	0.23%
9. Mr. M.S. Siraj	382,193	0.17%	382,193	0.17%
10. Peoples Leasing & Finance PLC/ L.P. Hapangama	350,368	0.16%	350,368	0.16%
11. Acuity Partners (Pvt) Limited / Mr. Don Janaka Nishan Hettiarachi	300,000	0.13%	855,300	0.38%
12. Peoples Leasing & Finance PLC/ Mr. D.M.P.Disanayake	297,617	0.13%	232,553	0.10%
13. Mr. A.H.Munasinghe	233,900	0.10%	233,900	0.11%
14. Mr. M.J.T. Mohamed	228,255	0.10%	-	0.00%
15. Peoples Leasing & Finance PLC/ Dr. H.S.D. Soysa & Mrs. G.Soyasa	200,000	0.09%	200,000	0.09%
16. Ceylinco Life Insurance Limited Account No. 3 Shareholders Fund	183,907	0.08%	-	0.00%
17. Mrs. T.R.P. Wanigasooriya	150,000	0.07%	150,000	0.07%
18. MAC Holdings (Pvt) Ltd	131,045	0.06%	-	0.00%
19. Kalin Holdings (Pvt) Ltd	129,919	0.06%	-	0.00%
20. Merchant Bank of Sri Lanka & Finance PLC/ W.L.B Siriwardana	125,934	0.06%	143,391	0.06%
	215,280,242	96.22%	215,136,415	96.16%

INDIVIDUAL/ INSTITUTION AS AT 31 DECEMBER 2024

	No of Share	As %	No of Shares	As %
Individual	7,443	98.13	9,724,500	4.35
Institution	142	1.87	214,007,669	95.65
	7,585	100.00	223,732,169	100.00

RESIDENT / NON-RESIDENT AS AT 31 DECEMBER 2024

	No of Share	No of Shareholders		
		As %	As %	
Resident	7,567	99.76	159,141,518	71.13
Non-Resident	18	0.24	64,590,651	28.87
	7,585	100.00	223,732,169	100.00

DIRECTORS'/SENIOR MANAGEMENT SHAREHOLDINGS AS AT 31ST DECEMBER

Board of Directors	Position	2024		2023	
		No of shares	Holding %	No of shares	Holding %
Dr. Nilupul Perera	Chairman	-	-	-	-
Mr. Chaaminda Kumarasiri	Director	-	-	-	-
Ms. Shamalie Jayatunge	Director	-	-	-	-
Mr. Sirimal Senaratne	Director	-	-	-	-
Mr. Sajith Wickramaarachchi	Director	-	-	-	-
Mr. Richa Debgupta	Director	-	-	-	-
Mr. Ashish Bhatia	Director	-	-	-	-
Senior Management					
Mr. Deepthi Lokuarachchi	Group Chief Executive Officer	-	-	-	-

		Group		Company	
		2024	2023	2024	2023
Earning Per Share	Rs.	5.99	6.01	3.32	3.58
Dividend Per Share	Rs.	-	3.00	-	3.00
Net Asset Value Per Share	Rs.	63.37	56.31	49.68	45.34
Market Value per Ordinary Share					
Highest price	Rs.	-	-	83.70	139.00
Lowest price	Rs.	-	-	73.70	92.30
Closing Price	Rs.	-	-	79.50	120.25
Gearing Ratio	%	N/A	N/A	N/A	N/A
Interest Cover	Times	N/A	N/A	N/A	N/A
Quick Asset Ratio	Times	4.20	4.59	3.32	3.41

SUMMARY OF SHARE RANGES AS AT 31 DECEMBER

Share Range	2024			2023		
	No of shareholders	No of shares	Holding %	No of shareholders	No of shares	Holding %
1. 1 -1,000	6,230	2,025,292	0.91	6,101	2,011,945	0.90
2. 1,001 - 10,000	1,230	3,393,911	1.52	1,167	3,219,328	1.44
3. 10,001 - 100,000	104	2,982,529	1.33	105	3,213,914	1.44
4. 100,001 - 1,000,000	14	3,266,736	1.46	11	3,222,993	1.44
5. 1,000,001 & above	7	212,063,701	94.78	7	212,063,989	94.78
	7,585	223,732,169	100.00	7,391	223,732,169	100.00

PUBLIC SHAREHOLDING

Public shareholding percentage as at 31st December 2024 - 20.00% (2023 - 20.00%)

Number of public shares as at 31st December 2024 - 44,748,803 (2023 - 44,748,803)

Number of public shareholders as at 31st December 2024 - 7,582 (2023 - 7,387)

Float adjusted Market Capitalization Rs. 3,557,569,588.50 (2023 - Rs. 5,381,043,561)

The Float adjusted market capitalization of the Company falls under Option 4 of Rule 7.13.1 (a), of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.

TEN YEAR FINANCIAL SUMMARY

	Group									
	Year ended 31 December									
	Audited									
In Rs. Mn -	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Revenue from customer contracts	13,650	12,419	10,698	10,034	6,804	7,549	7,077	6,382	5,886	5,514
Cost of Services	(7,700)	(7,210)	(6,260)	(5,270)	(3,942)	(4,329)	(4,113)	(3,519)	(3,099)	(2,973)
Gross Profit	5,951	5,209	4,438	4,764	2,862	3,220	2,964	2,863	2,787	2,541
Other operating income	51	77	86	137	62	68	59	52	53	36
Administrative & Other operating Expenses	(4,292)	(4,083)	(3,315)	(3,042)	(2,729)	(2,635)	(2,380)	(2,186)	(1,941)	(1,766)
Finance income	244	740	2,882	406	250	226	479	193	183	156
Finance cost	(58)	(33)	(30)	(33)	(35)	(38)	-	-	-	-
Profit before tax	1,895	1,910	4,061	2,233	410	841	1,122	922	1,081	967
Income tax (expense) / release	(556)	(565)	(814)	(21)	(25)	(261)	(252)	(341)	(109)	(107)
Profit for the year	1,339	1,345	3,247	2,212	385	581	870	581	972	860
ASSETS										
Non current assets										
Property, plant and equipment	6,583	5,385	5,125	4,718	4,757	4,375	4,489	4,520	4,083	3,650
Right of use assets	551	550	531	533	552	639	-	-	-	-
Intangible asset	124	79	47	55	57	76	94	96	60	61
Investment in subsidiary	-	-	-	-	-	-	-	-	-	-
Advance lease premium	-	-	-	-	-	-	217	203	189	175
	7,258	6,014	5,703	5,307	5,365	5,089	4,800	4,819	4,332	3,886
Current assets										
Inventories	921	862	980	455	439	413	369	295	319	272
Trade and other receivables	1,369	1,457	1,016	1,032	676	915	726	554	503	434
Amounts due from related parties	0.2	10	-	2	4	6	5	7	4	6
Income tax Receivable	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents & Other Financial Assets	8,963	7,976	7,635	5,204	3,398	3,004	3,050	2,475	2,194	1,746
	11,254	10,305	9,631	6,693	4,517	4,338	4,150	3,331	3,020	2,458
Total assets	18,511	16,319	15,334	12,000	9,882	9,427	8,950	8,150	7,352	6,344
EQUITY AND LIABILITIES										
Equity										
Stated capital	2,672	2,672	2,672	2,672	2,672	2,672	2,672	2,672	2,672	2,672
Revaluation reserve	1,550	1,306	1,361	1,331	1,093	982	1,029	1,066	1,284	994
Retained earning / (loss)	9,957	8,621	7,948	5,317	3,405	2,975	2,754	2,282	1,888	1,324
Total equity	14,178	12,599	11,981	9,319	7,169	6,629	6,455	6,020	5,844	4,990
Non current liabilities										
Employee benefit obligations	490	370	254	278	294	245	189	167	134	119
Deferred tax liabilities	1,178	1,135	1,212	509	1,053	1,102	1,004	998	426	347
Lease Liability	216	160	152	159	200	301	-	-	-	-
	1,884	1,665	1,618	946	1,547	1,648	1,193	1,165	560	466
Current liabilities										
Borrowings / Bank Overdraft	400	290	528	482	256	262	332	233	234	179
Amounts due to related parties	-	-	-	-	5	6	6	23	24	28
Lease Liability	98	89	87	89	72	77	-	-	-	-
Income tax payable	300	484	354	265	48	57	167	39	36	21
Trade and other payables	1,651	1,193	766	898	785	748	797	670	654	660
	2,449	2,055	1,735	1,734	1,166	1,150	1,302	965	948	888
Total liabilities	4,333	3,720	3,353	2,681	2,713	2,798	2,495	2,130	1,508	1,354
Total equity and liabilities	18,511	16,319	15,334	12,000	9,882	9,427	8,950	8,150	7,352	6,344

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 26th Annual General Meeting of The Lanka Hospitals Corporation PLC(LHC) will be held as a virtual meeting on June 25, 2025 at 3.00 pm. assembled at the Dr. Prathap C Reddy Auditorium of The Lanka Hospitals Corporation PLC, No.578, Elvitigala Mawatha, Colombo 5 for the purposes of conducting the following businesses:

1. To receive and consider the Annual Report and the Audited Financial Statements for the Company for the year ended 31st December 2024 together with the Report of the Auditors' thereon.
2. To re-elect Ashish Bhatia who retires by rotation and being eligible offers himself for re-election.
3. To elect Dr. Nilupul Perera who was appointed to the board during the financial year and eligible for election as a Director.
4. To elect Mr. Chaaminda Kumarasiri who was appointed to the board during the financial year and eligible for election as a Director.
5. To elect Ms. Shamalie Jayatunge who was appointed to the board during the financial year and eligible for election as a Director.
6. To elect Mr. Sirimal Senaratne who was appointed to the board during the financial year and eligible for election as a Director.
7. To elect Mr. Sajith Wickramaarachchi who was appointed to the board during the financial year and eligible for election as a Director.
8. To elect Mr. Nusith Kumaratunge who was appointed to the board during the financial year and eligible for election as a Director.
9. To elect Mr. S M D Suriyakumara who was appointed to the board during the financial year and eligible for election as a Director.
10. To note the appointment of the Auditor General as the Auditors of the Company for the ensuing financial year in compliance with Article 154 of the constitution.
11. To authorize the Directors to determine donations for the year 2025 and up to the date of the next Annual General Meeting.
12. Any other business of which due notice has been given.

By order of the Board of Directors of
THE LANKA HOSPITALS CORPORATION PLC



Deloitte Corporate Services (Private) Limited
Secretaries

22nd April 2025

FORM OF PROXY

The Lanka Hospitals Corporation PLC * Integrated Annual Report 2024
 THE LANKA HOSPITALS CORPORATION PLC
 (Company Registration No PQ180)
 No. 578, Elvitigala Mawatha, Narahenpita, Colombo 5.

I/WE.....

bearing NIC NO..... of
 being a shareholder/shareholders of The Lanka Hospitals Corporation PLC, hereby appoint:

- Full name of Proxy :
- NIC of Proxy :
- Address of Proxy :
- Contact Numbers : Land..... mobile..... Email ID.....

failing him/her	
Dr. Nilupul Perera	or failing him
Mr. Chaaminda Kumarasiri	or failing him
Ms. Shamalie Jayatunge	or failing her
Mr. Sirimal Senaratne	or failing him
Mr. Sajith Wickramaarachchi	or failing him
Mr. Nusith Kumaratunge	or failing him
Mr. S M D Suriyakumara	or failing him
Mr. Ashish Bhatia	or failing him
Ms. Richa Singh Debgupta	or failing her

as my/our Proxy to represent me/us* to vote for me/us on my/our behalf at the 26th Annual General Meeting of the Company to be held on 25th June 2025 at 3.00p.m and at any adjournment thereof and at every poll which may be taken in consequence thereon.

I/We"" the undersigned, hereby direct my/our* proxy to speak and vote for me/us and on my/our behalf on the resolution set out in the Notice convening the meeting, as follows:

	FOR	AGAINST
1. To receive and consider the Integrated Annual Report and the Audited Financial Statements of the Company for the year ended 31st December 2024 with the Report of the Auditors' thereon.		
2. To re-elect Mr. Ashish Bhatia who retires by rotation		
3. To elect Dr. Nilupul Perera who was appointed to the board during the financial year		
4. To elect Mr. Chaaminda Kumarasiri who was appointed to the board during the financial year		
5. To elect Ms. Shamalie Jayatunge who was appointed to the board during the financial year		
6. To elect Mr. Sirimal Senaratne who was appointed to the board during the financial year		
7. To elect Mr. Sajith Wickramaarachchi who was appointed to the board during the financial year		
8. To elect Mr. Nusith Kumaratunge who was appointed to the board during the financial year		
9. To elect Mr. S M D Suriyakumara who was appointed to the board during the financial year and eligible for election as a Director		
10. To authorize the Directors to determine donations for the year 2025 and up to the date of the next Annual General Meeting.		

In witness my/our** hands this-.. " " day of Two Thousand and Twenty Five

.....
 Signature

.....
 Date

Notes: * Please indicate your folio number given in the address sticker carrying this annual report pack,
 ** instructions as to completion appear overleaf,
 ***Please indicate with an "x" in the space provided, how your Proxy is to vote on the Resolutions.
 If no indication is given, the Proxy in his discretion will vote as he thinks fit.

FORM OF PROXY CONTD.

INSTRUCTIONS FOR COMPLETION

1. Kindly perfect the Form of Proxy by filling in legibly your full name, address and the National Identity Card number and by signing in the space provided and filling in the date of signature.
2. A proxy need not be a shareholder of the Company. However, the proxyholder must be above 18 years of age.
3. The completed Form of Proxy must be deposited at the Deloitte Corporate Services (Private) Limited, No.100, Braybrooke Place, Colombo 2, not less than forty-eight hours before the time fixed for the meeting.
4. If you wish to appoint a person other than the Chairman or a Director of the Company, please insert the relevant details at the space provided (above the names of the Board of Directors) on the Proxy Form.
5. If the Form of Proxy is signed by an Attorney, the relative Power of Attorney should accompany the Form of Proxy for registration, if such Power of Attorney has not already been registered with the Company.
6. If the appointor is a company/ incorporated body, this form must be executed in accordance with the Articles of Association/ Statute.

CORPORATE INFORMATION

Name of the Company

The Lanka Hospitals Corporation PLC

Company Registration No.

PQ 180

Registered Office

No. 578, Elvitigala Mawatha,
Narahenpita, Colombo 05, Sri Lanka
Tel: +94 11 5430000
Fax: +94 11 4511199
E-mail: info@lankahospitals.com

Board of Directors

Dr. Nilupul Perera
Mr. Sirimal Senaratne
Mr. Chaaminda Kumarasiri
Mr. Sajith Wickramaarachchi
Ms. Shamalie Jayatunge
Mr. Ashish Bhatia
Ms. Richa Singh Debgupta
Mr. Dharma Sri Suriyakumara
(Appointed w.e.f. 3rd January 2025)
Mr. Nusith Samarasee Kumaratunga
(Appointed w.e.f. 10th January 2025)

Secretaries & Registrars to Shares

Deloitte Corporate
Services (Private) Limited
No.100, Braybrooke Place, Colombo 2.
Tel: +94 11 7719700

Auditors

The Auditor General,
National Audit Office,
306/72, Polduwa Road,
Battaramulla,
Sri Lanka.

Bankers

Bank of Ceylon
Hatton National Bank PLC



LANKA
HOSPITALS

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No: 578, Elvitigala Mawatha, Narahenpita, Colombo 5, Sri Lanka.