

**METROPOLIS HEALTHCARE LANKA
(PRIVATE) LIMITED**

**FINANCIAL STATEMENTS
31ST MARCH, 2024.**



INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF METROPOLIS HEALTHCARE LANKA (PRIVATE) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Metropolis Healthcare Lanka (Private) Limited.**, (the Company), which comprise the statement of financial position as at March 31, 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with Sri Lankan Accounting Standards.

Basis for Opinion

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

Other Matter

Metropolis Healthcare Lanka (Pvt) Ltd has signed a Memorandum of Understanding (MOU) with Nawaloka Hospitals PLC on 31st March 2017 to dispose 250,000 ordinary shares of Nawaloka Metropolis Laboratories (Pvt)Ltd held by Nawaloka Hospitals PLC in order to be effective from 01st April 2017. However, relevant forms are not filled with Registrar of Companies in respect of this share transfer and the financial statements indicate the new shareholding structure considering this share transfer has been affected.

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

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

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

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

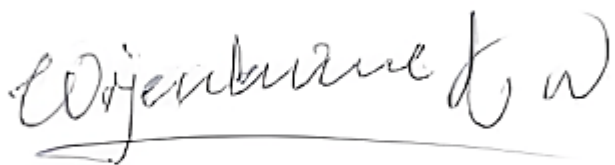
Auditor's Responsibilities for the Audit of the Financial Statements

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

A further description of the auditor's responsibilities for the audit of the financial statements is located at Sri Lanka Accounting and Auditing website at: www.slaasc.com/auditingstandards/auditorsresponsibility. This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

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



**CHARTERED ACCOUNTANTS
COLOMBO.**

METROPOLIS HEALTHCARE LANKA (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST MARCH, 2024.

	<u>NOTES</u>	<u>Year ended</u> <u>31.03.2023</u> Rs.	<u>Year ended</u> <u>31.03.2023</u> Rs.
REVENUE	(03)	57,522,865	39,673,993
COST OF SALES		<u>(38,274,402)</u>	<u>(34,386,460)</u>
GROSS PROFIT		19,248,463	5,287,533
OTHER INCOME	(04)	450,554	719,579
ADMINISTRATIVE EXPENSES		(2,228,657)	(4,670,904)
STAFF EXPENSES		-	-
OTHER OPERATING EXPENSES		-	-
FINANCE COST	(05)	(255,398)	(255,398)
LOSS BEFORE TAX	(06)	<u>17,214,962</u>	<u>1,080,810</u>
INCOME TAX EXPENSE	(07)	-	-
NET LOSS FOR THE YEAR		<u>17,214,962</u>	<u>1,080,810</u>
OTHER COMPREHENSIVE INCOME			
DEFINED BENEFIT PLAN ACTUARIAL LOSSES FOR THE YEAR		-	-
DEFERRED TAX IMPACT ON DEFINED BENEFIT PLAN ACTUARIAL LOSSES		-	-
OTHER COMPREHENSIVE EXPENSE FOR THE YEAR, NET OF TAX		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>17,214,962</u>	<u>1,080,810</u>
(LOSS) / EARNINGS PER SHARE	(20)	68.86	4.32

The significant accounting policies and notes from pages 6 to 26 form an integral part of these financial statements.

METROPOLIS HEALTHCARE LANKA (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH, 2024

ASSETS	<u>NOTES</u>	March <u>2024</u> Rs.	March <u>2023</u> Rs.
Non-current assets			
Property, plant and equipment	(08)	11,731,404	12,922,016
		<u>11,731,404</u>	<u>12,922,016</u>
Current assets			
Inventories	(09)	8,932,436	8,932,436
Deposits and advances	(10)	6,105,450	5,528,759
Trade and other receivables	(11)	41,025,184	41,363,953
Cash and cash equivalents	(12)	126,885,718	119,623,933
		<u>182,948,789</u>	<u>175,449,081</u>
Total assets		<u><u>194,680,192</u></u>	<u><u>188,371,097</u></u>
EQUITY AND LIABILITIES			
Equity			
Stated capital	(13)	5,000,000	5,000,000
Treasury shares		(136,694,868)	(136,694,868)
Retained earnings		102,850,863	85,635,901
		<u>(28,844,005)</u>	<u>(46,058,967)</u>
Non-current liabilities			
Deferred tax liabilities	(14)	1,784,248	1,784,248
Retirement benefit obligation	(15)	-	-
Loan - Metropolis Healthcare Services (India)		2,553,983	2,553,983
		<u>4,338,231</u>	<u>4,338,231</u>
Current liabilities			
Trade and other payables	(16)	42,844,741	51,517,879
Taxation	(17)	5,704,547	5,704,547
Payable to related companies	(18)	170,636,678	172,869,407
		<u>219,185,966</u>	<u>230,091,833</u>
Total liabilities		<u><u>223,524,197</u></u>	<u><u>234,430,064</u></u>
Total equity and liabilities		<u><u>194,680,192</u></u>	<u><u>188,371,097</u></u>
		-	0

I certify that the financial statements comply with the requirements of the Companies Act No. 7 of 2007.


 Financial Controller

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

.....
 Director
 20 May 2024

.....
 Director

The significant accounting policies and notes from pages 6 to 26 form an integral part of these financial statements.

METROPOLIS HEALTHCARE LANKA (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2024

	<u>Ordinary shares</u> Rs.	<u>Treasury shares</u> Rs.	<u>Retained earnings</u> Rs.	<u>Total</u> Rs.
Balance as at 01st April, 2021	5,000,000	(136,694,868)	84,555,091	(47,139,777)
Other comprehensive income	-	-	-	-
Loss for the year	-	-	1,080,810	1,080,810
Balance as at 31st March, 2022	<u>5,000,000</u>	<u>(136,694,868)</u>	<u>85,635,901</u>	<u>(46,058,968)</u>
Balance as at 01st April, 2021	5,000,000	(136,694,868)	85,635,901	(46,058,967)
Other comprehensive income	-	-	-	-
Loss for the year	-	-	17,214,962	17,214,962
Balance as at 31st March, 2022	<u>5,000,000</u>	<u>(136,694,868)</u>	<u>102,850,863</u>	<u>(28,844,005)</u>

The significant accounting policies and notes from pages 6 to 26 form an integral part of these financial statements.

METROPOLIS HEALTHCARE LANKA (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2024

	Year ended 31.03.2024	Year ended 31.03.2023
	Rs.	Rs.
Cash flows from operating activities		
Loss for the year	17,214,962	1,080,810
Adjustments for non - cash income and expenses :		
Depreciation of property, plant and equipment	1,190,612	1,649,447
Interest income	(450,554)	(719,579)
Decrease in trade and other receivables	338,769	(18,882,349)
(Increase) / Decrease in deposit and advance	(556,537)	41,400
Increase in payable to related companies	(2,232,729)	4,803,652
Increase in trade and other payables	(8,673,138)	36,964,758
Net cash generated from operating activities	<u>6,831,385</u>	<u>24,938,139</u>
Cash flows from investing activities		
Interest received	430,401	699,426
Net cash generated from investing activities	<u>430,401</u>	<u>699,426</u>
Cash flows from financing activities		
Dividend paid	-	-
Net cash absorbed in financing activities	<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents	<u>7,261,786</u>	<u>25,637,564</u>
Cash and cash equivalents at the beginning of the year	119,623,932	93,986,370
Increase	7,261,786	25,637,564
Cash and cash equivalents at the end of the year	<u>126,885,718</u>	<u>119,623,932</u>
	(0)	(1)
Note : (a)		
Total interest Received /(paid)	-	-
Income tax paid	-	-

The significant accounting policies and notes from pages 6 to 26 form an integral part of these financial statements.

METROPOLIS HEATHCARE LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2024 (CONTINUED)

	<u>Year ended</u> <u>31.03.2024</u> Rs.	<u>Year ended</u> <u>31.03.2023</u> Rs.
(03) REVENUE		
Outdoor Patients	57,522,865	39,673,993
Inter Branch Transactions	-	-
	<u>57,522,865</u>	<u>39,673,993</u>
Less: Refunds/Discounts	-	-
Net Income	<u><u>57,522,865</u></u>	<u><u>39,673,993</u></u>
(04) OTHER INCOME		
Sundry income	-	-
Interest income	450,554	719,579
Profit on sale of property, plant and equipment	-	-
Creditors Write Back	-	-
	<u>450,554</u>	<u>719,579</u>
(05) FINANCE COSTS		
Interest on loan	255,398	255,398
(06) (LOSS) / PROFIT BEFORE TAX		
<i>Is stated after charging all expenses including the following:</i>		
Auditor's remuneration	200,000	200,000
Depreciation	1,190,612	1,649,447
(07) INCOME TAX EXPENSE		
Current tax expense	-	-
Deferred tax reversal	-	-
	<u>-</u>	<u>-</u>

Notes to the financial statements continued on page 20.

METROPOLIS HEALTHCARE LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH 2024

1. REPORTING ENTITY

1.1 General

Metropolis Healthcare Lanka (Private) Limited, is a Private Company with limited liability incorporated in Sri Lanka under the provisions of the Companies Act No. 17 of 1982 and re-registered under the new Companies act No 07 of 2007, which was also a 50:50 Joint venture investment between Nawaloka Hospitals PLC and Metropolis Healthcare Limited

Nawaloka Metropolis Laboratories (Pvt) Limited, ceased to be a joint venture w.e.f. 31 March 2017. However company is under process of filing the relevant forms filing with the registrar of companies.

1.2 Principle Activities and Nature of Operation

The principal activity of the Company is to modernize and manage the clinical laboratories.

1.3 Significant shareholdings

The significant shareholders of the Company at the end of the year were as follows:

Shareholders	No of shares <u>2024</u>
Metropolis Healthcare Ltd	250,000

METROPOLIS HEALTHCARE LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2024 (CONTINUED)

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Financial Statements of the Company are prepared in accordance with the Sri Lanka Accounting Standards (SLFRS) laid down by the Institute of Chartered Accountants of Sri Lanka and in compliance with the Companies Act No. 07 of 2007.

The Financial Statements were authorized for issue by the Directors on 20th May 2024.

2.2 Basis of Measurement

The financial statements of the Company have been prepared on the historical cost basis except for the following material item in the statement of financial position with no adjustments being made for inflationary factors affecting the Financial Statements.

- Non derivate financial instruments classified as “loans and receivables and other financial liabilities” measured at amortized cost.

2.3 Functional and presentation currency

The functional currency is the currency of the primary economic environment in which the Company operates.

The financial statements are presented in Sri Lankan Rupees (SLR), which is the functional and the presentation currency. All financial information presented in Rupees has been rounded to the nearest Rupee unless stated otherwise.

2.4 Comparative Information

Previous period figures and notes have been restated and reclassified wherever necessary to conform to the current year’s presentation.

2.5 Materiality and Aggregation

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

METROPOLIS HEALTHCARE LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2024 (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

2.6 Use of Estimate and Judgment

The preparation of the Financial Statements in conformity with SLAS's requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. 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 critical judgments in applying accounting policies that have the significant effect on the amounts recognized in the financial statements is included in following notes.

Note 14 - Measurement of Deferred Tax Liabilities / Assets

2.7 Offsetting

Assets and liabilities, and income and expenses, are not offset unless required or permitted by SLFRSs.

2.8 Going Concern

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

2.9 Directors' Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards and as per the provisions of the Companies Act No. 07 of 2007. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

METROPOLIS HEALTHCARE LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2024 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Foreign Currency

3.1.1 Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency (Sri Lankan Rupees) of the Company at the exchange rate prevailed at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognized in the statement of Comprehensive Income.

3.2 Financial Instruments

3.2.1 Non derivative financial Assets

The Company initially recognizes loans and receivable and deposits, on the date at which they are originated. All other financial assets other than regular way sales are recognized on the trade at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets and liabilities are netted –off and net amount is presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

METROPOLIS HEALTHCARE LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2024 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial Instruments (Continued)

3.2.1.1 Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables of the Company comprise of trade receivables, other receivables and cash and cash equivalents.

(a) Trade Receivables

Trade receivables are stated at the amounts they are estimated to realize, net of provisions for bad and doubtful receivables. A provision for doubtful debts is made where as there is objective evidence that the Company will not be able to recover all amounts due according to the original terms of receivables. Bad debts are written-off when identified.

(b) Other Receivables

Advance balances are also categorized under other receivables.

Other receivable are stated at estimated amounts receivable after providing for doubtful receivables.

(c) Cash and Cash Equivalents

Cash and cash equivalents comprise of cash in hand and cash at banks and other highly liquid financial assets which are held for the purpose of meeting short-term cash commitments with original maturities of less than three months which are subject to insignificant risk of changes in their fair value.

Bank overdrafts that are repayable on demand and form an integral part of the Company cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

METROPOLIS HEALTHCARE LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2024 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial Instruments (Continued)

3.2.2 Non-derivative financial liabilities

Financial liabilities are recognised initially on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The Company classifies non-derivative liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using effective interest rate method.

The Company's financial liabilities include trade and other payables and bank overdrafts.

3.2.3 Impairment of financial assets

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

The Company considers evidence of impairment for receivables at specific asset level. All receivables are assessed for specific impairment.

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

3.3 Inventories

Inventories are stated at the lower of cost or net realizable value, after making due allowance for obsolete and slow-moving items. The cost of inventories is comprised of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

METROPOLIS HEALTHCARE LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2024 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Property, Plant and Equipment

3.4.1 Freehold Property, Plant & Equipment

3.4.1.1 Basis of Recognition

Property, plant and equipment are recognized, if it is probable that future economic benefits associated with the asset will flow to the entity and cost of the asset can be reliably measured.

3.4.1.2 Basis of Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation/impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

3.4.1.3 Cost Model

The Company applies the cost model to all property, plant and equipment except freehold land which records at cost of purchase together with any incidental expenses thereon less any accumulated depreciation and accumulated impairment losses.

3.4.1.4 Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is de-recognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

METROPOLIS HEALTHCARE LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2024 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Property, Plant and Equipment (Continued)

3.4.1.5 Depreciation

Depreciation is based on the cost of an asset less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of 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 and the date that the asset is de-recognized.

Depreciation is provided on the straight line method at the following rates per annum, so as to write-off the cost or revaluation of the assets over its effective useful life:

The useful life, depreciating methods and residual values are assessed annually or in an earlier date where any circumstance indicates such assessment is required.

<u>Assets</u>	<u>Depreciation</u> <u>Rate</u>
Fixtures and fittings	10%
Plant and machinery	20%
Hospital equipment	10%
Medical equipment	10%
Motor vehicles	20%
Furniture and fittings	10%
Computer Equipment	25%

3.4.1.6 De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognized net within other income/other expenses in the income statement.

3.4.1.7 Impairment of Property, Plant and Equipment

The carrying value of Property Plant and Equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income unless it reverses a previous revaluation surplus (if any) for the same asset.

METROPOLIS HEALTHCARE LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2024 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, including 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, then the asset's recoverable amount is estimated.

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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

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

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 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.

METROPOLIS HEALTHCARE LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2024 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Income tax

(a) Current taxation

Provision for taxation is based on the profit for the year adjusted for taxation purpose in accordance with the provisions of the Inland Revenue Act No. 24 of 2017, as amended by subsequent legislation.

(b) Deferred taxation

Deferred taxation is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected realization or settlement of assets and liabilities using tax rate enacted at the reporting date.

A Deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the assets can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.7 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets that take a substantial period of time to get ready for its intended use or sale, are capitalized as part of the assets.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

METROPOLIS HEALTHCARE LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2024 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Employee benefits

3.8.1 Defined contribution plans

A Defined Contribution Plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Defined Contribution Plans are recognized as an employee benefit expense in the statement of comprehensive income in the periods during which services are rendered by employees.

(a) Employees' Provident Fund (EPF)

The Company and employees contribute respective amounts on the salary of each employee to the above mentioned funds.

(b) Employees' Trust Fund (ETF)

The Company contributes the respective amount of the salary of each employee to the Employees' Trust Fund.

3.8.2 Defined benefits plans

A defined benefit plan is a post employment benefit plan other than a defined contribution plan. The Company is liable to pay gratuity in terms of the payment of Gratuity Act No. 12 of 1983. Gratuity liability was computed from the first year of service for all employees in conformity with Sri Lanka Accounting Standards 19 – Employee Benefit. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of five years of continual services.

METROPOLIS HEALTHCARE LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2024 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Provisions

Provisions are made for all obligations existing as at the reporting date when it is probable that such an obligation will result in an outflow of resources and a reliable estimate can be made of the quantum of the outflow. All contingent liabilities are disclosed as a note to the Financial Statements unless the outflow of resources is remote. Contingent assets are disclosed, where inflow of economic benefit is probable.

3.10 Statement of comprehensive income

3.10.1 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company, and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and value added taxes, net of sales within the Company.

3.10.2 Expenses Recognition

Expenses are recognized in the Statement of comprehensive income on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

For the presentation of the Statement of comprehensive income, the Directors are of the opinion that the nature of the expenses method presents fairly the element of the Company's performance, and hence such presentation method is adopted.

Preliminary and pre-operational expenditure is recognized in the Statement of comprehensive income. Repairs and renewals are charged to the Statement of comprehensive income in the year in which the expenditure is incurred.

3.10.3 Finance costs

Finance costs comprise interest expense on borrowings and overdraft interest.

3.10.4 Earning per Share

The Company presents basic earning per share data for its ordinary shares. Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

METROPOLIS HEALTHCARE LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2024 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Related Party Disclosures

3.11.1 Transactions with Related Parties

The Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard No. 24. The Pricing applicable to such transactions is based on the assessment of the risk and pricing model of the Company and is comparable with what is applied to transactions between the Company and its unrelated Customers.

3.11.2 Transactions with Key Management Personnel

According to Sri Lanka Accounting Standard No. 24 “Related Party Disclosures”, Key management personnel, are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Board of Directors (including executive and non-executive Directors), and their immediate family members have been classified as Key Management Personnel of the Company.

3.12 Segmental Information

A 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.

3.13 Events after the Reporting Date

All material events after the reporting date have been considered and where appropriate adjustments or disclosures have been made in the respective Notes to the Financial Statements.

METROPOLIS HEALTHCARE LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2023 (CONTINUED)

(07) INCOME TAX EXPENSE (CONTINUED)

	Rs.	Rs.
7.1 Current tax expense		
Reconciliation between accounting profit and taxable profit		
Accounting loss before income tax expense	20,879,607	1,080,810
Aggregate disallowable expenses	2,022,227	2,068,784
Aggregate allowable expenses	(3,987,633)	(3,987,633)
Other sources of income	(450,554)	(719,579)
	18,463,647	(1,557,617)
Adjusted business loss for the year	18,463,647	(1,557,617)
Total statutory income	450,554	719,579
Less : Tax loss allowed for the year	(450,554)	(719,579)
Taxable profit	-	-
- on business income	@ 14%	-
- on other income	@ 14%	-
Current income tax expense	-	-

Under the provision of the Inland Revenue Act No. 24 of 2017 and amendments thereto, the Company is liable for income tax at the rate of 14% on its business profits and on other income.

METROPOLIS HEALTHCARE LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2024 (CONTINUED)

(08) PROPERTY, PLANT AND EQUIPMENT

	As at 01st April, 2023	Additions / Adjustments	(Disposals) / Adjustments	As at 31st March, 2024
	Rs.	Rs.	Rs.	Rs.
Cost				
Freehold assets				
Building Improvements	15,552,317			15,552,317
Computer Equipment	3,538,381			3,538,381
Computer System	4,385,141			4,385,141
Fixtures and Fittings	6,659,312			6,659,312
Furniture and Fittings	6,263,575			6,263,575
Hospital Equipment	18,706,199			18,706,199
Medical Equipment	28,322,472			28,322,472
Motor Vehicles	6,995,670			6,995,670
	90,423,068	-	-	90,423,068
Accumulated depreciation				
Freehold assets				
Building Improvements	14,282,449	25,397		14,307,846
Computer Equipment	3,538,381	-		3,538,381
Computer System	4,385,141	-		4,385,141
Fixtures and Fittings	4,685,620	197,369		4,882,989
Furniture and Fittings	4,664,411	159,916		4,824,328
Hospital Equipment	13,438,870	526,733		13,965,603
Medical Equipment	25,510,510	281,196		25,791,706
Motor Vehicles	6,995,670			6,995,670
	77,501,052	1,190,612	-	78,691,664
Carrying value	12,922,016			11,731,404

Notes to the financial statements continued on page 22.

METROPOLIS HEALTHCARE LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2024 (CONTINUED)

	March 2024 Rs.	March 2023 Rs.
(09) INVENTORIES		
Reagents Stock & Others	<u>8,932,436</u>	<u>8,932,436</u>
(10) DEPOSIT AND ADVANCES		
Deposit and Advance	1,123,735	1,123,735
Other Receivable	<u>4,981,715</u>	<u>4,405,024</u>
	<u>6,105,450</u>	<u>5,528,759</u>
(11) TRADE AND OTHER RECEIVABLES		
Trade receivables	<u>41,025,184</u>	<u>41,363,953</u>
Other receivables	<u>-</u>	<u>-</u>
	<u>41,025,184</u>	<u>41,363,953</u>

Notes to the financial statements continued on page 23.

METROPOLIS HEALTHCARE LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2024. (CONTINUED)

	March 2024 Rs.	March 2023 Rs.
(12) CASH AND CASH EQUIVALENTS		
Favourable balances		
Current accounts		
Commercial Bank of Ceylon PLC. A/c No. 1480029702	2,412,121	2,412,121
Standard Chartered Bank A/c No. 01500832601	82,024,250	99,250
Hatton National Bank PLC. - A/c No. 003010339411	3,000,100	3,000,100
Savings accounts		
Hatton National Bank PLC. A/c No. 003020580255	39,449,247	114,112,462
Cash in hand	-	-
	<u>126,885,718</u>	<u>119,623,933</u>
Cash and cash equivalents for the purpose of statement of cash flows.	<u>126,885,718</u>	<u>119,623,933</u>
(13) STATED CAPITAL		
250,000 Nos. Ordinary Shares	<u>5,000,000</u>	<u>5,000,000</u>
(14) DEFERRED TAX LIABILITIES		
Balance at the beginning of the year	1,784,248	1,784,248
Balance at the end of the year	<u>1,784,248</u>	<u>1,784,248</u>
14.1 Deferred tax provision as at the year ended is made up as follows,		
Deferred tax provision from		
Temporary differences of PPE	943,223	1,109,908
Temporary differences of retirement provision on gratuity	-	-
Temporary differences of retirement brought forward loss	-	-
	<u>943,223</u>	<u>1,109,908</u>

Notes to the financial statements continued on page 24.

METROPOLIS HEALTHCARE LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2024 (CONTINUED)

	March 2024 Rs.	March 2023 Rs.
(15) RETIREMENT BENEFIT OBLIGATION		
Balance at the beginning of the year	-	-
Add : (Reversal) /provision for the year	-	-
Balance at the end of the year	<u>-</u>	<u>-</u>
(16) TRADE AND OTHER PAYABLES		
Trade creditors	4,258,306	13,699,436
Other Payables	38,586,435	39,032,496
	<u>42,844,741</u>	<u>52,731,932</u>
(17) INCOME TAX (RECEIVABLE) / PAYABLE		
Balance at the beginning of the year	5,704,547	5,704,547
Balance at the end of the year	<u>5,704,547</u>	<u>5,704,547</u>
(18) PAYABLE TO RELATED COMPANIES		
Metropolis Laboratories - Chennai	8,497,837	8,497,837
Metropolis Healthcare Ltd	162,138,841	164,371,570
	<u>170,636,678</u>	<u>172,869,407</u>

Notes to the financial statements continued on page 25.

METROPOLIS HEALTHCARE LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2024 (CONTINUED)

(19) (LOSS) / EARNINGS PER SHARE

19.1 Basic loss per share is calculated by dividing the net loss for the period, attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares in issue during the year. The weighted average number of ordinary shares in issue during the previous year are adjusted for events that have changed the number of ordinary shares in issue without a corresponding change in the resources.

19.2 The following data has been used in the computation of the basic loss per share for the year ended 31st March, 2024

	Year ended	Year ended
	<u>2024</u>	<u>2023</u>
	Rs.	Rs.
Amount used as the numerator		
Net loss attributable to ordinary shareholders of the Company	17,214,962	1,080,810
Amount used as the denominator		
Weighted average number of ordinary shares in issue	250,000	250,000

(20) RELATED PARTY TRANSACTIONS

Transactions with key management personnel

According to LKAS 24 - Related Party Disclosures, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Directors of the Company have been classified as key management personnel of the Company has not paid to them during the year ended 31st March, 2024

20.1 Transactions with related entities

Related party	Transaction	Amount	31st March, 2024
		Rs.	Rs.
Metropolis Healthcare Ltd	Interest	255,398	
	Loan		2,553,983
	Outsource test charges	38,274,402	162,138,841
Metropolis laboratories - Chennai			8,497,837

Mrs. Ameera Shah and Mr. Sushil Shah who are Directors of the Company are also the Directors of Metropolis Healthcare Ltd.

(21) CAPITAL COMMITMENTS AND CONTINGENCIES

There have been no capital commitments and contingent liabilities as at the reporting date.

(22) EVENTS OCCURRING AFTER THE REPORTING DATE

There were no material events occurring after the reporting date 31st March, 2024 that require adjustments to or disclosure in the financial statements.

METROPOLIS HEALTHCARE LANKA (PRIVATE) LIMITED
INCOME STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2024

	<u>SCHEDULES</u>	<u>Year ended</u> <u>31.03.2024</u> Rs.	<u>Year ended</u> <u>31.03.2023</u> Rs.
REVENUE	(I)	57,522,865	39,673,993
LESS :			
COST OF SALES			
Inventories at the beginning of the year		8,932,436	8,932,436
Add :			
Purchases		-	-
		8,932,436	8,932,436
Add :			
Direct expenses	(II)	38,274,402	34,386,460
		47,206,838	43,318,896
Less:			
Inventories at the end of the year		(8,932,436)	(8,932,436)
		38,274,402	34,386,460
GROSS PROFIT		19,248,463	5,287,533
ADD :			
Unrealised Income		3,664,645	-
Interest income		450,554	719,579
		4,115,199	719,579
		23,363,662	6,007,112
LESS :			
EXPENSES			
Administration and establishment expenses	(III)	2,228,657	4,670,904
Staff expenses	(IV)	-	-
Other operating expenses	(V)	-	-
Finance cost	(VI)	255,398	255,398
		2,484,055	4,926,302
NET LOSS FOR THE YEAR		20,879,607	1,080,810

METROPOLIS HEALTHCARE LANKA (PRIVATE) LIMITED
SCHEDULES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2024

	Year ended	Year ended
	<u>31.03.2024</u>	<u>31.03.2023</u>
	Rs.	Rs.
(I) REVENUE		
Inter Branch Transactions	-	-
Outdoor Patients	57,522,865	39,673,993
Less: Refund / Discounts	-	-
	<u>57,522,865</u>	<u>39,673,993</u>
Other Income		
Unrealised Gain	3,664,645	-
Other Income	-	-
	<u>3,664,645</u>	<u>-</u>
	<u><u>61,187,510</u></u>	<u><u>39,673,993</u></u>
(II) DIRECT EXPENSES		
Direct Cost	-	-
Outsource Testing Charges	38,274,402	34,386,460
	<u>38,274,402</u>	<u>34,386,460</u>

METROPOLIS HEALTHCARE LANKA (PRIVATE) LIMITED
SCHEDULES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2024 (CONTINUED)

	Year ended	Year ended
	<u>31.03.2024</u>	<u>31.03.2023</u>
	Rs.	Rs.
(III) ADMINISTRATION AND ESTABLISHMENT EXPENSES		
Audit Fees	200,000	200,000
Bank Charges	6,430	15,370
Depreciation	1,190,612	1,649,447
Legal Fees	544,000	200,000
Provision for Bad Debts	287,615	219,338
Realised Exchange Loss	-	2,386,749
	<u>2,228,657</u>	<u>4,670,904</u>
	<u><u>2,228,657</u></u>	<u><u>4,670,904</u></u>
	Year ended	Year ended
	<u>31.03.2024</u>	<u>31.03.2023</u>
	Rs.	Rs.
(IV) STAFF EXPENSES		
Salary & Allowance	-	-
	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>
(V) OTHER OPERATING EXPENSES		
Bad Debts Write Off	-	-
	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>
(VI) FINANCE COST		
Interest on Loan	255,398	255,398
	<u>255,398</u>	<u>255,398</u>
	<u><u>255,398</u></u>	<u><u>255,398</u></u>