



Transportation Focus

*Leveraging the capabilities of our
network partners to enter overseas
markets and new industry segments*

Operational Review

Airline Representation, Travel Agency Operations, Freight Forwarding and Courier Services are the principal activities of the Hemas Transportation sector. For the year under review, the sector focus has been to streamline internal processes with a view to enhance operational efficiencies and enter regional markets.

The Transportation sector as a whole experienced a challenging year on the back of intense competition coupled with a change in the business model in the aviation industry. For the financial year under review the sector recorded a turnover of Rs 507Mn and a

strategic initiative to offer an array of value added services resulted in the expanded of the customer base.

The Freight Forwarding business reported a growth in overall volume and turnover. Our partnerships with global networks have facilitated the establishment of our business in the growing markets of India and Pakistan. The initial financial outlay in setting up the South Asian venture has impacted overall profits earned in this segment. However, these investments are expected to yield considerable earnings in the years ahead.

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net profit of Rs 102Mn, reflecting a top-line growth of 21.4% and a profit decline of 22.3%.

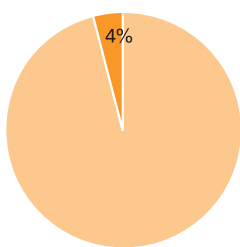
We continue our market leadership in Airline Representation, and our GSA's, Emirates and Malaysia Airlines, displayed growth in both passenger and cargo categories. The rest of the portfolio, which comprises LTU, Alitalia, Kenya Airways, and British Midland, also performed satisfactorily during the year.

Travel Agency operations showed an overall growth in turnover, leading to an increased market share, thereby strengthening its competitive position within the industry. The company was able to minimise the impact of the introduction of the Business Settlement Plan (BSP) by implementing a thorough and effective strategy to enhance control of working capital requirements. The

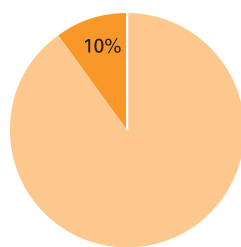
ACX International, the courier operator which was acquired by Hemas in the latter part of the previous financial year staged a remarkable turnaround in business volumes and profitability within a space of a few months. By entering into global strategic partnerships, the company is poised to enter a period of accelerated growth. In support of this, strategic investments will be made in technology upgrades and infrastructure during the next financial year.

Going forward, the sector will be exploring new opportunities in the areas of ports, maritime and logistics whilst strengthening the regional expansion of freight operations in its quest to becoming a leading regional player in the transportation industry.

Segment Revenue vs Group

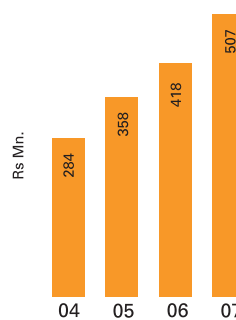


Segment Profit vs Group



■ Transportation Sector

Revenue



Net Profit after Taxation

